

[COMMITTEE PRINT]

95TH CONGRESS }  
1st Session }

HOUSE OF REPRESENTATIVES

## APPENDIX

### SUBMISSIONS FOR THE RECORD

PURSUANT TO

OVERSIGHT HEARINGS ON CURRENT FEDERAL  
AND INTERNATIONAL NARCOTICS CONTROL  
EFFORTS

NINETY-FIFTH CONGRESS

FIRST SESSION

NCJRS

SCNAC-95-1-3

APR 21 1977

ACQUISITIONS



FEBRUARY 1977

Printed for the use of the  
Select Committee on Narcotics Abuse and Control

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WASHINGTON : 1977

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## APPENDIX

This Appendix contains submissions for the record pursuant to offers made by the witnesses and specific requests made by the Committee during the Oversight Hearings on Narcotics Abuse and Current Federal and International Narcotics Control Efforts. These hearings were held in late September, 1976.

Also found in this Appendix is information and correspondence from agencies which did not testify at the hearings.

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
*Washington, D.C., October 15, 1976.*

Mr. FREDERICK C. FEHL,  
*Assistant Director, Federal Bureau of Investigation,  
Washington, D.C.*

DEAR MR. FEHL: The Committee appreciates your response of October 8, 1976 to the questions posed by Congressman Rangel during your appearance before the Committee on September 21, 1976. In further clarification and for purposes of completing the Committee's oversight report, would you please furnish the information requested below:

1. From FBI intelligence, what are the major narcotics traffic areas (selling/use) in the United States? What is the ethnic composition (Black, Hispanic, and other) of these population areas?
2. The number and brief description of cases of those suspects, who, having violated other Federal law, were also involved in narcotics law violations, given by the FBI to DEA or any other responsible agency with investigative authority, Federal, state or local.
3. How does the FBI determine, or what criteria is used to assign a case of the above type to the U.S. Attorney's Office or a local or state prosecutor? If the case appears to be of the conspiracy class does it automatically go to the U.S. Attorney?
4. How can the overlapping enforcement jurisdictions of FBI, DEA, and Customs better function to facilitate the exchange of information?
5. Please list the accomplishments (indicated as excellent in your testimony) that have accrued from "the development and timely dissemination of intelligence data concerning illicit drug trafficking", and those furnished pursuant to the January 1976 FBI directive.
6. What reasons and what continuing problems, if any, have been reported by Special Agents in Charge, for non-response concerning accomplishments in narcotics areas.
7. What was the impetus of the 1972 notice to FBI field offices, since Reorganization Plan No. 2 was not signed by the President until March 28, 1973?
8. With reference to the above notice, would you indicate the nature of the "stepped up liaison with other law enforcement agencies", that resulted and which differed from what existed prior to the notice.
9. Since "stepped up liaison" was for purposes of "facilitating the exchange of data" at field level, did notice to field offices after establishment of DEA "to channelize all narcotics intelligence data through Narcotics Coordinator to DEA" indicate that mechanisms established pursuant to the 1972 notice were no longer to function?

10. In FY 75-76, what did the FBI perceive as being done differently with respect to dissemination of information to other agencies, "with particular emphasis on DEA" as specifically stated in your testimony and in connection with earlier statements in your testimony that:

a. Reorganization Plan No. 2 included a role for FBI which authorized DEA to draw on FBI's "expertise and resources" in organized crime drug trafficking cases; and

b. FBI is to play major role with local and state narcotics agencies by development and timely dissemination of intelligence data with respect to illicit drug trafficking.

11. What is the nature and scope and how has FBI capitalized on its growing experience in gathering drug intelligence?

12. What has been the result of the decentralized approach to the dissemination of collected data "promptly furnished to appropriate agency"?

13. What has been the result of the regular meetings between the FBI narcotics coordinator, you and DEA "that have been fruitful"?

14. What are the specific insights and problems gained of DEA and the law enforcement community as a whole that accrued as a result of conferences with DEA and the professional organizations listed in your testimony?

15. Give a break-down of the arrests and convictions, if any, that account for the \$40,900,000 worth of confiscated narcotics and the specific dissemination effort that led to the arrests and/or seizures.

16. With reference to the specific "other assistance" rendered to DEA, what are the identifiable results?

17. With all the interaction as detailed in your testimony, why has the FBI request for identities and photographs of major Class I domestic fugitives, etc., been so recent that DEA is just now in the process of furnishing this information.

18. What would be your Agency's reaction to legislation mandating a more active role for the FBI in narcotics enforcement within the continental limits of the U.S.?

Your responses to these inquiries will greatly facilitate the work of this Committee.

Thank you for your cooperation.

Sincerely,

JOSEPH L. NELLIS,  
Chief Counsel.

DEPARTMENT OF JUSTICE,  
Washington, D.C., November 29, 1976.

Mr. JOSEPH L. NELLIS,  
Chief Counsel, Select Committee on Narcotics Abuse and Control, U.S. House of Representatives, Washington, D.C.

DEAR MR. NELLIS: This is in response to your October 15, 1976 letter addressed to Frederick C. Fehl requesting answers to 18 questions raised by Mr. Fehl's testimony of September 21, 1976.

I am enclosing a memorandum prepared by the Federal Bureau of Investigation for your information.

If I may be of further assistance, please feel free to call upon me.

Sincerely,

MICHAEL M. UHLMANN,  
Assistant Attorney General.

Enclosure.

U.S. DEPARTMENT OF JUSTICE,  
FEDERAL BUREAU OF INVESTIGATION,  
Washington, D.C., November 18, 1976.

TESTIMONY BEFORE THE HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL ON SEPTEMBER 21, 1976

By letter to Assistant Director Frederick C. Fehl, Federal Bureau of Investigation, dated October 15, 1976, Chief Counsel Joseph L. Nellis, Select Committee on Narcotics Abuse and Control, United States House of Representatives, requested the answers to 18 questions raised by Assistant Director Fehl's testimony of September 21, 1976. The following is a list of Mr. Nellis' questions and the answers thereto:

**Question 1.** From FBI intelligence, what are the major narcotics traffic areas (selling/use) in the United States? What is the ethnic composition (Black, Hispanic, and other) of these population areas?

Answer. The FBI does not have in its possession information pertaining to major areas of narcotics use or the ethnic composition of these areas. It is suggested that you direct this question to the Drug Enforcement Administration (DEA).

**Question 2.** The number and brief description of cases of those suspects who, having violated other Federal law, were also involved in narcotics law violations, given by the FBI to DEA or any other responsible agency with investigative authority, Federal, state, or local.

Answer. In Assistant Director Fehl's May 10, 1976, appearance before the Commission on the Review of the National Policy Toward Gambling, Assistant Director Fehl testified that FBI records show that 14 percent of all known Syndicate gambling operators also deal in narcotics. In the course of its organized crime investigations, the Bureau disseminates numerous items to Federal and state narcotics control authorities. During the past two fiscal years, for example, we disseminated a total of more than 50,000 such items, leading to some 2,500 arrests by the recipient agencies and the confiscation of more than \$60,000,000 worth of cash, property, weapons, and illicit drugs.

**Question 3.** How does the FBI determine, or what criteria is used to assign a case of the above type to the U.S. Attorney's Office or a local or state prosecutor? If the case appears to be of the conspiracy class, does it automatically go to the U.S. Attorney?

Answer. The FBI investigates only those cases which fall within its investigative jurisdiction. Once sufficient facts have been developed, the case—be it a conspiracy-type violation or other—is presented to the appropriate United States Attorney for a prosecutive opinion. Information which indicates a violation falling within the jurisdiction of another Federal, state, or local agency is immediately disseminated to that agency.

**Question 4.** How can the overlapping enforcement jurisdictions of FBI, DEA, and Customs better function to facilitate the exchange of information?

Answer. The FBI does not have overlapping jurisdiction with either DEA or the United States Customs Service, although we do often have an investigative interest in the same criminals or groups of criminals. This is the basis for the development of much of the dissemination data mentioned in response to Question Number 2 above.

**Question 5.** Please list the accomplishments (indicated as excellent in your testimony) that have accrued from "the development and timely dissemination of intelligence data concerning illicit drug trafficking," and those furnished pursuant to the January 1976, FBI directive.

Answer. Since the inception of our intensified development of narcotics information for dissemination, other agencies have recorded a number of highly significant accomplishments based on assistance provided by the FBI. The following is a partial listing of these accomplishments:

A source of our New York office provided precise data relating to the smuggling of "speed" from Canada to the United States. This information was disseminated to DEA which conducted a joint investigation with the Royal Canadian Mounted Police (RCMP). On June 22, 1974, the RCMP conducted a raid at a cottage approximately 100 miles north of Toronto and arrested three individuals and seized 85 pounds of "speed" valued at \$1,275,000. The individuals arrested were prime subjects of this lengthy investigation which had been a special project for DEA and the RCMP.

On February 5, 1975, the Los Angeles Police Department arrested two individuals for operating a clandestine laboratory for the preparation of PCP, an hallucinogen. One hundred pounds of PCP and hashish and cocaine were recovered. The estimated street value of the material seized was \$3,000,000.

On February 25, 1975, the Los Angeles County Sheriff's Office arrested six individuals and recovered narcotics with an estimated street value of \$1,000,000.

DEA in New York City reported that during the early morning of March 30, 1975, Colombian authorities arrested an individual in possession of three kilos of cocaine. DEA estimated that the street value at the addict level could have reached \$1,000,000 if this shipment had been delivered to the United States. This information was based on FBI source information.

A source of our Detroit office provided information which, when disseminated, enabled the Michigan State Police to recover hashish oil with an estimated street value of \$1,000,000. During May 1975, other sources of the Detroit office made

available information which enabled the Michigan State Police to make ten local arrests on narcotics charges and recover narcotics with an estimated street value of \$345,000.

A source of our Detroit office on April 3, 1975, provided information concerning a major Michigan drug trafficker, which was disseminated to the Michigan State Police. Investigation resulted in the arrest of five persons and the seizure of \$270,000 worth of illicit narcotics.

On January 21, 1976, a source of our New York office furnished information which was disseminated to the New York City Police Department and to DEA. As a result of this information, \$10,000 worth of heroin was seized by local authorities as well as one arrest. DEA made 12 arrests and seized \$4,000,000 worth of hashish.

Information developed by our Los Angeles office was disseminated to DEA on February 6, 1976. This information resulted in the arrests of six individuals and the recovery of \$15,000,000 worth of heroin. In addition, our Los Angeles office developed information which, when disseminated to the Los Angeles Police Department in late February 1976, resulted in 25 arrests and the seizure of three kilos of cocaine valued at \$2,368,750.

As a result of information furnished by a source of our Detroit office on March 5, 1976, the Michigan State Police arrested 11 individuals and seized \$2,000,000 worth of illicit narcotics.

On July 13, 1976, as a result of information furnished by a confidential source of the FBI, five arrests were made by DEA agents in Miami, Florida, and cocaine totaling approximately 30 pounds (and valued at approximately \$8,000,000) was recovered.

In a recent investigation conducted by our Chicago office, a confidential source was developed who was in a position to furnish detailed and specific information concerning large-scale illicit trafficking in heroin in the City of Chicago. This source was turned over to DEA and the Chicago Police Department. Based on information furnished by this source, DEA and the Chicago police arrested six individuals, including a well-known narcotics distributor and seized 17 pounds of heroin with a street value of \$15,000,000.

Recently, a cooperative source and potential witness was developed by our Washington Field office. In addition to detailed data he possessed regarding matters within the Bureau's jurisdiction, the source indicated that he had detailed information regarding major narcotics traffickers. When asked to cooperate with DEA investigators, he was adamant in his refusal to do so. Washington Field office established a close rapport with this individual and encouraged him to assist DEA as well as the FBI.

One of the investigations in which he claimed to have precise knowledge involved major narcotics traffickers operating out of southern Florida. When the source refused to accompany DEA agents to Miami without Bureau representatives accompanying him, the FBI authorized two Agents to go along as a cooperative measure. DEA has expressed appreciation for this assistance and its effect on the anticipated prosecution of major narcotics violators.

In connection with a major investigation with respect to payoffs to Indianapolis Police Department officers in narcotics matters, our Indianapolis office provided extensive data to DEA which enabled them to obtain Title III authorization. Subsequently arrests and searches were made in a joint operation by DEA, Indiana State Police, and local authorities.

In April 1975, FBI Agents, while interviewing a source, prevailed upon this source to meet with a selected DEA official in order to relate facts concerning his knowledge of narcotics and facts concerning corruption within DEA. Based partially on information supplied to DEA by the source, 33 individuals were indicted by a Federal Grand Jury in New York for importing and distributing more than a ton of heroin and cocaine worth more than \$100,000,000 in street sales.

*Question 6.* What reasons and what continuing problems, if any, have been reported by Special Agents in Charge, for non-response concerning accomplishments in narcotics areas?

*Answer.* Since our communication to all field offices in January of this year, instructing Special Agents in Charge to follow dissemination matters closely and report to FBI Headquarters any instance of nonresponse by the recipient agencies, there have been no indications of any such lack of cooperation on the part of other agencies.

*Questions 7 and 8.* What was the impetus of the 1972 notice to FBI field offices, since Reorganization Plan No. 2 was not signed by the President until March 28, 1973?

With reference to the above notice, would you indicate the nature of the "stepped up liaison with other law enforcement agencies," that resulted and which differed from what existed prior to the notice.

Answer. The FBI has always, as a matter of policy, disseminated to other agencies information obtained from the debriefing of sources and subjects in FBI investigations. Early in 1972, however, we became aware of the increasing gravity of the narcotics problem in the United States and decided to do something about it. As a result, we ordered the immediate stepped-up liaison with Federal, state, and local agencies handling narcotics matters in order to facilitate the exchange of data relating to illicit drug operations.

As an example of this cooperation, information obtained by the FBI from a confidential source and relayed to the Bureau of Narcotics and Dangerous Drugs (BNDD) led to the January, 1972, arrests of nine narcotics smugglers in the Miami, Florida, area and the seizure of heroin with a "street value" of \$76,000,000, the largest heroin seizure in history up to that time.

Question 9. Since "stepped up liaison" was for purposes of "facilitating the exchange of data" at field level, did notice to field offices after establishment of DEA "to channelize all narcotics intelligence data through Narcotics Coordinator to DEA" indicate that mechanisms established pursuant to the 1972 notice were no longer to function?

Answer. Prior to the appointment of a narcotics coordinator in each FBI field office, all information obtained from FBI investigations concerning narcotics matters was disseminated directly by our case Agents to the appropriate law enforcement agency either orally or by letter depending on the exigencies of the situation. In 1972, FBI Headquarters advised all field offices that the U.S. Government, through an Executive Order, had intensified its fight against illicit drug traffickers and that the prompt dissemination of narcotics information was absolutely necessary. In order to facilitate this stepped-up liaison with other law enforcement agencies and the exchange of data relating to illicit drug operations, each office was instructed to designate a Special Agent to serve in a liaison capacity as a narcotics coordinator with other Federal, state, and local agencies, and a National Narcotics Coordinator was appointed at FBI Headquarters. The appointment of a coordinator in each office thereby facilitated the dissemination of information being developed by FBI sources in view of the fact that one man was now in a position to determine the effectiveness of information being developed concerning illicit narcotics trafficking within the particular field division.

Question 10. In FY 75-76, what did the FBI perceive as being done differently with respect to dissemination of information to other agencies, "with particular emphasis on DEA" as specifically stated in your testimony and in connection with earlier statements in your testimony that:

a. Reorganization Plan No. 2 included a role for FBI which authorized DEA to draw on FBI's "expertise and resources" in organized crime drug trafficking cases;

b. FBI is to play major role with local and state narcotics agencies by development and timely dissemination of intelligence data with respect to illicit drug trafficking.

Answer. Reorganization Plan No. 2 of 1973 established DEA as the leading Federal drug agency in the Department of Justice and included a role in drug enforcement for the FBI whereby DEA was authorized to draw upon the FBI's expertise and resources in organized crime drug trafficking cases without the FBI assuming responsibility for Federal drug enforcement.

The objective of this program is for the FBI to play a major role in assisting DEA and local and state narcotics control agencies throughout the United States by the development and timely dissemination of intelligence data concerning illicit drug trafficking.

The main assistance furnished by the FBI under this program has been through the intensified debriefing of our sources and subjects involved in FBI investigations relative to violations within our jurisdiction as well as to other Federal, state, and local agencies.

Question 11. What is the nature and scope and how has FBI capitalized on its growing experience in gathering drug intelligence?

Answer. Since Congress injected the FBI into the fight against organized crime with a series of new statutes in 1961, our experience has grown to embrace a wide range of intelligence data obtained from national and international investigations, the use of Agents in undercover capacities, and the debriefing of numerous individuals with the inner workings of the organized underworld. This growing expertise on the part of our Agents has enabled them to more effectively interrogate witnesses, subjects, and informants about narcotics matters and to better

evaluate the information thus received. In return, we think this increased overview of criminal operations has served to enhance our own investigative activities in fields other than narcotics.

*Question 12.* What has been the result of the decentralized approach to the dissemination of collected data "promptly furnished to appropriate agency?"

Answer. The horizontal—or decentralized—approach to dissemination makes possible a more rapid and effective exchange of information between agencies on a local level than would a vertical—or centralized—approach, wherein information is gathered locally and forwarded through channels until it is disseminated at the national headquarters level.

*Question 13.* What has been the result of the regular meetings between the FBI narcotics coordinator, you, and DEA "that have been fruitful?"

Answer. As a result of meetings between the FBI National Narcotics Coordinator, Assistant Director Fehl, and various DEA officials, a close rapport and working relationship has been developed for cooperation on both the national and local levels. It has helped establish a smooth channel of communications between the two agencies and provided for a faster, more effective exchange of intelligence data and a closer working relationship.

*Question 14.* What are the specific insights and problems gained of DEA and the law enforcement community as a whole that accrued as a result of conferences with DEA and the professional organizations listed in your testimony?

Answer. As Assistant Director Fehl pointed out in his testimony of September 21, 1976, these conferences enabled us in the FBI to gain a greater insight and develop an understanding of the problems experienced by DEA and the law enforcement community as a whole in performing a multiplicity of duties. In particular, these conferences have reinforced the long-standing position of the FBI that mutual cooperation by Federal, state, and local law enforcement agencies is absolutely essential in the fight against organized crime.

One of the groups referred to by Assistant Director Fehl in testimony is the Cabinet Committee for Drug Law Enforcement (CCDLE), which is responsible for the coordination of all policies and activities of the Federal Government relating to drug law enforcement. The CCDLE, of which the FBI is a member, is presently concentrating its attention on bringing about a total law enforcement effort against illicit drug trafficking.

*Question 15.* Give a breakdown of the arrests and convictions, if any, that account for the \$40,900,000 worth of confiscated narcotics and the specific dissemination effort that led to the arrests and/or seizures.

Answer. Actually, the estimate of "some \$40,900,000" in Assistant Director Fehl's testimony turned out to be slightly conservative.

In Fiscal Year 1976, the FBI disseminated 24,324 items of narcotics intelligence information to other agencies, resulting in 553 Federal arrests, 530 local arrests, and 136 state arrests, as well as the confiscation of \$27,574,335 of narcotics-related items by Federal authorities, \$6,156,650 by local authorities, and \$9,258,275 by state authorities. The FBI does not have in its possession information pertaining to the number of convictions resulting from above arrest figures.

*Question 16.* With reference to the specific "other assistance" rendered to DEA, what are the identifiable results?

Answer. During the recent past, our Detroit and Cleveland offices, in conjunction with DEA agents, obtained court-ordered electronic surveillance coverage in a major investigation involving organized gambling and illicit narcotics traffic.

Our Los Angeles and Chicago offices have recently completed an investigation in which the subjects were alleged to be involved in numerous Federal violations, including Interstate Transportation of Stolen Property and narcotics violations. This matter, which involved the use of Title III coverage, was coordinated with the local DEA office.

Other assistance has ranged from the conduct of name checks and polygraph and lab examinations for DEA to participation in mutual conferences and training programs.

*Question 17.* With all the interaction as detailed in your testimony, why has the FBI request for identities and photographs of major Class I domestic fugitives, etc., been so recent that DEA is just now in the process of furnishing this information?

Answer. As pointed out in his testimony on September 21, 1976, Assistant Director Fehl learned on July 19, 1976, that DEA was making the above-referred list available to the Internal Revenue Service for investigative purposes. At the time Assistant Director Fehl personally became aware of the fact that such a compact list existed, he requested this list be made available to the FBI.



**Question 18.** What would be your agency's reaction to legislation mandating a more active role for the FBI in narcotics enforcement within the continental limits of the U.S.?

**Answer.** As far as the FBI taking a more active role in the enforcement of drug laws, here again, we have not asked, nor have we sought this responsibility. There are many contingencies to consider prior to our taking a more active part in narcotics enforcement.

In view of the fact that all legislative matters and proposals pertaining to the FBI are handled by the U.S. Department of Justice, it is suggested that you direct this question to the Department for its consideration.

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., October 15, 1976.

HON. JAY C. WALDMAN,  
*Deputy Assistant Attorney General,  
Criminal Division, Department of Justice, Washington, D.C.*

DEAR MR. WALDMAN: While some of the information previously requested by Congressman Rangel has been responded to by Mr. Fehl, there are specific questions that remain unanswered, as well as some areas surfaced by the Committee that need further clarification. The Committee, in the interests of its responsibility would appreciate your response to the information requested below, at your earliest convenience:

1. How many outstanding cases of bail-jumping in major narcotics cases under Federal jurisdiction are there for FY 1975 and 1976 only?

2. The problems that have surfaced in discussions with IRS personnel that they view as hampering their involvement and cooperation with Justice, DEA, and the FBI in drug law intelligence gathering and enforcement activity.

3. The view of the Department as to what and how a special tax unit located in IRS would work with Justice, DEA and the FBI in drug law intelligence and enforcement.

4. What is the nature of the agreement between the NDD Section and IRS? Since this agreement exists, what is the difficulty that has prevented IRS or Justice from requesting the "sophisticated investigation that traces the trail of funds and money . . . that IRS is uniquely able to do?"

5. How was the NDD/IRS agreement effected?

6. Since no LEAA money is available and the Controlled Substances Units "are up to their eyeballs", what is DEA's proposal for methods of handling local backlog cases, that you indicate "would have to be done", if the U.S. Attorney's Office was the only alternative to no prosecution of drug violators by local prosecutors?

7. With what countries and what is the nature and scope of agreements with foreign countries who have consented to prosecute on evidence gathered in the United States?

8. Which of the Federal agencies that have some kind of jurisdiction regarding drugs are not now cooperating as are "most of the agencies" as indicated in your testimony?

9. What is the nature of the improvement in relations with the State Department and what foreign governments have been receptive to the extradition of international violators to this country? Do you contribute to efforts at securing extradition treaties?

10. Do the FBI Legal Attaches in the courses of investigative activity allowed in foreign countries, disseminate any narcotics intelligence uncovered abroad? How has the past conflict between the two agencies impacted adversely on Customs' ability to interdict at the borders? Is there a record of numbers of cases turned over to DEA of this type? Please supply numbers and names of cases turned over by the Legal Attaches to other enforcement agencies.

11. What is the status of the transfer of INTERPOL'S coordination functions into Justice?

12. Do members of the Cabinet Committee as listed have the power to commit their agencies, or do they merely go back with the group's recommendations? How is it suggested that this Committee will be able to enhance inter-agency cooperation? What is the relationship between the Cabinet Committee and the Working Group?

13. How would the Justice Department react to the formation of a Narcotics Control Section within Justice to coordinate input from FBI, DEA and Customs for the purpose of periodic intelligence exchange as well as arrests and prosecutions of narcotics traffickers?

Finally, what legal techniques are available, in the opinion of the Department, other than the making of conspiracy cases, for prosecuting Class I violators? Have any other such techniques, if they exist, been attempted? If so, please detail.

The Committee and its Chairman are especially grateful to you for your cooperation and your willingness to assist us in our difficult task, and for your personal helpfulness on a number of occasions. We apologize for the length and often burdensome nature of our requests for information but are certain that you and the Department fully understand our requirement for information, this being the first Committee of its kind ever created by the House mandated to find a rational drug abuse policy, if one exists.

Sincerely,

JOSEPH L. NELLIS, *Chief Counsel.*

DEPARTMENT OF JUSTICE,  
Washington, D.C., October 29, 1976.

Mr. JOSEPH NELLIS,  
*Chief Counsel, House Select Committee on Narcotics Abuse and Enforcement,*  
*Washington, D.C.*

DEAR MR. NELLIS: In partial response to your questions of September 28, 1976, directed to me we are pleased to be able to provide you the following information:

In response to Representative Burke's question concerning the current status of defendants indicted in a case in the Southern District of New York involving thirty-three (33) traffickers which was assisted by information provided by an informant of the Federal Bureau of Investigation, we can identify the traffickers involved in the case as:

Alvarez, Juan Antonio	Guarino, Leo	Parker, Michael
Alvarez, Nelson Eddy	Hightower, William	Reynolds, Ann
Bonilla, Raphael	Hillard, Stanley	Rodriguez, Angele
Brightman, Bernard	Intersimone, Sebastian	Sampson, Joseph
Capra, John G.	Jones, Albert	Sampson, Lois
Cowper, Charles	Laws, James	Schennault, Yvonne
Davis, Thomas	Mitchell, Lawrence	Sureda, Jose
Della Cava, Stephen	Morgan, John	Williams, Alfred
Dummore, Marion	Morris, John	Wilson, Don
Foster, Sidney	Moton, Francis	Yaujar, Eduardo
Glaze, Solon	O'Dowd, Donald	Yaujar, Lasaro

The cases against Eduardo Yaujar and Lasaro Yaujar have been dismissed as there is insufficient evidence to prosecute them. Of the thirty-one (31) remaining defendants, twenty-two (22) are currently being tried. Nine (9) defendants have either fled, pled guilty or had their trials severed for various reasons. Prior to the trial, twenty-five (25) of the defendants were released on bail.

The case involves the distribution of heroin and cocaine in wholesale quantities by the defendants. They are variously charged with conspiracy to distribute heroin and cocaine in violation of 21 U.S.C. § 846 and 21 U.S.C. § 174 and with numerous substantive distributions of heroin and cocaine in violation of 21 U.S.C. § 841. Additionally, Francis Moton and Juan Antonio Alvarez are charged with engaging in a Continuing Criminal Enterprise in violation of 21 U.S.C. § 848. A copy of the indictment is herewith enclosed.

Since the cases against the various defendants are still in trial, or pending, the Department of Justice at this time has no further information for release to the public on the activities of the indicted individuals.

In response to the questions raised by Representative Rangel concerning minority group agents, we can advise that as of the close of the third quarter of Fiscal Year 1976, the Drug Enforcement Administration employed as Special Agents 322 minority group members, or 15.7% of the agent force of 2,200; there were 131 Blacks, or 6.4% of the agent force; 8 American Indians, or 0.4% of the agent force; 24 Orientals, or 1.2% of the agent force. Additionally, there were 21 female Special Agents, or 1.1% of the agent force.

The Drug Enforcement Administration does not assign Special Agents to perform intelligence gathering activities *per se*, either in inner city areas or elsewhere. Rather, all Special Agents in the course of their enforcement duties, collect what could be described as intelligence data on drug traffickers and trafficking groups. That data is analyzed by intelligence analysts in the Drug Enforcement Administration Regional offices and at Drug Enforcement Administration headquarters and the results of that analysis made available to all appropriate agents in the investigation of drug law violators.

Concerning the Committee's inquiries on extradition matters, it can be said that all countries with which we have had occasion to deal with in the narcotic field have been cooperative.

In a very few instances, the precise extradition results desired by the United States have not been accomplished. This is a function of the individual treaty of extradition currently in force between the United States and the foreign Government from which extradition is desired. Usually the problem is one of the age of the treaty, which, when negotiated forty (40), fifty (50) or more years ago, did not include drug law offenses among the enumerated crimes for which extradition is available. As a result of the failure of many older treaties to enumerate drug offenses as extraditable, some nations do decline to surrender persons whose extradition is sought.

In this context, it would be noted that the United States is equally precluded from surrendering persons for extradition if the offense for which they are sought is not enumerated in the relevant treaty.

The Department of State is currently engaged in a program of re-negotiation of extradition agreements, between the United States and various foreign Governments to cover drug law violations.

With reference to foreign prosecutions, it must be recognized that the United States, as a common-law country, utilizes a legal system that differs fundamentally from the civil-law/Napoleonic/Roman law systems in use in many of the countries where there is significant drug trafficking. As a result of those differences, some things that can be accomplished under the United States' system of laws cannot be accomplished under a foreign system, regardless of the good will and spirit of cooperation on the part of various foreign officials. Conversely, some things which are totally alien to our Anglo-Saxon concept of criminal law are natural parts of some foreign countries judicial systems, e.g., the concept that an accused is presumed guilty until proven innocent, or the extensive use of hearsay testimony, in the form of sworn affidavits, in place of live testimony subject to cross-examination.

Bearing in mind the problems involved, we have had notable successes with foreign prosecutions undertaken by the United States with Mexico. There has been less success elsewhere.

We are endeavoring to assemble the necessary data to respond to the Committee's other questions concerning the results of case referrals by the Bureau of Customs to the Drug Enforcement Administration during Fiscal Year 1976 and the total number of bail jumping cases and the percentage of those cases where the underlying charge is a narcotics offense. That data is not currently available in the form in which the Committee has requested it; as soon as we can assemble it, we will be in further contact with you.

Sincerely,

JAY C. WALDMAN,  
Deputy Assistant Attorney General,  
Criminal Division.

DEPARTMENT OF JUSTICE,  
Washington, D.C., November 12, 1976.

Mr. JOSEPH L. NELLIS,  
Chief Counsel, Select Committee on Narcotics Abuse and Control, U.S. House of Representatives, Washington, D.C.

DEAR JOB: I am writing in response to your letter to me of October 15, 1976, which made its way to me on October 27th. In the form of fourteen questions, you have asked for some rather broad supplemental information and policy evaluations relative to our narcotics enforcement activities. As such, you will appreciate that a meaningful response will require some time and effort. I have forwarded your requests to the Narcotic and Dangerous Drug Section and have asked Deputy Section Chief Morton Sitver to coordinate the gathering of data and views relative to your inquiries. This will be processed as expeditiously as possible, and I will

furnish you with as thorough a response as possible, as soon as possible. I will also be talking to the relevant people about some of the policy considerations suggested by some of your questions, and will see that this is factored in to our response to you.

Sincerely,

JAY C. WALDMAN,  
Deputy Assistant Attorney General,  
Criminal Division.

DEPARTMENT OF JUSTICE,  
Washington, D.C., January 5, 1977.

Mr. JOSEPH L. NELLIS,  
Chief Counsel, Select Committee on Narcotics Abuse and Control, U.S. House of Representatives, Washington, D.C.

DEAR MR. NELLIS: I am writing in response to your request for additional information as set forth in your letter to me of October 15, 1976. As I advised you in my letter of November 12, 1976, considerable time and effort was required to supply a meaningful response. I feel that we are now in a position to do so. I shall respond to your fourteen items of inquiry in the October 15th letter in the order in which they appear there.

(1) Your inquiry relative to bail-jumping is covered in my accompanying letter to you of this date.

(2) You have asked about problems that have surfaced with IRS that have hampered their involvement in cooperation in drug law intelligence gathering and enforcement. In recent years, some in IRS leadership positions have adhered to the view that IRS has a very limited mission in the criminal field, and that is intelligence gathering and investigation of strictly tax matters. They have contended that IRS should not play a role in narcotic and other criminal investigations. Those of us in the Department of Justice with criminal justice background and responsibility consistently felt that this was an artificial and unworkable distinction. Experience indicates that those who derive income illegally, especially from narcotics, very often do not report it for tax purposes, and that the national revenue is significantly affected by the diversion of substantial sums by illegal enterprises. Thus, it appeared to us that there is a natural and rational role for IRS Intelligence in the investigation of the activities of professional criminals, including narcotic traffickers. As you know, high level narcotics trafficking today often involves intricate financial transactions of the type which IRS expertise can be especially helpful in unraveling.

On January 8, 1976, after extensive discussions between IRS and Department of Justice representatives, an agreement was executed which recognized the interrelationship between tax investigations and those involving narcotics trafficking as well as other priority enforcement areas, and which provided for cooperation of IRS Intelligence in joint investigations of major criminal enterprises wherein there existed a potential for tax violations. While this agreement may have been somewhat more limited than ideally hoped for, it offered a basis for restoration of mutual cooperation in attacking narcotics and other major criminal violators. However, much of the benefit of this agreement has been eroded by passage of the new Tax Reform Act. Section 1202 of that Act places substantial restrictions on the use of potential criminal evidence gathered by IRS in narcotics and other non-tax criminal investigations.

(3) You have asked about the advisability of a special unit in IRS to work with components of the Justice Department in drug law intelligence and enforcement. There appears to be a consensus that such a unit could be helpful, especially as a contact point for the numerous offices in the field involved in enforcement efforts. The exact nature and role of such a special unit, however, would have to be more precisely developed before a firm and final response could be given. It should be noted that the Intelligence Division of IRS has been extremely cooperative with us, and I would defer to them on the question of what internal organization could best respond to our needs in the drug enforcement area.

(4) You have asked about the nature and extent of the agreement between the Narcotic and Dangerous Drug Section and IRS. This agreement provides for the furnishing by the Intelligence Division of IRS to the Narcotic and Dangerous Drug Section of the Criminal Division of investigative reports relative to federal tax offenders wherein the subject also appears to be a narcotics violator. This will enable the Narcotic Section to expand its intelligence and to coordinate prosecutive aspects of such investigations. However, it must be noted that the role of IRS is limited to situations where there exists a reasonable likelihood of a

successful tax case. The financial investigative expertise of IRS will not be available where an investigation is purely narcotics related. Again, it must be noted that Section 1202 of the new Tax Reform Act of 1976 may erode the benefits from even this limited agreement.

(5) You have asked how the above agreement was effected. This agreement was reached through discussions between myself, the leadership of the Narcotic and Dangerous Drug Section, IRS Deputy Chief Counsel Leon Wiggrizer and Chief of IRS Intelligence, Tom Clancy. These discussions took place in July 1976, and resulted in a formalized letter of agreement dated August 4, 1976 from Assistant Attorney General Thornburgh to IRS Chief Counsel Whitaker.

(6) You have asked about what could be done to handle the local backlog of narcotics cases. As I understand it, this problem is particularly acute—if not unique—in New York City. As we explained in our appearance before the Committee, we have endeavored to concentrate our limited resources at the federal level on the investigation and prosecution of the high level entrepreneurs of the international narcotics trade. As explained in our appearance before the Committee, it is believed that this approach will result in more effective disruption and deterrence of narcotics trafficking than the statistic-producing "buy and bust" cases. Wherever possible, we would hope that the street level drug dealer would be handled by state and local authorities. Providing state and local court systems and prosecutors' offices with sufficient resources to expeditiously handle their workload would appear to be the best solution to the backlog problem to which you refer.

Where a case in which there is sufficient evidence for conviction absolutely cannot be prosecuted by a state or local prosecutor, it is understandable that it might be referred to the Narcotic and Dangerous Drug Section or the relevant United States Attorney's office. If it is a case which warrants prosecution, it may be expected that the United States Attorney's office or the Narcotic and Dangerous Drug Section will make every effort to absorb the matter. However, we would hope that this would be an approach of last resort. The extent to which federal investigative and prosecutive resources are diverted into the handling of routine cases, overall efforts to attack the major suppliers and purveyors of narcotics will be adversely affected.

(7) You have asked about our arrangements with foreign countries to encourage the prosecution of international drug traffickers. As you know, many of those engaged at the upper echelons of narcotics trafficking reside and operate in foreign jurisdictions. Their activities, however, directly affect the flow of narcotics in the United States. We are seeking to enlist the support of appropriate foreign law enforcement officials to combat these high level traffickers. This has been undertaken more in the form of informal mutual understandings and commitments than by formal agreements. The primary aim of these efforts is to ensure prosecution of narcotic traffickers in the foreign jurisdictions from which they operate or to secure their extradition to the United States for prosecution here.

We have agreed to supply foreign law enforcement officials with documentary, testimonial and scientific evidence gathered in the United States for use by them in developing prosecutions under their laws against international drug traffickers within their jurisdictions. The evidence is presented to the appropriate authorities in the prosecuting country in the form needed for admission into evidence in their courts. Countries which have agreed to accept such assistance and which have demonstrated a willingness to initiate such prosecutions include Mexico, France, Colombia and Bolivia. I do not mean to imply that other nations have not demonstrated an interest in pursuing high level narcotic violators within their jurisdictions of their own accord. Significant traffickers in whom we have had an interest have been prosecuted in Germany, Thailand, Japan and Hong Kong.

Other countries have agreed to expel or extradite resident individuals to the United States for prosecution under our drug laws. Several significant international drug traffickers have been recently expelled from Argentina and Chile to the Eastern and Southern Districts of New York for federal prosecution.

Also, Canadian authorities have displayed a high degree of cooperation in the exchange of drug related intelligence and assistance in the prosecution of drug violators.

We cannot require a country to prosecute a drug trafficker against whom we have evidence. However, appropriate authorities in each country are advised of the existence and nature of evidence of criminal conduct by identified drug traffickers, and are encouraged to initiate appropriate prosecutions.

(8) You have asked whether any federal agency with jurisdiction regarding drug trafficking is not cooperating with the Department of Justice in an effort to attack this problem. When I testified that "most of the agencies" are involved

in a mutual effort to attack narcotics trafficking, I did not mean to imply that some specifically were not. I simply meant to convey that those agencies with which I am familiar, and which include most of the agencies, were cooperating in this effort. The only federal agency of which I have knowledge which may be somewhat inhibited in cooperating in drug law enforcement is the Internal Revenue Service. This basically results from the restrictions placed upon it by Section 1202 of the new Tax Reform Act of 1976.

(9) You have asked about our relations with the Department of State and about efforts to secure extradition agreements. There is now an ongoing program of cooperation and consultation between the Narcotic and Dangerous Drug Section of the Department of Justice and the office of the Ambassador at Large for Special Narcotic Matters at the Department of State. Additionally, there is extensive consultation with various elements within the office of the State Department's Legal Adviser. There is a full flow of information between the Criminal Division and the State Department on matters concerning international narcotics law enforcement.

The Criminal Division actively participates in the process of securing new extradition treaties. Attorneys in the Government Regulations and Labor Section of the Criminal Division, which is responsible for all extradition matters involving the United States, are in close contact with State Department personnel involved in negotiating new extradition treaties. They fully advise the negotiators of the legal requirements of United States courts and the Department of Justice in extradition matters.

(10) You have asked about the cooperation of FBI Legal Attaches, and current relations between DEA and Customs.

Federal Bureau of Investigation personnel posted to various U.S. Embassies as "Legal Attaches" routinely make available to the Drug Enforcement Administration any data on drug trafficking of which they become aware while performing their duties. The Legal Attaches also cooperate with other federal investigative agencies in furnishing data concerning offenses within those agencies' jurisdiction which may come to their attention. The nature of what the Legal Attaches supply to the other federal enforcement agencies is more intelligence than "cases" as such. Accordingly, it is exceedingly difficult to supply with any accuracy the names of specific cases which were turned over by the Legal Attaches to other enforcement agencies as you request. This request has been passed on to the FBI for whatever help they may be. However, it appears that an enormous amount of effort would be required to track down all those cases in every agency in which information supplied by FBI Legal Attaches may have played a role.

As your question accurately suggests, there have been some conflicts in the past between the Drug Enforcement Administration and the Bureau of Customs concerning border interdiction methods. These problems have now largely abated, and a much improved atmosphere of cooperation has been developed. As more fully set forth in our answer to a previous inquiry, DEA now supplies Customs with reports of the outcome of cases referred.

(11) You have asked about the status of the transfer of Interpol into the Department of Justice.

The Attorney General has signed an Order transferring the Interpol coordination functions from the Department of the Treasury to the Department of Justice. The Deputy Attorney General's office is currently in the process of working with the office of Deputy Secretary of the Treasury Dixon to effect a smooth transfer of Interpol operations to Justice.

(12) You have asked about the nature of the Cabinet Committee on Drug Law Enforcement and its Working Group.

The members of the Cabinet Committee are the Attorney General, the Secretary of the Treasury and the Secretary of Transportation. They, of course, have the power to commit their Departments to a policy or course of action. The Working Group is the functional arm of the Cabinet Committee. It includes high-ranking officials of the three Departments, including the Administrator of DEA, the Director of the FBI, the Commissioner of IRA, the Assistant Attorney General for the Criminal Division, the Commissioner of INS, the Commissioner of the Bureau of Customs and the Commandant of the U.S. Coast Guard. The Group also includes White House, State Department and HEW officials, such as the Associate Director of the Domestic Council, the Director of the OMB Office of Federal Drug Management, the State Department Coordinator for International Narcotics Matters, and the Director of the HEW National Institute on Drug Abuse. While not all of the members of the Working Group have the power to commit their Departments or agencies, their positions ensure that their recommendations receive considerable weight. It is believed that the Committee will be able to enhance inter-agency

cooperation by airing problems that exist in coordinating narcotics enforcement and in developing mutually satisfactory strategy for attacking the narcotics problem.

(13) You have asked about the advisability of forming a Narcotics Control Section in the Department of Justice to coordinate intelligence and prosecutions relative to narcotics traffickers.

It is believed that such a unit would be duplicative of elements which already exist to handle these matters. The Drug Enforcement Administration has an existing apparatus to collect, collate and exchange narcotics intelligence. The interest underlying your suggestion might better be advanced by an increase in the resources provided to DEA for intelligence purposes, and a continued encouragement of other law enforcement agencies to provide narcotic related intelligence data to DEA. The Narcotic and Dangerous Drug Section of the Criminal Division and the Controlled Substance Units, which it supervises, currently do an effective job of coordinating multi-district investigations and prosecutions of major narcotic trafficking networks.

(14) Finally, you have asked about what legal techniques can be utilized, other than developing conspiracy cases, for prosecuting Class 1 violators.

Development of conspiracy cases is the principal investigative and prosecutive technique for reaching high level traffickers for just those reasons which usually make pursuit of other approaches fruitless. High echelon participants are usually well insulated from the overt phases of the illegal enterprises which they engineer and profit from. These individuals may finance and direct illegal operations through subordinates but will rarely be in actual possession of narcotics. It is often only through the testimony of subordinate and middle echelon members of drug networks that high echelon violators can be identified, let alone prosecuted. Thus, we expect that conspiracy oriented investigations and prosecutions will remain the key technique in our efforts to identify and prosecute the major narcotic suppliers.

Other techniques which are utilized include the development of net worth or expenditure type tax prosecutions, and currency import or export violations. The latter can be useful in stopping the flow of profits back to foreign sources of supply or to "safe havens" utilized by domestic traffickers to secrete their funds. As indicated above, we are also seeking to pursue the prosecution of foreign sources of supply in the countries from which they operate under the applicable laws in those jurisdictions.

I hope that the foregoing information has been helpful in responding to your inquiries. We are looking forward to seeing the initial report of the Select Committee, and hope to continue to work with you toward achieving our mutual goal of an effective program for the prosecution of narcotics violators as well as an effective program for the treatment of their victims.

Sincerely,

JAY C. WALDMAN,  
Deputy Assistant Attorney General,  
Criminal Division.

DEPARTMENT OF JUSTICE,  
Washington, D.C., January 5, 1977.

Mr. JOSEPH L. NELLIS,  
Chief Counsel, Select Committee on Narcotics Abuse and Control, U.S. House of Representatives, Washington, D.C.

DEAR MR. NELLIS: I am writing as a follow-up to my letters to you of October 26, 1976 and October 29, 1976, relative to your request for information of September 28, 1976. As I advised you in those two letters, the accumulation of information to respond to two of your requests (those concerning the 22,000 Customs referrals to DEA, and statistics relative to bail-jumping) required considerable time and effort. We are now in a position to furnish you with a substantial, if not totally complete, response to these requests.

We had a random sampling conducted of 233 of the 22,000 cases referred to DEA by Customs, including tracing these cases through the judicial process. Attached hereto is a table compiling the names of individuals involved in the cases referred, the type of drug involved in the case and the disposition of the cases. A complete records search for all of the 22,000 cases would be an extremely onerous task and take many months. The diversion of manpower and resources would be considerable. Therefore, unless the Committee feels that it is absolutely necessary that it have a complete and precise accounting of all 22,000 referrals, rather than a representative sampling, we will not proceed any further in this matter. It should

be noted that arrangements have now been made for a report to Customs by DEA showing the disposition of all cases referred to DEA by Customs. This report is compiled and sent to Customs on a monthly basis.

We have also assembled as much data as we could relative to your question about the number of fugitives in drug cases during the last two fiscal years. Criminal Division statistics show that 531 individuals were listed as entering "fugitive" status in fiscal year 1975, and 516 in fiscal year 1976. It must be noted that the definition of "fugitive" employed by the Criminal Division is a limited one. The Criminal Division lists as "fugitive" only those defendants who are actually indicted for bail-jumping under Title 18, United States Code, Section 3150. Further, the computer program in which these statistics are collected does not permit the identification of the underlying charge which was initially lodged against these fugitives. Thus, we cannot identify how many of these fugitive cases arose from narcotics matters. The Drug Enforcement Administration does keep such statistics; however, it should be noted that their definition of "fugitive" is broader than that employed by the Criminal Division. DEA lists as "fugitive" all persons who are actively being sought in connection with narcotics related matters who have fled. As of August 2, 1976, DEA listed 2,622 persons as fugitive. Three hundred and thirty-six of these were Class 1 violators. Of more direct relevance would be the number of persons who actually jumped bond after arrest on narcotics charges. DEA statistics show that 97 Class 1 violators so jumped bond after arrest on narcotics charges. The statistics further show that 1,006 violators in Classes 2 through 4 jumped bond after arrest on narcotics charges.

I trust that the foregoing has been helpful to you in pursuing the important work of the Committee.

Sincerely,

JAY C. WALDMAN,  
*Deputy Assistant Attorney General,  
Criminal Division.*



## EXHIBIT A

List No.	Violator name	Drug	Pounds	Seizure date	DEA case No.	DEA violator name	DEA violation class	Disposition, Federal/State
New York region:								
40	Costa, Thomas M.	Cocaine	2.2	June 3, 1976	C1-76-0016	Costa, Thomas Michael	1	Pending.
66	Guerrero, Puello Jorge A.	do	2.2	Feb. 10, 1976	C1-76-0066	Guerrero-Puello, Jorge	1	Do.
54	Philadelphia region: Escobar, Elias E.	do	13.5	Sept. 13, 1976	D1-75-0153	Escobar-Escobar, Elias	1	Prison, 60 mo—Federal.
189	Baltimore region: Urquieta, Gonzalo	Heroin	8.3	Sept. 22, 1975	E2-75-0125	Urquieta-Barriga, Gonzalo	1	Prison, 36 mo—Federal.
Antonia.								
Miami region:								
110	Meneses, Ronaldo	Cocaine	3.2	Dec. 4, 1975	G1-75-0292	Meneses, Ronaldo	1	Pending.
99	Licon, Daniel R.	do	3.2	Mar. 11, 1976	G1-76-0057	Licon, Daniel Ray	1	Do.
212	Goraliza, Bernardo C.	do	4.7	Apr. 22, 1976	G1-76-0093	Cordaliza-Cuadros, Bernardo	1	Do.
125	New Orleans region: Noguera, Ricardo	do	2.0	Feb. 15, 1976	J1-76-0007	Hoguer-Rodriguez, Ricardo	1	Probation, 60 mo—Federal.
Leon.								
Dallas region:								
127	Nunez, Manuel C.	Heroin	28.6	Jan. 18, 1976	M5-76-0020	Nunez-Carreno, Manuel	1	Prison, 180 mo—Federal.
74	Herrera, Adrian Corral	do	19.7	July 8, 1975	M6-75-0057	Herrera-Corral, Adrian	1	Prison, 60 mo—Federal.
196	Watson, Kenneth Silvester	do	5.2	Apr. 23, 1976	M7-76-0040	Watson, Kenneth L.	1	Pending.
Seattle region:								
76	Holt, W.	do	.5	Feb. 12, 1976	P2-74-0037	Chesney, John Wayne	1	Do.
36	Chastney, W. B.	do	1.1	Apr. 6, 1976	P2-74-0037	Chasney, William Elijah	1	Do.
Los Angeles region:								
130	Palacios, Arturo Barranco	Cocaine	3.7	Feb. 14, 1976	R1-76-0040	Palacios, Arturo J.	1	Do.
166	Seja, Adelaida Garcia	Heroin	30.9	June 30, 1976	R2-76-0251	Seja, Adelaida Garcia	1	Do.
88	South American region: Johnson, Robert	Cocaine	9.8	Sept. 6, 1975	ZK-75-0013	Johnson, Robert	1	Do.
47	New York region: Diop, Arona Fary	Opium	1.2	Nov. 7, 1975	G1-75-0024	Diop, Arona Fary	2	Do.
191	Baltimore region: Vargas, Erick Fernando	Cocaine	8.3	Sept. 22, 1975	E2-75-0125	Vargas-DelaFuente, Erick	2	Prison, 12 mo—Federal.
Miami region:								
201	Wilkin, John Buren	do	1.1	Mar. 13, 1976	G1-76-0058	Wilkin, John Buren	2	Pending.
27	Carmona, Jose Basquez	do	.9	Apr. 27, 1976	G1-76-0097	Carmona-Vasquez, Jose M.	2	Do.
126	Dallas region: Norris, Dale E.	do	2.3	Sept. 6, 1975	M1-75-0079	Norris, Dale Everett	2	Do.
202	Denver region: Willars, Rodolfo	Heroin	27.6	Sept. 24, 1975	N7-75-0034	Willars, Rodolfo	2	Do.
55	Seattle region: Field, Gary	Cocaine	1.8	June 9, 1976	P2-76-0008	Field, Gary Allen	2	Do.
Los Angeles region:								
182	Thackeray, Eduardo	do	2.5	Oct. 23, 1975	R1-75-0307	Thackeray, Eduardo C.	2	YCA—Federal.
113	Miroyan, Michael Haroutin	do	.8	May 11, 1976	R1-76-0114	Miroyan, Michael Harouton	2	Pending.
58	Galvan, Bernardo Tamayo	Heroin	1.3	Oct. 15, 1975	R2-75-0567	Galvan-Tamayo, Bernardo	2	Do.
186	Torres, Jose Vasquez Cruz	do	2.5	Oct. 16, 1975	R2-75-0568	Vasquez, Jose C.	2	Do.
New York region:								
198	Whalen, Marie Jacqueline	Opium	1.0	Sept. 25, 1975	C1-75-0022	Whalen, Jacqueline Marie	3	Prison, 6 mo—Federal.
157	Sandim, Cosme	Cocaine	.6	Nov. 15, 1975	C1-75-0025	Sandim, Cosme	3	Declined—Federal.
91	Khalifa, Abodou Ramanou	do	8.8	Mar. 4, 1976	C1-76-0008	Khalifa, Abdou Ramanou	3	Prison, 48 mo—Federal.
204	Wong, Melba Barbara	do	5.0	Mar. 9, 1976	C1-76-0009	Wong, Melba Barbara	3	Pending.

## EXHIBIT A—Continued

List No.	Violator name	Drug	Pounds	Seizure date	DEA case No.	DEA violator name	DEA violation class	Disposition, Federal/State
84	Javid, Ahmad	Opium	2.9	Apr. 15, 1976	C1-76-0012	Javid, Ahmad	3	Pending.
124	Nicholas, Samuel Pernell, Jr.	Cocaine	1.6	June 18, 1976	C1-76-0017	Nicholas, Samuel P., Jr.	3	Do.
151	Rodriguez, Luis G.	do	9.1	Mar. 23, 1976	C1-74-0721	Rodriguez, Luis Ginel	3	Do.
108	McDonald, Sherman	do	1.0	Aug. 13, 1975	C1-75-0354	McDonald, Sherman	3	Prison, 60 mo—Federal.
44	Cruz, Segundo	do	3.0	Dec. 29, 1975	C3-75-0169	Cruz, Segundo Garcia	3	Pending.
Baltimore region:								
68	Gutierrez, Maria Ramirez	do	2.6	Nov. 3, 1975	E2-75-0143	Degutierrez, Maria Hermelina	3	Probation, 24 mo—Federal.
142	Restrepo, Ann Luisa Rincon	do	2.6	Nov. 3, 1976	E2-75-0143	Darestrepo, Ana Luisa Rincon	3	Do.
138	Ramirez, Victor Antonio Carran	do	10.0	Feb. 2, 1976	E2-76-0021	Carranza-Ramirez, Victor Anton	3	Pending.
70	Harmandarian, Gregoria Karakas	do	7.5	Feb. 27, 1976	E2-76-0032	Harmandarian, Karakagidu G.	3	Do.
5	Arias, Blanca Lidia	do	6.5	Apr. 13, 1976	E2-76-0047	Arias, Blanca Lidia	3	Do.
Miami region:								
170	Sly, Roma J.	do	3.4	July 6, 1975	G1-75-0168	Sly, Roma Jean	3	Prison, 3 mo—Federal.
203	Wolf, Frederic M.	do	.6	July 8, 1975	G1-75-0172	Wolf, Frederick Marc	3	Prison, 15 mo—Federal.
177	Steward, Mark Chandler	do	.9	Aug. 2, 1975	G1-75-0195	Steward, Mark Chandler	3	Pending.
33	Ceren, Jorge Villarreal	do	1.3	Aug. 3, 1975	G1-75-0198	Ceren, Jorge Villarreal	3	Do.
100	Londono, Hugo	do	2.4	do	G1-75-0198	Londono, Hugo Giraldo	3	Do.
165	Sega, Apolinar Peros	do	1.3	do	G1-75-0198	Sega, Apolinar Pere	3	Do.
129	Ospino, Belisario Dusan	do	.8	Aug. 9, 1975	G1-75-0202	Ospino, Belisario D.	3	Do.
62	Gil, Helena A. Casamitjana	do	3.1	Aug. 16, 1975	G1-75-0205	Gil, Helena Casmitjana	3	Prison, 6 mo—Federal.
181	Tarquino, Anna Beatriz Bernal	do	3.2	do	G1-75-0205	Tarquino, Ana Beatriz Bernal	3	Prison, 60 mo—Federal.
190	Van Drasek, Eugene Sharol	do	4.1	Aug. 21, 1975	G1-75-0209	Vandrasek, Eugene Sharol	3	Pending.
13	Gaston, Barbara Ann	Heroin	13.6	Aug. 25, 1975	G1-75-0212	Gaston, Barbara Ann	3	Do.
159	Benvenuto, Carmen R.	Cocaine	6.0	Aug. 27, 1975	G1-75-0215	Benvenuto, Lizarraza Carmen R.	3	Dismissed.
102	Santos, Maria Jose	do	5.1	do	G1-75-0215	Desantos-Guedet, Maria Jose	3	Probation, 60 mo—Federal.
94	Lopez, Juan Alejo, Jr.	do	1.1	Oct. 7, 1975	G1-75-0248	Lorenzo, Juan Alejo, Jr.	3	Pending.
64	Greene, Moya Marguerite	do	4.1	Oct. 18, 1975	G1-75-0255	Greene, Moya Marguerite	3	Acquitted—Federal.
93	Lafontaine, Francine	do	1.9	Oct. 18, 1975	G1-75-0256	Lafontaine, Francine	3	Pending.
119	Moya, Sonia Deruiz	do	4.1	Oct. 22, 1976	G1-75-0259	Moya-Fernandez, Sonia	3	Do.
118	Morales, Guillermo Cesar	do	4.4	Oct. 27, 1975	G1-75-0263	Morales, Guillermo Cesar Leiv	3	Prison, 36 mo—Federal.
128	Ortiz, Felix Jose	do	5.2	Nov. 1, 1975	G1-75-0269	Ortiz-Pulley, Felix Joze	3	Pending.
24	Brown, Melissa Jane	do	1.2	Nov. 4, 1976	G1-75-0270	Brown, Melissa Jane	3	Prison, 12 mo—Federal.
107	McCarroll, Peggy Jean	do	1.0	Nov. 4, 1975	G1-75-0270	McCarroll, Peggy Jean	3	Prison, 9 mo—Federal.
158	Sancerman, Albert	do	6.4	Nov. 16, 1975	G1-75-0276	Sancerman, Albert Richard, Jr.	3	Prison—36 mo—Federal.
71	Hayes, Roy Alven	do	1.2	do	G1-75-0278	Hayes, Roy Alven	3	Do.
46	Duddy, John Ronald, Jr.	do	1.6	Nov. 25, 1975	G1-75-0280	Duddy, Ronald John, Jr.	3	YCA—Federal.
19	Bonnema, John Robert	do	.9	Dec. 14, 1975	G1-75-0305	Bonnema, John Robert	3	Pending.
123	Nessen, William Donald	do	2.3	do	G1-75-0305	Nessen, William Donald	3	Do.
61	Fbanks, Davis E.	do	.9	Dec. 15, 1976	G1-75-0307	Ebanks, Davis Edward	3	Prison, 24 mo—Federal.
82	Jackson, Philip Rodney Alden	do	.9	Dec. 15, 1975	G1-75-0307	Jackson, Philip Rodney	3	Do.
210	Delavega, Eduardo	do	2.8	Dec. 27, 1975	G1-75-0313	Delavega, Eduardo Antonio	3	Prison, 6 mo—Federal.
61	Gaviria, Alba Boelio	do	3.5	do	G1-75-0314	Gaviria-Vasquez, Alba R.	3	Pending.
2	Alcalde, Ricardo	do	.6	Jan. 29, 1976	G1-76-0020	Alcalde, Ricardo Cardoza	3	Do.

87 Johnson, Jean Paulette.....do  
 46 Diaz, Jennifer J.....do  
 6 Baldassarre, Giuseppe.....do  
 133 Peyon, Ernesto.....do  
 4 Ardila, Ricaura Perdomo.....do  
 90 Kable, John Robert, Jr.....do  
 167 Sepulveda, Esteban Dejesus G.....do  
 132 Parks, Thomas Michael.....do  
 179 Strunk, Bradley B.....do  
 175 Steiner, Karl.....do  
 96 Laorenza, Anthony.....do  
 143 Ritch, John Carlyle.....do  
 22 Botero, Jose Raul London.....do  
 21 Borren, Eugene Leonard.....do  
 140 Redler, Norman David.....do  
 14 Bevans, Michael Newton.....do  
 New Orleans region:  
 104 Malecha, Adeline Mary.....do  
 155 Ruiz, Ernesto Sanchez.....do  
 Dallas region:  
 134 Pitchford, Lloyd Henry.....do  
 101 Londono, Maria Christina.....do  
 59 Garza, Gustavo Velasquez.....do  
 92 Kinney, Paul Phillip.....do  
 160 Saucedo, Arturo Montenegro.....Heroin  
 80 Ibarra, Campoya Julio.....do  
 136 Pragos, Joel Fayela.....do  
 183 Thomas, Eugene, Jr.....Cocaine  
 Denver region:  
 111 Miller, Lynda Marie.....do  
 145 Roberts, David.....do  
 28 Carrasco, Margarito Soto.....Heroin  
 Los Angeles region:  
 199 White, Pamela Jean.....Cocaine  
 98 Levene, Bruce David.....do  
 11 Beckner, Mark Steven.....do  
 32 Castro, Carlos Uribe.....do  
 178 Stoufer, Camille Anne.....do  
 122 Navarro, Luis Marena.....do  
 197 Wershow, Milton Jeffrey.....do  
 213 Leonardi, Robert Paul.....do  
 52 Ecklin, Ralph Elson.....do  
 72 Hemphill, Diane Mary.....do  
 195 Walulik, Janinka E.....do  
 139 Read, Ruth Anne.....do  
 9 Beals, Ronald Guy.....do  
 172 Smith, Helen Preston.....do  
 109 Mehzi, Elsa Elconora Doig.....do  
 185 Tome, Raul.....do  
 214 Lowry, Robert Anthony.....do  
 156 Sanchez, Carlos Amezcua.....do

See footnotes at end of table.

4.4 Feb. 4, 1976 G1-76-0025  
 2.1 Feb. 7, 1976 G1-76-0026  
 3.6 Feb. 14, 1976 G1-76-0035  
 2.1 Feb. 24, 1976 G1-76-0040  
 15.3 Mar. 1, 1976 G1-76-0046  
 1.8 Mar. 7, 1976 G1-76-0053  
 1.1 Mar. 8, 1976 G1-76-0054  
 4.6 Mar. 15, 1976 G1-76-0061  
 .7 Mar. 21, 1976 G1-76-0068  
 3.0 Mar. 25, 1976 G1-76-0071  
 1.7 Mar. 5, 1976 G5-76-0009  
 1.6 Apr. 28, 1976 G5-76-0012  
 6.5 May 26, 1976 G5-76-0016  
 4.7 May 30, 1976 G5-76-0017  
 4.7 June 4, 1976 G5-76-0017  
 .5 June 11, 1976 G5-76-0019  
 2.2 Aug. 30, 1975 J1-75-0137  
 .9 June 22, 1976 J1-76-0032  
 2.3 Apr. 14, 1976 M1-75-0079  
 1.1 Sept. 21, 1975 M3-75-0085  
 1.4 Dec. 11, 1975 M5-75-0261  
 .6 Feb. 28, 1976 M6-76-0026  
 22.5 Nov. 12, 1975 M7-75-0208  
 .5 Dec. 19, 1975 M7-75-0219  
 9.8 Apr. 8, 1976 M7-76-0036  
 .7 July 19, 1975 M9-75-0081  
 6.0 Sept. 16, 1975 N1-75-0098  
 1.7 Nov. 11, 1975 N6-75-0156  
 1.1 Feb. 2, 1976 N8-76-0023  
 2.1 July 9, 1975 R1-75-0203  
 5.8 July 27, 1975 R1-75-0218  
 .6 Oct. 15, 1975 R1-75-0303  
 3.3 Oct. 30, 1975 R1-75-0312  
 3.1 Nov. 3, 1975 R1-75-0325  
 5.1 Nov. 17, 1975 R1-75-0335  
 3.1 Dec. 3, 1975 R1-75-0346  
 .9 Dec. 24, 1975 R1-75-0367  
 1.0 Feb. 19, 1976 R1-76-0042  
 2.5 Mar. 17, 1976 R1-76-0063  
 1.2 Mar. 24, 1976 R1-76-0070  
 3.8 Mar. 26, 1976 R1-76-0074  
 1.0 Apr. 29, 1976 R1-76-0106  
 1.8 May 29, 1976 R1-76-0125  
 1.3 June 10, 1976 R7-76-0138  
 .5 June 24, 1976 R1-76-0148  
 2.2 June 30, 1976 R1-76-0151  
 1.1 Sept. 30, 1975 R2-75-0541

Johnson, Joan Paulette.....  
 Diaz, Jennifer Joan.....  
 Baldassarre-Gonzales, Giuseppe.....  
 Peyon, Ernesto Mendez.....  
 Ardila, Ricaurte Perdomo.....  
 Kable, John Robert, Jr.....  
 Sepulveda-Galiana, Esteban de.....  
 Parks, Thomas Michael.....  
 Strunk, Bradley Brian.....  
 Steiner, Karl.....  
 Laorenza, Anthony.....  
 Ritch, John Carlyle.....  
 Botero-Londono, Jose Paul.....  
 Borren, Eugene Leonard.....  
 Redler, Norman David.....  
 Bevans, Michael Newton.....  
 Malecha, Adeline Mary.....  
 Sanchez-Ruiz, Ernesto.....  
 Pitchford, Lloyd Henry.....  
 Londono, Maria Cristina.....  
 Garza-Velasquez, Gustavo.....  
 Kinney, Paul Phillip.....  
 Saucedo-Montenegro, Arturo.....  
 Ibarra-Campolla, Julio.....  
 Fragos-Favela, Joel.....  
 Thomas, Eugene, Jr.....  
 Miller, Lynda Marie.....  
 Roberts, Robert David.....  
 Carrasco-Soto, Margarito.....  
 White, Pamela Jean.....  
 Levene, Bruce David.....  
 Beckner, Mark Steven.....  
 Castro-Urbe, Carlos.....  
 Stoufer, Camille Anne.....  
 Navarro-Varelas, Louis.....  
 Wershow, Milton Jeffrey.....  
 Leonardi, Robert Paul.....  
 Ecklin, Ralph Eldon.....  
 Hemphill, Diane Mary.....  
 Walulik, Janinka Elizabeth.....  
 Read, Ruth Anne.....  
 Beals, Ronald Guy.....  
 Smith, Helen Preston.....  
 Mehzi-Doig, Elsa Elenora.....  
 Tome, Raul.....  
 Lowry, Robert Anthony.....  
 Sanchez-Amezcu, Carlos.....

3 Do.  
 3 Prison, 15 mo—Federal.  
 3 Prison, 6 mo—Federal.  
 3 Pending.  
 3 Do.  
 3 Do.  
 3 Prison, 24 mo—Federal.  
 3 Pending.  
 3 Do.  
 3 Do.  
 3 Do.  
 3 Do.  
 3 Do.  
 3 Do.  
 3 Pending, 150.  
 3 Prison, 36 mo—Federal.  
 3 Pending.  
 3 Do.  
 3 Prison, 36 mo.  
 3 Pending.  
 3 Declined—Federal.  
 3 Acquitted—Federal.  
 3 Pending.  
 3 Do.  
 3 Dismissed—Federal.  
 3 Pending.  
 3 Do.  
 3 Prison, 60 mo—State.  
 3 Probation, 36 mo—Federal.  
 3 Do.  
 3 Pending.  
 3 Declined—Federal.  
 3 YCA—Federal.  
 3 Prison, 96 mo—Federal.  
 3 Pending.  
 3 Do.  
 3 Prison, 12 mos—Federal.  
 3 Pending.  
 3 Do.  
 3 Probation, 24 mo—Federal.  
 3 Prison, 60 mo—Federal.  
 3 Probation, 60 Mo—Federal.  
 3 Prison, 5 mo—Federal.  
 3 Declined—Federal.  
 3 Pending.  
 3 YCA—Federal.

## EXHIBIT A—Continued

List No.	Violator name	Drug	Pounds	Seizure date	DEA case No.	DEA violator name	DEA violation class	Disposition, Federal/State
39	Colina, Jose Luis Garcia	Cocaine	1.5	Nov. 15, 1975	R2-75-0639	Colina-Garcia, Jose Luis	3	Pending.
192	Vega, Jose Angel	Heroin	2.8	Dec. 29, 1975	R2-75-0706	Vega-Villa, Jose Angel	3	Prison, 24 mo—Federal.
67	Gurley, Stephanie Maria	do	17.0	Mar. 21, 1976	R2-76-0116	Gurley, Stephanie Maria	3	Pending.
73	Hensley, Shelby Jean	Cocaine	1.5	Dec. 17, 1975	R3-75-0115	Hensley, Shelby Jean	3	Do.
147	Robinet, Rena Jean	Heroin	1.2	Jan. 21, 1976	R3-76-0007	Robinet, Rena Jean	3	NARA—Federal.
112	Miller, Wayne	Cocaine	2.2	Jan. 22, 1976	R3-76-0009	Miller, Wayne	3	Prison, 4 mo—Federal.
15	Biagorria, Ernesto Bruno	do	2.2	June 25, 1976	R3-76-0044	Biagorria, Ernesto Bruce Far	3	Pending.
17	Blackmon, Kirby Ward	Heroin	1.6	July 12, 1975	R4-75-0028	Blackmon, Kirby Ward	3	Do.
20	Borok, Gunter	do	3.0	Oct. 10, 1975	R4-75-0046	Borok, Gunter	3	YCA—Federal.
149	Rodananta, Thongohat	do	1.0	Mar. 22, 1976	R4-76-0017	Rodananta, Thongohia	3	Pending.
34	Cerny, Ivan	do	4.4	Apr. 30, 1976	R4-76-0025	Cerny, Ivan	3	Prison, 24 mo—Federal.
25	Calvillo, Rogelia Flores	do	4.3	Aug. 14, 1975	R6-75-0163	Flores, Rogelia Calvillo	3	Prison, 60 mo—Federal.
164	Scott, Eugene Ernie	do	.6	Jan. 28, 1976	R6-76-0026	Scott, Ernesto Eugene	3	YCA—State.
57	Fuerte, Jose Luis Carrillo	do	.5	Feb. 12, 1976	R6-76-0037	Fuerte-Carrillo, Jose Luis	3	Pending.
43	Cruz, Antonio Ramirez	Cocaine	1.1	Apr. 16, 1976	R6-76-0079	Cruz-Ramirez, Antonio	3	Do.
12	Beltran, Jesus Loya	Heroin	6.5	June 9, 1976	R6-76-0105	Beltran-Loya, Jesus	3	Do.
	Baltimore region:							
63	Gomez, Colina Maldonado	Cocaine	1.6	Oct. 6, 1975	E2-75-0128	Gomez-Maldonado, Colina	3	Prison, 24 mo—Federal.
	Miami region:							
154	Rubiano, Victor Martinez	do	10.5	Feb. 10, 1976	GFG1-75-8005	McGlinn-Carranza, Lario Merio <sup>2</sup>		Prosecuted by Nassau, Bahamas Authority.
81	Icaza, Marco Julio	do	5.3	Sept. 16, 1975	G1-75-0232	Ycaza, Mark Tulio	3	Indef.—YCA—Federal.
85	Jimenez, Caicedo Lisandro	do	5.0	Oct. 5, 1975	GFAO-75-8138	Jimenez, Lisandro	3	Prison, 24 mo (Bahamas).
75	Holquin, Juan	do	.6	Oct. 2, 1975	G4-75-0076	Holquin, Juan U.		Pending.
208	Zung, Wu Pak	Opium	6.0	May 4, 1976	G1-76-0013	Zung, Wu Pak		Do.
175	Steiner, Karl	Cocaine	3.0	Mar. 25, 1976	G1-76-0071	Steiner, Karl	3	Do.
190	Van Drasek, Eugene Sharol	do	4.1	Aug. 21, 1975	G1-75-0209	Van Drasek, Eugene Sharol	3	Do.
16	Bing, Michael Kevin	do	2.3	Nov. 29, 1975	G5-75-0056	Bing, Michael Kevin	3	Do.
150	Rodriguez, Ana Lupe	do	6.7	June 24, 1976	G5-76-0022	Rodriguez-Rodriguez, Ana Lupe	3	Do.
7	Basanta de Castro, Maria Nayme	do	4.4	Nov. 26, 1975	G1-75-0287	Fayed de Castro, Nayme Maria B	3	Prison, 12 mo—Federal.
79	Hydeskelly, Vincent Arlington	do	4.5	Dec. 15, 1975	G1-75-0306	Kelly, Vincent Arlington Hydes	2	Prison, 18 mo—Federal.
	Detroit region:							
95	Lansing Star Weekly	do	.5	Jan. 16, 1976	GFI1-75-8036	Prosecution of 2 suspects declined by State prosecutor.		
	New York region:							
42	Crom, David	Opium	1.2	Nov. 7, 1976	GFC1-75-8010	Crom, David		Pending.
184	Tobon, Gerardo	Cocaine	12.4	June 11, 1976	C3-76-0038	Tobon, Gerardo		Not charged.
152	Rodriguez, Adelina	do	3.1	Feb. 6, 1976	CJ-76-0004	Hernandez, Rosa Resparto	3	Pending.

Los Angeles region:							
83	Johnson, Robert	do	9.8	Sept. 6, 1975	R1-75-0365	Johnson, Robert	Dismissed.
173	Speers, Donald Glenn	do	3.3	Nov. 8, 1975	R1-75-0325	Speers, Donald Glenn	3 84 mo suspended, 48 mo probation.
178	Stoufer, Camille Anne	do	3.1	Nov. 3, 1975	R1-75-0325	Stoufer, Camille Anne	36 mo probation.
187	Turner, Frank	do	5.8	Feb. 25, 1976	R1-76-0047	Brum, Steven <sup>3</sup>	Not arrested.
205	Yanez, Dagoberto A	do	1.4	Oct. 28, 1976	R2-75-0591	Yanez-Osorio, Dagoberto A	3 Prison, 48 mo.
65	Grijalva, Sheran Marie	Heroin	.5	Nov. 8, 1975	R2-75-0614	Grijalva, Sharon Marie	3 Prison 6 mo, 18 mo suspended, 3-yr probation.
3	Arce, Zorina Rosario	Cocaine	.6	Nov. 22, 1975	R2-75-0638	Arce, Zorina Rosario	3 3-yr probation.
148	Robles, Rogelio Suarez	Heroin	2.4	Jan. 13, 1976	R2-76-0014	Robales-Saurez, Rogelio	3 Pending.
35	Chan, Danny	do	.7	Jan. 19, 1976	R3-76-0004	Pusawong, Prasert	1 Prison 6 mo, suspension 60 mo, 36-60 mo probation.
38	Chu, Paul	Cocaine	.8	do	R3-76-0004	Chookasamuk, Wanchi	Not charged.
69	Hamshire, Judy	Heroin	.9	Jan. 12, 1976	R3-76-0004	Hamshire, Judy	Do.
94	Lamey, Jung Soon	do	1.6	Jan. 15, 1976	R3-76-0004	Lamey Jung Soon <sup>4</sup>	Do.
86	Johnson, Genevieve	do	4.5	Jan. 26, 1976	R3-76-0011	Greer, Carolyn Denise	3 Prison, 48 mo.
200	Whitley, Allan	Cocaine	.5	Apr. 28, 1976	R3-76-0036	Williamson, John <sup>5</sup>	Not arrested.
137	Quinaga, Rene	do	1.5	May 28, 1976	R3-76-0040	Quiroca, Rene Juan	3 Pending.
105	Marshall, Bruce David	do	.6	June 5, 1976	R3-76-0042	Marshall, David Bruce	3 Do.
77	Hormali, Pimol	Heroin	1.4	Sept. 5, 1975	R4-75-0041	Hormali, Pimol	Not charged.
188	Uromchart, Monma	do	5.5	Nov. 20, 1975	R4-75-0052	Audamchart, Bunma	1 Pending.
37	Chow, Bob Nin	do	7.3	June 26, 1976	WA-76-0027	Chow, Po Yuh	Do.
1	Akhlag, Mohammed	Opium	6.0	Apr. 16, 1976			
31	Castillo, Eugene	Cocaine	1.9	Mar. 27, 1976			
48	Dix, Sher	Heroin	.7	June 21, 1976			
55	Fillas, Nicolaos Master	Cocaine	7.4	July 29, 1975			
83	Jackson, Willie	Heroin	1.0	Dec. 16, 1975			
97	Lee, Fnu	do	.8	June 7, 1976			
103	Maarleveld, Bernardus J	Cocaine	1.2	June 25, 1976			
106	Marshall Field Co.	Opium	3.1	Dec. 23, 1975			
115	Monroe, John	Cocaine	.7	Nov. 9, 1975			
117	Morales, Cesar Lenin Trinidad	Heroin	.8	Jan. 16, 1976			
141	Reham, Fnu	do	.5	May 11, 1976			
144	Rivera, Evan A	Cocaine	9.4	Mar. 3, 1976			
146	Roberts, David	do	.8	Nov. 13, 1975			
169	Shine, John	Opium	1.0	Feb. 11, 1976			
171	Smith, Hanable	do	.8	Mar. 22, 1976			
194	Wallace, Dale E. Master	Cocaine	5.3	Oct. 23, 1975			

(Based on information provided, DEA is unable to identify persons/seizures indicated.)

(Based on information provided, DEA is unable to identify persons/seizures indicated.)

<sup>1</sup> DEA fugitive.

<sup>2</sup> Defendant McGlinn-Carranza believed to be Rubiano. McGlinn-Carranza appears to be fraudulent passport name.

<sup>3</sup> Brum alias Turner not apprehended. Toranc, Robert M., class 1—prison, 30 mo; probation 36 mo. Rothbend, Elliot, class 3—prison 5 mo; probation, 36 mo.

<sup>4</sup> Pusawong alias Chan prosecuted. Naka-teeranondu, Terranu a fugitive. Others named not prosecuted.

<sup>5</sup> Williamson alias Whitley, Canadian national, not apprehended. Ridley, Paul—prison, 48 mo, suspended.

OFFICE OF THE ATTORNEY GENERAL,  
Washington, D.C., January 11, 1977.

Hon. LESTER L. WOLFF,  
*Chairman, Select Committee on Narcotics Abuse and Control, House Office Building  
Annex 2, Washington, D.C.*

DEAR MR. CHAIRMAN: In view of your long-standing interest in Federal drug enforcement, I am transmitting herewith a copy of Domestic Operations Guidelines for the Drug Enforcement Administration which I issued on December 28, 1976. The Guidelines are now being implemented. Their operation will be monitored and evaluated by the Administrator of DEA and the Department of Justice under the direction of the Deputy Attorney General. It is our hope that these Guidelines will assist in achieving our shared goal of Federal drug enforcement which is as fair and effective as possible.

Sincerely,

EDWARD H. LEVI, *Attorney General.*

[Memorandum]

Date: December 28, 1976.

Reply to attention of: The Attorney General.

Subject: Drug Enforcement Administration domestic operations guidelines.

To: Deputy Attorney General.

Enclosed are the Drug Enforcement Administration Domestic Operations Guidelines dated December 28, 1976, and my memorandum to the Administrator of the same date by which I have issued them. I would appreciate it if you would advise the relevant offices of the Department, particularly the United States Attorneys, of the guidelines and their responsibilities under them. In addition, please work with the Administrator to devise the means by which DEA and the Department will monitor and evaluate the operation of the guidelines.

[Memorandum]

Date: December 28, 1976.

Reply to attention of: The Attorney General.

Subject: Domestic Operations Guidelines.

To: Peter Bensinger, Administrator, Drug Enforcement Administration.

I am attaching the Domestic Operations Guidelines for the Drug Enforcement Administration which I am issuing effective this date. I understand that the implementation of these guidelines will necessarily require some changes in procedures currently in effect in the Drug Enforcement Administration. Please take whatever steps are necessary to implement these guidelines and let me know when they have been made fully operational.

#### DRUG ENFORCEMENT ADMINISTRATION DOMESTIC OPERATIONS GUIDELINES

The following guidelines are intended to promote efficiency in the operations of the Drug Enforcement Administration (DEA) and to improve coordination between DEA and other branches of the Department of Justice. The imposition of any sanction for failure to comply with these guidelines remains exclusively within the jurisdiction of the Attorney General and the Administrator of DEA, and such other persons as they may designate.

#### I. ENFORCEMENT ACTIVITIES

##### A. Objective

1. Enforcement activities are those procedures employed by DEA Special Agents intended to result in (1) the arrest, prosecution and incarceration of drug traffickers, (2) the disruption of illicit traffic, (3) the reduction of drug availability through seizure of drugs and equipment necessary for operation of drug networks, and (4) deterrent effects on other traffickers by discouraging continued or potential trafficking.

2. Enforcement activities shall be undertaken with the primary objectives of prosecuting individuals, or individuals acting in concert, who finance, control, or direct drug trafficking organizations, or of interdicting the flow of drugs from significant drug trafficking operations.

3. Enforcement activities of DEA include what are traditionally considered investigation activities and intelligence activities. For the purposes of these guidelines, investigation is defined as the process of gathering evidence primarily for the immediate purpose of initiating a criminal prosecution, or for the seizure of specific

unlawful shipments of controlled substances. The term "investigation" as used in these guidelines is not intended to include investigations of "leads" originated by or furnished to DEA offices. For the purposes of these guidelines, intelligence is defined as information gathered in support of the mission of DEA which is not collected primarily for the immediate purpose of initiating a specific prosecution, but which may ultimately lead to prosecution of one or more individuals or the seizure of unlawful shipments of controlled substances.

4. DEA investigations often produce ancillary intelligence, and DEA intelligence activities often produce evidence useful in criminal prosecutions. Internal review mechanisms provided for by these guidelines are not intended to apply to sporadic intelligence activities; nor are such activities to be reported to the United States Attorneys as investigations under Section ID of these guidelines. On the other hand, the systematic gathering of information targeted on an individual or individuals, or on a drug trafficking operation, which continues for a period of 45 days should be considered as an investigation within the meaning of Section I B, C and D relating to consultation with United States Attorneys.

#### *B. Initiating enforcement activities*

1. Investigation may be initiated based on facts or information indicating possible violation of the Controlled Substances Act, or other laws within the investigative jurisdiction of the Drug Enforcement Administration.

2. In each investigation an initiation report will be prepared by the Special Agent setting out the basis for the investigation. Supervisory approval of anticipated enforcement activity, including undercover operations, is required prior to any Special Agent or informant undertaking action.

#### *C. Review and continuation of enforcement activities*

1. All review and approval for continuation of enforcement activities as provided below shall be reflected in writing.

2. An Agent's immediate supervisor shall review each investigation within thirty (30) days after it is initiated to determine if further investigation is warranted.

(a) Investigations may continue beyond thirty (30) days where there is a clear indication of a violation of law within DEA's investigative jurisdiction. Investigations shall continue in accordance with other provisions of these guidelines.

(b) In the absence of a clear indication of a violation of law, the agent's immediate supervisor shall authorize continued investigation beyond thirty (30) days only if there is reason to believe the investigation may lead to:

(i) prosecution of one or more individuals who finance, control, or direct a drug trafficking organization; or

(ii) interdiction of the flow of drugs from a significant drug trafficking operation (e.g., seizing a major shipment or processing laboratory).

3. An agent's immediate supervisor shall review all investigations continuing ninety (90) days after initiation to determine if further investigation is warranted. Investigation may continue beyond ninety (90) days only if there is:

(a) clear indication that investigation is likely to result in prosecution of one or more individuals who finance, control, or direct a drug trafficking organization, or disruption of significant drug trafficking.

(b) where there is no clear indication of significant prosecution or disruption of drug trafficking, investigation shall continue only with the written approval of the appropriate Assistant Regional Director.

4. If enforcement activity is discontinued pursuant to paragraph IC (2) or (3) above, enforcement activity may be reinstituted at any time new information consistent with the standards of paragraph IC (2) or (3) is received or developed.

5. Regional Directors shall ensure that each DEA investigation is reviewed at an appropriate supervisory level six months after its initiation, and at six-month intervals for as long as investigation continues, and may authorize its continuation if the standard set forth in paragraph IC3 (a) or (b) is met.

6. Upon completion of a six-month review Regional Directors shall report to DEA headquarters each investigation authorized to continue under IC3(b) above, and shall set forth their reasons for continuing investigation.

7. Regional Directors will be responsible for reporting to DEA headquarters on all important intra and interregional investigations which indicate potential multiple prosecutions of important violators. DEA may impose additional review and reporting requirements consistent with these guidelines.

#### *D. Coordination with U.S. attorneys*

The purpose of this section of the guidelines is to insure that United States Attorneys are advised of all major investigations for which they will have responsibility for prosecution.

1. The Drug Enforcement Administration shall insure that the appropriate United States Attorney is advised of all investigations as soon as it appears to the first-line supervisory DEA agent that there is probable cause to make an arrest, even though no arrest is in fact contemplated. Additionally, in investigations where the subjects are believed to be part of a major drug trafficking organization, but probable cause to make an arrest has not yet been established, the notification of a pending investigation to the United States Attorney shall be made by DEA at such time as it is determined that the subjects are part of a major drug trafficking organization. In no event shall notification of any "investigation," as defined in paragraphs IA 3 and 4, be made to the United States Attorney later than 45 days after its initiation. The United States Attorney shall be consulted, shall assign an Assistant United States Attorney if appropriate, and shall be furnished progress reports of the investigation at regular intervals to assure appropriate participation by prosecuting officials.

2. Investigations required to be reported to a United States Attorney under paragraph ID1 which involve possible offenses prosecutable in more than one federal judicial district shall be reported to the Department of Justice, and to the appropriate United States Attorneys. The Department shall be consulted and furnished progress reports on such investigations at regular intervals.

3. The United States Attorney in each federal judicial district shall, consistent with Department of Justice guidance, determine policy regarding declinations and also the referral of prosecutions to state and local authorities.

4. The United States Attorney shall, except in exigent circumstances, be consulted prior to the arrest of a defendant and again immediately after the arrest. The United States Attorney shall be furnished a written report of the arrest no later than five (5) working days after the arrest. The provisions of this subparagraph shall not apply to arrests of defendants who will be prosecuted in state or local courts, provided that such referrals for state or local prosecution are within the policy determinations and procedures of the United States Attorney provided for in subparagraph "3", above.

5. In all cases of seizures without a search warrant, unless reported incident to an arrest, a report in writing shall be submitted to the United States Attorney not later than ten (10) working days after the seizure.

6. DEA shall, with due regard for the time necessary to prepare for trial, advise the prosecuting United States Attorney of any compensation paid to, or other consideration furnished to, an informant or defendant-informant, as well as of any electronic surveillance relating to the case.

7. All relevant DEA case files and manuals will be available for review by U.S. Attorneys on request. The U.S. Attorney shall be responsible for insuring the security and confidentiality of materials furnished by DEA.

8. Department of Justice instructions to United States Attorneys relating to these guidelines will be provided to DEA.

#### II. SOURCES, INFORMANTS, AND DEFENDANT-INFORMANTS

##### *A. General*

1. A "source of information" is a person or organization furnishing information without compensation on an occasional basis (e.g., an observer of an event, or a company employee who obtains relevant information in the normal course of his employment), or a person or organization in the business of furnishing information for a fee and receiving only its regular compensation for doing so (e.g., a credit bureau).

2. An "informant" is a person who, under the specific direction of a DEA Agent, with or without the expectation of payment or other valuable consideration, furnishes information regarding drug trafficking or performs other lawful services.

3. A "defendant-informant" is a person subject to arrest and prosecution for a federal offense, or a defendant in a pending federal or State case who, under the specific direction of a DEA Agent, with an expectation of payment or other valuable consideration, provides information regarding drug trafficking or performs other lawful services.

4. Any individual or organization may be a source of information. Restrictions placed on the use of informants and defendant-informants are not applicable to sources of information.



5. Informants, and defendant-informants are assets of DEA, and are not to be considered personal resources of individual Agents. At least two (2) DEA Agents should be in a position to contact an informant or defendant-informant, and wherever practicable two (2) shall be present at all contacts and interviews with informants and defendant-informants. Regular contacts shall be maintained with informants and defendant-informants.

6. Informants, and defendant-informants shall be advised that they are co-operating with DEA, but are not agents or employees of DEA or the federal government. They shall be advised that information they provide may be used in a criminal proceeding. They may be told that DEA will use all lawful means available to maintain the confidentiality of their identity. Except in extraordinary circumstances they should not be assured that they will *never* be required to testify or otherwise have their identity disclosed in a criminal proceeding. In extraordinary circumstances they may be given this assurance after approval of the Regional Director, provided the United States Attorney shall be notified of any such assurance given to any individual having information relevant to a pending investigation in advance of prosecution proceedings, including grand jury proceedings.

#### *B. Informants*

1. Only individuals who are believed able to furnish reliable enforcement information or other lawful services, and who are believed able to maintain the confidentiality of DEA interests and activities, may be utilized as informants.

2. Except as provided in paragraph IIB(3), an Agent must obtain the approval of his immediate supervisor prior to utilizing any informant. The approving supervisor should review the relevant data, including the criminal record, of any potential informant and ascertain whether he is the subject of a pending DEA investigation before deciding whether to approve him as an informant. Before an individual is asked to render services, in addition to supplying information, a more extensive investigation and evaluation of the individual shall be conducted. However, DEA may use an informant temporarily without extensive investigation where a second-line supervisor determines that lack of sufficient time precludes such investigation.

3. Individuals in the following categories represent particular risks as informants, and their use for an initial ninety (90) days may be utilized only as authorized below:

(a) individuals who are less than eighteen (18) years of age, with the written consent of a parent or a legal guardian, when authorized by the Regional Director;

(b) individuals on Federal or State probation or parole, with the consent of the agency supervising them, and complete documentation by DEA, when authorized by the Regional Director;

(c) former drug-dependent persons, or drug-dependent persons participating in an established drug treatment program, when authorized by the Regional Director.

(d) individuals with two (2) or more felony convictions, when authorized by the Regional Director; and

(e) individuals who have previously been declared unreliable by DEA, or any of its predecessors, when authorized by the Assistant Administrator for Enforcement.

4. The use of an informant shall be reviewed at least every ninety (90) days by the appropriate second-line supervisor, or the higher official indicated in paragraph IIB(3) above. Use of the informant may be continued if it is determined, upon review of his background and performance, that he is qualified to serve in this capacity as provided in paragraph IIB(1) above, and that he has the potential for furnishing information or services which it is believed will lead to the prosecution of one or more individuals who finance, control, or direct a drug trafficking organization or the interdiction of significant drug traffic. The Regional Director shall be responsible for review of the utilization of each informant at least every six months, and continued use of an informant shall be authorized if it is determined that he meets these standards. The Regional Director shall be responsible for reporting all such decisions to DEA headquarters.

5. Informants may be paid money or afforded other lawful consideration. All funds paid to informants shall be accounted for, and specific records shall be maintained of any non-monetary consideration furnished informants.

### *C. Defendant-informants*

1. Only individuals who are believed to be able to furnish reliable enforcement information or lawful services, and who are believed able to maintain the confidentiality of DEA interests and activities, may be used as defendant-informants.

2. In addition to the steps necessary to utilize an informant which are set forth in paragraph IIB, the approval of the appropriate United States Attorney shall be obtained prior to seeking the cooperation of, or utilizing a defendant-informant.

3. An individual approved as a defendant-informant may be advised that his cooperation will be brought to the attention of the appropriate United States Attorney, or other prosecutor. DEA Agents shall make no other representations or recommendations without the express written approval of the Regional Director.

4. The Regional Director shall obtain the written approval of the Assistant Administrator for Enforcement prior to recommending dismissal of any criminal matter. The Regional Director shall inform DEA headquarters of any other information concerning a defendant-informant's cooperation, or advice offered regarding disposition of a case, or imposition of a penalty.

5. Use of defendant-informants shall be reviewed in the manner prescribed for other informants in paragraph IIB above, and their use may be continued only if they are found to meet the standards set forth therein.

### *D. Knowledge of criminal activity by informants and defendant-informants*

1. DEA shall instruct all informants and defendant-informants that they shall not violate criminal law in furtherance of gathering information or providing other services for DEA, and that any evidence of such violation will be reported to the concerned law enforcement authority.

2. Whenever DEA has reason to believe that a serious criminal offense outside its investigative jurisdiction is being or will be committed, it shall immediately disseminate all relevant information to the appropriate law enforcement agency.

Whenever DEA has reason to believe that an informant or defendant-informant has committed a serious criminal offense the appropriate law enforcement agency shall be advised by DEA, and the appropriate United States Attorney shall be notified.

4. In disseminating information in accordance with paragraphs D 2 and 3 above, all available information shall be promptly furnished to the appropriate law enforcement agency unless such action would jeopardize an ongoing major investigation or endanger the life of a DEA Agent, informant or defendant-informant. If full disclosure is not made for the reasons indicated, then limited disclosure shall be made by DEA to the appropriate authorities, to an extent sufficient to apprise them of the specific crime or crimes that are believed to have been committed. Full disclosure shall be made as soon as the need for the restrictions on dissemination are no longer present. Where complete dissemination cannot immediately be made to the appropriate law enforcement agency, DEA shall preserve all evidence of the violation for possible future use by the appropriate prosecuting authority. Nothing herein shall prevent full and immediate disclosure to the appropriate law enforcement agency if in DEA's judgment such action is necessary even though an investigation might thereby be jeopardized.

5. If DEA desires to continue making use of an informant or defendant-informant after it has reason to believe that he has committed a serious criminal offense, DEA shall advise the appropriate United States Attorney and a determination shall be made by him after consultation with the Chief of the Narcotics and Dangerous Drug Section, of the Criminal Division of the Department of Justice, whether continued use should be made of the individual by DEA.

## III. UNDERCOVER OPERATIONS

A. Undercover operations involve DEA Agents who assume a fictitious identity or role on a temporary basis (often posing as individuals involved in drug trafficking), and/or the use of informants or defendant-informants under the direction of DEA, to obtain evidence or other information relating to violations of the Controlled Substances Act or other drug laws.

B. Undercover operations conducted by DEA may include employment of a ruse or deception, the provision of a facility or an opportunity for commission of an offense, or the failure to foreclose such an opportunity, or mere solicitation that would not induce an ordinary, law-abiding person to commit an offense.

C. Undercover operations may be authorized where there is reason to believe use of this technique may result in evidence or information concerning significant drug trafficking activities. Undercover operations must be authorized by a group supervisor, SAIC, or ARD. Such authorization must be written, however, in exigent circumstances documentation may be prepared after the undercover operation has been initiated provided oral authorization has first been obtained. Authorizations for undercover operations shall set forth a description of the undercover operation and the provisions made for the protection of undercover Agents or informants.

D. DEA may furnish an item necessary to the commission of an offense other than a controlled substance, (i.e., a legal chemical essential to drug production), or may furnish services in furtherance of illegal drug trafficking which are difficult to obtain (i.e., sophisticated chemical expertise), upon the authorization of the Regional Director, after consultation with the appropriate United States Attorney and with DEA Headquarters. Activity such as furnishing a non-controlled substance, or other services, may be authorized when there is strong reason to believe such activity will lead to the prosecution of one or more individuals who finance, control, or direct a drug trafficking organization, or to the interdiction of the flow of drugs from a significant drug trafficking operation.

E. Undercover operations shall not include the furnishing of a controlled substance except in extraordinary cases after consultation with the appropriate United States Attorney, when the Administrator of DEA determines that there is reason to believe such activity will lead to the prosecution of one or more individuals who finance, control, or direct a drug trafficking organization, or to the interdiction of the flow of drugs from a significant drug trafficking operation. In making such determinations the Administrator of DEA shall take into account the type and amount of drug involved; its likelihood of reaching consumers; the number and position in the drug trafficking organization of subjects who have, and who have not, been sufficiently identified to be arrested; the type and amount of evidence necessary to complete the investigation; the time required to attempt to do so; and the likelihood of obtaining such evidence.

F. Regional Directors shall advise DEA Headquarters immediately if specific information is developed, in the course of an undercover operation or otherwise, regarding the shipment, delivery, or location of substantial amounts of controlled substances. In certain cases it may be appropriate not to seize such drugs in order to enhance the effectiveness of an investigation. DEA may continue an investigation without seizing substantial amounts of illicit drugs only when:

1. Authorized by the Assistant Administrator for Enforcement of DEA or his headquarters designee. The Assistant Administrator for Enforcement shall consider the factors set forth in paragraph III E above, and may authorize the investigation to continue without seizure of the drugs in question if he makes the determination set forth therein. His decision shall be reflected in writing.

2. Where immediate seizure of substantial amounts of controlled substances might result in compromise of an investigation of greater significance than seizure would warrant, or in the death or serious injury to a DEA Agent, informant, or defendant-informant, an immediate decision may be made by the field Agent or his supervisor, consistent with the safety of the Agent, informant or defendant-informant. In such instances the Assistant Administrator for Enforcement shall be promptly notified.

G. While it is recognized that there is an inherent risk of violence in drug trafficking, undercover operations shall not include originating, encouraging, or planning to participate in violent activity. If in the course of an undercover operation there is a prospect of previously unanticipated violence, the agent, informant, or defendant-informant involved shall make every effort consistent with his personal safety to prevent such violent activity and, to the extent he is not completely successful, to minimize the degree of violence and to avoid participation in it.

H. In conducting undercover operations DEA Special Agents, informants, and defendant-informants shall not attend meetings between defendants and their counsel if attendance can be avoided. If attendance cannot be avoided they shall not report anything they may overhear while present at meetings with counsel, unless they observe the commission of a crime.

I. Informants and defendant-informants used in undercover operations, shall be advised of the standards established by these guidelines relevant to the activities they are asked to undertake on behalf of DEA.

## IV. ELECTRONIC SURVEILLANCE AND RELATED TECHNIQUES

Electronic surveillance and related techniques may be employed as follows:

A. Interception of wire or oral communications through the use of any electronic, mechanical or other device ("wiretaps" or "bugs") in accordance with Title III of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and the related Department of Justice instructions.

B. Recording telephone numbers dialed and related information by the use of "pen registers" and "touch tone decoders" pursuant to a Federal court order in the nature of a warrant issued under Rule 41 of the Federal Rules of Criminal Procedure.

C. Electronic tracking devices ("beepers") and transponders when authorized by a Group Supervisor or higher authority, and pursuant to a Federal Court order in the nature of a warrant of the type issued under Rule 41 of the Rules of Criminal Procedure if installation involves a trespass or if otherwise required by the Federal case law in the judicial district or districts involved.

D. Telephone and transmitters to monitor private conversations with the consent of a party to the conversation pursuant to the provisions of the Attorney General's "Memorandum to the Heads of Executive Departments and Agencies," dated October 16, 1972.

E. Photographic, optical (e.g., binoculars), electro-optical (e.g., night vision equipment), and television equipment as surveillance aids or for recording evidence, pursuant to the provisions of the DEA Agents Manual.

F. Electronic, magnetic, vibration sensors, and radar equipment to detect the movement of persons, vehicles, vessels, and aircraft pursuant to the provisions of the DEA Agents Manual.

G. No other form of electronic surveillance or related technique may be utilized.

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
*Washington, D.C., October 15, 1976.*

HON. DONALD ALEXANDER,  
*Commissioner of Internal Revenue,  
Internal Revenue Building, Washington, D.C.*

DEAR MR. ALEXANDER: I would like to thank you very much for your lengthy appearance before the Select Committee on Narcotics Abuse and Control on September 22, 1976.

As I mentioned at the hearings, we are in a cooperative venture. We are both interested in the effective investigation and prosecution of narcotics traffickers who have evaded their tax responsibilities. The Committee looks forward to working with you in the coming months on this matter of mutual concern.

I am writing at this point in reference to your final response during your appearance that you would be happy to clarify in writing several of the issues which were raised at the hearing. I have provided a list of questions which will be included in the hearing record along with your responses.

1. Please send the Committee a final copy of the memo of understanding which was signed by the Secretary of the Treasury and the Attorney General with the appendixes referred to in the draft memo: Section 6851, 6861 of the Internal Revenue Code and IRS policy statements P-4-88 and P-4-89. In addition, if the instructions to the field offices are not included in the above submission, please send the Committee a copy of these policy instructions. Who will be responsible for the implementation of the substance of the memo of understanding specifically as it relates to target figures for resource commitment and the number of investigations to be pursued?

2. IRS has issued quarterly reports on the NTTP program ever since its inception in 1971. I would appreciate it if you could send the Committee a complete set of the reports and if there are any gaps in the reporting system, please explain the reason. Furthermore, since the signing of the Memo of Understanding with the Attorney General and the Secretary of the Treasury and the establishment in your words of the High-Level Drug Leaders Tax Enforcement Program, what reporting system has been established? Can you send a copy of any reports on the activities under this program since its inception?

3. You mention in your testimony that IRS requested a supplemental appropriation of \$20.6 million which was turned down by OMB on June 15, 1976 which would have provided the resources which you require to adequately fulfill your responsibility to implement the President's recent message on narcotics. Of the 982 positions which it would have funded, how many of the slots would have been specifically devoted to the NTTP? Is it true that in previous years you were able to transfer resources from the NTTP to other special enforcement programs and thus OMB did not feel that there was any guarantee that the fund which you requested would be used for the programs which the President and the OMB advocated in both the White Paper and the message to the Congress? In addition, you mentioned that last year the IRS special agent corps was reduced by 10%, roughly 200 agents. How many of these agents were involved in work related to NTTP?

4. Can you summarize for the Committee the commitment in resources to the NTTP program for the years 1972 through present, and the return to the Treasury of funds which were products of NTTP cases? Specifically, what are the figures for assessments and collections under NTTP from 1971 to present? I realize that some of the information may be similar to that included in your response to question 2, but the Committee is particularly interested in how many investigations were undertaken, where the names which were investigated came from, what level trafficker these individuals were, and what disposition their cases received. You have stated that you were concerned with the abuse of the IRS role by those who directed that it be used for improper purposes.

You specifically were concerned over using the IRS "to get the cash off the streets" which resulted in the pursuit of low level dealers and traffickers. What percent of the cases currently in the investigative and prosecution pipeline are

Class I offenders? How often has the IRS used the Administrative summons by year? What is the current policy of the IRS with respect to invoking jeopardy assessments, tax year terminations and Administrative summons? Does the IRS feel that it is capable of intervening in a case when invited by DEA or other enforcement agencies when a suspect is arrested and has in his possession a large sum of cash? What policy guidelines were issued as a result of the *Laing* and *Hall* decisions by the Supreme Court, and by the passage of Section 1205 of the Tax Reform Act of 1976, PL 94-455?

5. You have stated that in those regions where there is a significant NTTP case load you have a special unit with personnel assigned. What regions have a special unit and what level of resources in personnel are assigned to these special offices? In 1971 when the NTTP program was established, special personnel were selected for the program and were given special training. Do the people whom you consider involved in the NTTP either in a special unit or within the special enforcement division, receive special training? How would the creation of a special unit which could be identified as NTTP or in your words, Drug Leaders Tax Enforcement Project, do violence to the overall work of IRS? Could the abuses of the past not be corrected through administrative orders? Without a special unit within IRS, how is the Congress able to make the priority decision for IRS and determine what level of resources should be assigned to NTTP?

6. In your testimony you placed great weight upon the recent memo of understanding dealing with NTTP. What substantive changes will this cause or has it already caused in the way that IRS pursues narcotics traffickers who have failed to meet their tax liability or are suspected of income tax improprieties. Did IRS receive any names from DEA before the signing of the memo of understanding? If not, when did they stop sending names to IRS for investigation? How does the relation of IRS to Customs change in light of the memo of understanding? What is the current role of Customs in NTTP, specifically as it relates to target selection and intelligence sharing?

7. The President has stated in the White Paper on Drug Abuse, in his message to the Congress on Drug Abuse and through the Executive Director of the Domestic Council in testimony before this Committee and in a speech to the IACP in Miami on September 27, 1976, that he "directed the IRS to develop a tax enforcement program aimed at high-level traffickers". What substantive steps have been taken by IRS to modify previous operations and implement the President's directive? Was the administration supportive of the phasing out of a separate, identifiable NTTP program? What were and are your reasons for recommending that there not be a separate NTTP? When did it cease to be a separate program within IRS? You stated that the NTTP program has been merged into one of the general divisions of IRS and consider it an integral part of the special enforcement programs. How has the funding for the intelligence division, special enforcement and any other division which impacts upon NTTP changed over the last three years and in the proposed budget? What would be an adequate level of funding in your mind for IRS to carry out 600 investigations under the High-Level Drug Traffickers Tax Enforcement Project?

8. Will you please submit the paper which you discussed in your testimony on the use of legitimate businesses as a cover for illegal funds obtained in narcotics trafficking. Have any of your domestic or overseas personnel come across examples of legitimate businesses being used to launder illegal profits from any venture, not only narcotics? Which countries are currently used as havens for the hiding of funds? What is the status of cooperative agreements which would enable your agents to uncover the funds which are needed in your investigations? Has the State Department been cooperative in pressing for the establishment of these agreements? Have there been any cases where your agents have been able to complement a narcotics prosecution by another agency with a tax evasion case? Furthermore, how many net worth cases have been made by your agency in each of the last five years? How many of these were cases involving suspected narcotics law violators?

9. How long on the average does it take for your agency to complete an investigation under the NTTP? How long does it take for the completed investigation to be analyzed by the prosecuting authorities so that a decision is made to either prosecute or turn down prosecution? Are there any regions where the prosecuting authorities have turned down a high proportion of your investigations because of their heavy case load or for other reasons? What other avenues does your agency have if prosecution declines to pursue the investigation which your agency completes on a suspected narcotics violator?

Once again, my thanks for your assistance in completing the hearing record and providing the Committee and the Congress with your views on what the IRS

is doing to fulfill its mission of collecting that revenue which is due the U.S. Treasury as it relates to violations of the tax laws by individuals involved in the narcotics traffic. We are in obvious agreement that every legal means must be employed against these criminals.

Sincerely,

LESTER L. WOLFF, *Chairman.*

DEPARTMENT OF THE TREASURY,  
INTERNAL REVENUE SERVICE,  
*Washington, D.C., November 30, 1976.*

MR. LESTER L. WOLFF,  
*Chairman, Select Committee on Narcotics Abuse and Control, House of Representatives,  
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your letter of October 15, 1976, wherein you requested additional information concerning Internal Revenue Service activity with respect to the examination, investigation and prosecution of suspected narcotics traffickers who have evaded their tax responsibilities. I concur in your feelings that our efforts to curtail illicit narcotics trafficking should be a cooperative venture and I am confident that as the provisions of our Memorandum of Understanding with the Drug Enforcement Agency are implemented, we will be making a substantial contribution to this effort.

Enclosed are our responses to eight of your nine follow-up questions. We will submit our answer to the remaining question as soon as possible. I was pleased to appear before the Select Committee on Narcotics Abuse and Control and hope that our responses to your questions contribute to an understanding of IRS' activities in this area.

If we can be of further assistance, please let us know.

With kind regards,

Sincerely,

DONALD C. ALEXANDER,  
*Commissioner.*

Enclosures.

*Question 1.* Please send the Committee a final copy of the memo of understanding which was signed by the Secretary of the Treasury and the Attorney General with the appendixes referred to in the draft memo: Section 6851, 6861 of the Internal Revenue Code and IRS policy statements P-4-88 and P-4-89. In addition, if the instructions to the field offices are not included in the above submission, please send the Committee a copy of these policy instructions. Who will be responsible for the implementation of the substance of the memo of understanding specifically as it relates to target figures for resource commitment and the number of investigations to be pursued?

Response. The following attachments are provided per your request:

A. Memorandum of Understanding Between the Internal Revenue Service and the Drug Enforcement Administration.

B. Sections 6851 and 6861 of the Internal Revenue Code of 1954.

C. Memorandum dated August 4, 1976, addressed to all Regional Commissioners, Service Center Directors and District Directors, from the Director, Intelligence Division.

D. Telegram dated August 6, 1976, addressed to all Regional Commissioners and District Directors, from the Director, Audit Division.

E. Telegram dated August 16, 1976, addressed to all ARCs (Intelligence) and District Directors, from the Director, Intelligence Division.

F. Telegram dated August 17, 1976, addressed to all Regional Commissioners and District Directors, from the Director, Audit Division.

G. Telegram dated August 25, 1976, addressed to all ARCs (Intelligence), District Directors, and Regional Counsels, from the Acting Director, Intelligence Division, and the Director, Criminal Tax Division, Office of the Chief Counsel.

H. Memorandum dated October 6, 1976, addressed to all Regional Commissioners, Service Center Directors and District Directors, from the Deputy Commissioner.

I. Telegram dated October 19, 1976, addressed to all ARCs (Audit), District Directors, and Appellate Branch Offices, from the Director, Audit Division.

J. Telegram dated November 4, 1976, addressed to all ARCs (Intelligence), and District Directors from the Director, Intelligence Division.

K. Policy Statements P-4-88 and P-4-89.

To date, we have received a list of 375 DEA Class I violators. These have or are currently being evaluated. In the near future we will be receiving additional names from DEA. Also, included in our narcotics project are cases involving individuals determined by IRS as occupying significant operational and financial positions in the narcotics distribution system.

Our present plans call for investigating all narcotics cases meeting the project criteria whether derived from DEA or developed by the IRS. Existing guidelines provide that no narcotics project cases may be closed because of insufficient resources without a prior approval of the Assistant Regional Commissioner (Intelligence) and the Director, Intelligence Division.

#### INTERNAL REVENUE SERVICE MEMORANDUM

AUGUST 3, 1976.

To: All Regional Commissioners and District Directors.

From: Commissioner.

Subject: High-Level Drug Traffickers Program.

Attached for your information and guidance is a copy of a Memorandum of Understanding between the Service and the Drug Enforcement Administration (DEA) concerning the President's program for a coordinated enforcement effort aimed at high-level drug traffickers.

You are requested to thoroughly familiarize yourselves with the terms of the Memorandum as to the Service's participation and responsibilities under the program. District Directors should establish close working relationships with the DEA Regional Directors within their respective jurisdictions. Also, members of your staffs, who will be engaged in this program, should become quite knowledgeable in the details and parameters of this joint enforcement effort.

We are currently developing interim Service procedures for the program and are also finalizing the listing of Class I violators mentioned in the Memorandum. As soon as practicable, this material will be forwarded to you. It must be understood, however, that the IRS District Director will make the determination as to whether a DEA identified violator will be investigated. Such determination will be made under the established standards of the Service (see Article II of the Memorandum).

If you have any questions as to the program or the Memorandum, please contact Assistant Commissioner Wolfe who I have designated as the Service's Senior Coordinator with DEA.

The guidelines contained in the attached Memorandum will be incorporated into the Manual as required by IRM 1254.

DONALD C. ALEXANDER.

Attachments.

#### MEMORANDUM OF UNDERSTANDING BETWEEN THE INTERNAL REVENUE SERVICE AND THE DRUG ENFORCEMENT ADMINISTRATION

The following is an excerpt from the President's message to the Congress dated April 27, 1976:

"I am directing the Secretary of the Treasury to work with the Commissioner of the Internal Revenue, in consultation with the Attorney General and Administrator of the Drug Abuse Enforcement Administration, to develop a tax enforcement program aimed at high-level drug trafficking. We know that many of the biggest drug leaders do not pay income taxes on the enormous profits they make on this criminal activity. I am confident that a responsible program can be designed which will promote effective enforcement of the tax laws against these individuals who are currently violating these laws with impunity."

In order to carry out the President's program aimed at high-level drug trafficking and to promote effective enforcement of the tax laws against those individuals who are violating these laws with impunity, the Internal Revenue Service (IRS) and the Drug Enforcement Administration (DEA) have agreed to the following:

I. Primary liaison between IRS and DEA will be maintained at the National Office level of IRS, and at the Headquarters level of DEA. The Assistant Administrator, Office of Intelligence, DEA, and the Assistant Commissioner (Compliance), IRS, are designated Senior Coordinating Officials responsible for im-



plementing the provisions of this Memorandum of Understanding and are responsible for monitoring the progress of the program within their respective agencies.

II. The responsibility for the investigation of substantive narcotics violations will remain with DEA. The responsibility of IRS is to conduct appropriate civil examinations and criminal investigations of high-level drug leaders and financiers who IRS determines to have violated the internal revenue laws using its established standards.

To assist IRS in identifying high-level drug leaders and financiers, DEA will provide IRS information about individuals identified by DEA as Class I violators.

III. IRS will furnish information involving substantive narcotics violations either direct to DEA or to the Assistant Attorney General, Criminal Division, Department of Justice, in accordance with the disclosure laws and regulations. DEA will furnish to IRS, on a continuing basis, financial information and documents obtained by DEA relevant to the possibility of tax violations by all individuals involved in narcotics trafficking, regardless of their level of involvement. However, only those individuals who meet DEA Class I criteria will be considered for inclusion in this program.

The exchange of information between DEA and IRS will be subject to all procedures established under, and will be accounted for in accordance with the Privacy Act of 1974.

IV. The primary responsibility for gathering information relating to and the identification of major narcotics leaders remains with DEA. DEA will furnish periodically to the IRS, National Office, an updated list of selected Class I violators together with information relating to the individual's involvement in narcotics and whatever financial information DEA may have for IRS to determine the individual's compliance with the tax laws. The IRS, National Office, will distribute this information to the appropriate IRS regional offices for further evaluation and dissemination to the IRS district offices. The IRS district offices will supplement the information by contacting the local DEA office and by independently developing additional tax-related information in accordance with normal IRS procedures.

V. DEA Class I violators are generally given investigative priority by DEA. Therefore, to avoid compromising DEA investigations and endangering DEA personnel and cooperating individuals, IRS will ordinarily honor DEA requests to temporarily suspend or limit specific IRS investigative acts involving such cases. For example, IRS will ordinarily honor a DEA request to temporarily suspend any IRS activity which would expose or hinder the activities of DEA undercover personnel; however, other IRS investigative and examination activities related to the case would proceed. All such requests from DEA Regional Directors should be in writing and should state the specific activities to be temporarily limited and the period of time for which the suspension is requested.

VI. Appendix One is a list of IRS district offices and posts of duty cross referenced to DEA offices having jurisdictional responsibility within the district. The Chief, Intelligence Division, IRS, in each of the districts designated, is the responsible official for implementing an effective liaison program with all DEA offices located within the IRS district.

VII. The statutory authority of IRS is clearly limited to those matter falling within the purview of the Internal Revenue Code. Appropriate IRS officials at the district level shall make the final determination as to which cases shall be subject to either an audit examination or a criminal investigation. The investigation and prosecution of substantive narcotic violations by DEA will generally take precedence over the investigation and prosecution of tax violations. However, in those instances where the tax investigations have either been completed or substantially completed, DEA and IRS will cooperate in attempting to secure simultaneous indictments.

VIII. Jeopardy assessments and terminations of taxable years, which are measures provided in the Internal Revenue Code to protect the tax revenues when collection is believed to be in doubt, will be made only in accordance with the provisions of the Code, as interpreted by the U.S. Supreme Court. Appendix Two contains the text of Sections 6851 and 6861 of the Internal Revenue Code and the Syllabus of the recent decision of the U.S. Supreme Court in *Laing v. United States*, which relate to jeopardy assessments and terminations of taxable years. The IRS will assist the DEA in a program to inform DEA field personnel of the judicial and proposed legislative limitations of the Internal Revenue Service's Jeopardy and Termination Assessment powers to minimize any friction that might result if DEA agents' expectations as to the use of these powers are frustrated by such limitations.

IX. To further an understanding of the jurisdictional responsibilities of DEA and IRS, personnel of the respective agencies are authorized to participate in training programs conducted by the other agency. Such participation shall be limited to the exchange of qualified instructors to participate on a temporary basis as guest lecturers. This cross-training can best be coordinated and accomplished at the district level.

X. IRS personnel are not authorized to participate in arrests, raids and similar activities with DEA personnel.

XI. In emergency situations where the safety of DEA or IRS personnel is in jeopardy, all necessary assistance will be rendered without delay by personnel of the other agency.

XII. Central Tactical (CENTAC) Units are created by DEA to direct investigative activities at key individuals who, under varied positions of power in drug trafficking organizations, are insulated from normal investigative efforts. CENTAC Units are conspiracy oriented and are specially designed to investigate drug networks that cut across local, state, regional, national, and international borders. Each unit has direct control of the investigation as it develops. They are highly mobile, having authority to pursue an investigation wherever it may lead. The CENTAC Unit collects documents, organizes and corroborates testimony and other evidence to be presented to grand juries sitting in judicial districts where violations have occurred.

With the approval of both Senior Coordinating Officials, IRS may detail, on a temporary basis, IRS personnel to provide specialized assistance to CENTAC Units. IRS personnel will at all times remain under the direct control and supervision of IRS management and their duties in this liaison capacity shall be limited to reviewing and evaluating tax-related information obtained by DEA CENTAC Units.

XIII. Tax-related books, records and other documents seized by DEA personnel as a result of the execution and return of search and arrest warrants may be examined by IRS personnel to determine whether the individuals involved had complied with the internal revenue laws.

XIV. IRS and DEA personnel will not discourage potential sources of information from furnishing information to the other agency; and will not compete for informants or information. This cooperation should be made known to potential sources of information in order to discourage informants from "agency shopping."

XV. The debriefing of informants by DEA personnel will include an inquiry about financial information and potential tax violations. If the informant appears knowledgeable about these matters, DEA personnel will, if appropriate, encourage the informant to meet directly with IRS personnel. If the informant declines, DEA personnel will debrief the informant of any financial information and information relating to potential tax violations, and will transmit such information to IRS in accordance with DEA procedures. When it appears that an IRS informant is knowledgeable concerning potential narcotics violations, IRS will encourage the informant to meet directly with DEA personnel.

If the informant declines, IRS personnel will debrief the informant of the information relating to potential narcotics violations and will transmit such information either direct to DEA or to the Assistant Attorney General, Criminal Division, Department of Justice, in accordance with the disclosure laws and regulations. IRS will be responsible for evaluating and, where appropriate, making payment for financial information concerning potential tax violations; and DEA will be responsible for evaluating and, where appropriate, making payment for information relating to potential narcotics violations. IRS and DEA will coordinate to the extent necessary to prevent duplicate or excessive payments for the same information.

XVI. DEA shall furnish IRS with strategic information and studies relating to the domestic and international flow of funds used in narcotics trafficking. To the extent this strategic information, unrelated to tax matters, is further developed by IRS, the additional information will be furnished to DEA. DEA and IRS Senior Coordinating Officials may authorize joint studies that would benefit both agencies.

PETER BENSINGER,  
Administrator, Drug Enforcement Administration.  
DONALD C. ALEXANDER,  
Commissioner of Internal Revenue.

## APPENDIX I

IRS—INTELLIGENCE—DEA

*North Atlantic Region (Regions 1, 2)*

Assistant Regional Commissioner—Intelligence, 90 Church Street, Room 1003, New York, New York. 212-264-7525:

Boston Regional Office (1), JFK Federal Building, Room G-64, Boston, Mass. 02203. 212-223-2170.

New York Regional Office (2), 555 West 57th Street, New York, New York 10019. 212-660-5151.

Albany District, Chief—Leo W. O'Brien FED Bldg., Clinton Ave. & North Pearl St., Albany, N.Y. 12207. 512-562-4900:

Albany, N.Y., Address same. 512-562-3425.

Rouses Point, N.Y., P.O. Box 38, Rouses Point, N.Y. 12979. 832-5445.

Augusta District, Chief—FB 68 Sewall St., Augusta, Maine. 207-833-6441: Portland, Maine, U.S. Courthouse Building, 156 Federal St., P.O. Box 451, Portland, Maine. 833-3331.

Boston District, Chief—"JFK" FOB Rm E 300-R, Boston, Mass. 617-223-6014: Boston, Mass. (Regional).

Brooklyn District, Chief—35 Tillary St., Brooklyn, N.Y. 212-666-4230:

New York (Regional).

Melville, New York (Long Island), 2 Huntington Quadrangel, Melville, New York 11746. 665-2890.

JFK Airport, P.O. Box 361, JFK Airport Station, Jamaica, New York, 11430. 665-2890.

LaGuardia Airport.

Buffalo District, Chief—11512 FB, 111 West Huron St., Buffalo, N.Y. 14202. 716-432-3420:

Buffalo, N.Y., Niagara Square Station, U.S. Courthouse, Buffalo, New York 14201. 432-3218.

Rochester Task Force.

Burlington District, Chief—11 Elmwood Ave., Burlington, Vermont. 802-832-6331: Burlington, Vt., P.O. Box 146, Burlington, Vermont 05401. 832-6288.

Hartford District, Chief—Rm. 410 FB, 450 Main St., Hartford, Conn. 203-244-3576: Hartford, Conn., 450 Main Street, Room 628-E, Hartford, Conn. 06103. 244-3230.

Manhattan District, Chief—120 Church St., New York, N.Y. 10007. 212-264-2020.

New York, N.Y.

New York Task Force, 201 Varick Street, Room 1148, New York, N.Y. 10014. 660-3541.

Portsmouth District, Chief—67 Central St., Manchester, N.H. 03101: Concord, New Hampshire, Federal Building and Post Office, 55 Pleasant Street, P.O. Box 1314, Concord, New Hampshire 03301. 834-4784.

Providence District, Chief—103 Broadway, Rm 206, Providence, R.I. 02940. 401-838-5277: Providence, R.I., Post Office and Federal Exchange Terrace, Room 232, Exchange Terrace, Providence, R.I. 02903. 838-4322.

*Mid-Atlantic Region (Regions 2, 3, 4)*

ARC-I, Mid-Atlantic, 2 Penn Center Plaza, Room 1400-A, Philadelphia, Pa. 19102. 215-597-2122:

Philadelphia (3), William J. Green Federal Building, 600 Arch Street, Philadelphia, Pa. 19106. 597-9530.

Baltimore, Md. (4).

Baltimore District, Chief—Room 717, FB, 31 Hopkins Plaza, Baltimore, Md., 301-962-3173.

Baltimore, Md. (Reg.), 955 Federal Building, 31 Hopkins Plaza, Baltimore, Maryland 21201. 922-4800.

Washington, D.C., 400 Sixth Street, S.W., Room 2558, Washington, D.C. 20024. 755-7960.

Newark District, Chief—1504C, 970 Broad Street, Newark, N.J. 201-341-2145: Newark, N.J., Federal Office Building, 970 Broad Street, Newark, N.J. 07101. 341-6060.

Newark Airport.

Philadelphia District, Chief—New Federal Building, Room 7408 Dist. Sixth and Arch Streets, Philadelphia, Pa. 215-597-2250: Philadelphia, Pa. (Reg.).

Pittsburgh District, Chief—FB 1000 Liberty Ave., Pittsburgh, Pa. 15222. 412-722-5678: Pittsburgh, Pa., Federal Building, 1000 Liberty Ave., Room 2306, Pittsburgh, Pa. 15222. 412-722-3390.

Richmond District, Chief—FB Room 5026, 400 N Eighth St., Richmond, Va. 801-925-2252: Norfolk, Va., 870 North Military Highway, Room 211, Norfolk, Va. 23502. 939-6729.

Wilmington District, Chief—844 King St., Room 3418, Wilmington, Del. 19801. 302-487-6020: Wilmington District Office, Courthouse, Customs House and Federal Office Building, 844 King Street, Room 5305, Wilmington, Delaware 19801. 487-6185.

ARC-I, Southeast, FOB Rm. 655, 275 Peachtree St. N.E., Atlanta, Ga. 30303. 404-526-6515:

Baltimore (4).

Miami (5), 8400 N.W. 53rd Street, Miami, Florida 33166. 820-4870.

New Orleans (8), 1001 Howard Avenue, New Orleans, Louisiana 70113.

68-6841.

Atlanta District, Chief—FOB 275 Peachtree St. N.E., Atlanta, Ga. 404-285-4632:

Atlanta, Ga., United Family Life Building, 230 Houston Street, N.E., Suite 200, Atlanta, Ga. 30303. 285-4401.

Savannah, Ga., 430 Mall Boulevard, Suite C, Savannah, Ga. 31406. 287-4288.

Birmingham District, Chief—2121 Building Rm. 218, 2121 Eighth Ave. N., Birmingham, Ala. 35203. 229-1219:

Birmingham, Ala., 236 Goodwin Crest, Suite 520, Birmingham, Alabama 35209. 229-0620.

Mobile, Ala., 2 Office Park, Suite 216, Mobile, Alabama 36609. 534-2831.

Columbia District, Chief—FOB Rm. 310, 901 Sumter St., Columbia, S.C. 29201. 677-5753:

Columbia, S.C., 2611 Forest Drive, P.O. Box 702, Columbia, S.C. 677-5251.

Charleston, S.C., 1529 Highway 7, Suite 5 and 6, Charleston, S.C. 29407.

677-4531.

Jackson District, Chief—301 N. Lamar St. Rm. 504, Jackson, Miss. 39205. 601-490-4281: Jackson, Miss., First Federal Building, 525 East Capitol St., P.O. Box 22631, Jackson, Mississippi 39205. 490-4400.

Jacksonville District, Chief—400 West Bay St., Jacksonville, Fla. 946-2963: Jacksonville, Fla., 4077 Woodcock Drive, Suite 210, Jacksonville, Florida 32207. 943-3566.

Miami, Fla. (Reg.)

Palm Beach, Fla., 700 Clematis Street—Rm. 253, West Palm Beach, Florida 33402. 350-7263.

Orlando, Fla., 1080 Woodcock Rd., Suite 180, Orlando, Fla. 32803, 946-6312.

Tampa, Fla., Barnett Bank Building, 1000 Ashley Drive, Tampa, Florida 33602. 826-2178.

Nashville District, Chief—493 New Ctse., Nashville, Tenn. 37202. 852-5449:

Nashville, Tenn., U.S. Courthouse Annex—Rm. 929, 8th and Broadway, P.O. Box 1189, Nashville, Tenn. 37202. 852-5988.

Memphis, Tenn., Federal Building—Rm. 401, 167 North Main Street, Memphis, Tenn. 38103. 222-3396.

Greensboro District, Chief—Rm. 245, Greensboro, N.C. 919-275-9111:

Greensboro N.C., 925 West Market Street—Rm. 111, Greensboro, N.C. 27401. 670-5458.

Wilmington, N.C., 3909-D Oleander Drive, Lambe Young Building, Wilmington, N.C. 28401. 674-9573.

#### *Central Region (Regions, 4, 6, 7)*

ARC-I, FOB-Room 7532, 550 Main St., Cincinnati, Ohio 45202. 513-684-3363:

Baltimore (4).

Detroit (6), 357 Federal Building, 231 West Lafayette, Detroit, Mich. 48226. 226-7290.

Chicago (7), 1800 Dirksen Federal Building, 219 South Dearborn Street, Chicago, Illinois 60604. 353-7875.

Cincinnati District, Chief—FOB Room 3504, 550 Main St., Cincinnati, Ohio 45202. 513-684-2528:

Cincinnati, Ohio, Federal Office Building, 550 Main Street, P.O. Box 1196, Cincinnati, Ohio 45201. 684-3671.

Columbus, Ohio, Federal Office Building, 85 Marconi Blvd.—Rm. 120, Columbus, Ohio 43215. 543-5694.  
Cleveland District, Chief—Rm. 465, Federal Building, 1240 E. Ninth St., Cleveland, Ohio 44199. 216-522-3230: Cleveland, Ohio, 601 Rockwell—Rm. 300, Cleveland, Ohio 44114. 293-3705.

Indianapolis District, Chief—FB Rm. 545, 575 N. Pennsylvania St., Indianapolis, Ind. 331-7788 (317):

Indianapolis, Ind., 575 N. Pennsylvania, Room 267, Indianapolis, Ind. 46204. 331-7977.

Hammond, Ind., Federal Building, 507 State Street, Room 407, Hammond, Ind. 46320. 333-5321.

Louisville District, Chief POB, 6th and Broadway, Louisville, Ky. 40202. 502-352-5341: Louisville, Ky., Federal Building, 600 Federal Place, Room 1006, Louisville, Ky. 40202. 352-5908.

Detroit District, Chief—477 FB, Detroit, Mich. 313-226-7220:

Detroit (Reg.).

Grand Rapids, Mich., 166 Federal Building, U.S. Courthouse, 110 Michigan N.W., Grand Rapids, Mich. 49502. 372-2541.

Parkersburg District, Chief—I.D. 425 Juliana St., Room 4102, Parkersburg, W. Va. 26101. 301-923-1242: Charleston, W. Va., 22 Capital Street, Charleston, West Virginia 25324. 924-1425.

#### *Midwest Region (Regions 7, 10)*

ARC-I Chicago, One N. Wacker Dr. 10th Fl., Chicago, Ill. 60606. 312-353-3757: Chicago, Ill.

Kansas City, Mo., U.S. Courthouse, 811 Grand Avenue, Suite 211, Kansas City, Missouri 64106. 758-2631.

Aberdeen District, Chief—155 Fourth Ave. Southeast, Fourth Ave. & Washington St., South Aberdeen, S. Dak 57401. 605-782-7221: Sioux Falls, S. Dak., 400 S. Phillips, Room 309, Sioux Falls, S. Dak. 57102. 782-2421.

Chicago District, Chief—Dearborn St., Chicago, Ill. 60604. 312-353-3294: Chicago, Ill. (Reg.).

Des Moines District, Chief—309 FB, 210 Walnut St., Des Moines, Iowa 50309. 515-862-4445: Des Moines, Iowa, U.S. Courthouse, P.O. Box 1784, Des Moines, Iowa 50309. 862-4700.

Fargo District, Chief—653 Second Ave., Fargo, N. Dakota. 701-237-5143: Minot, N.D., 123 Southwest First St., Room 414, Minot, North Dakota 58701. 701-838-5481 (Non FTS).

Milwaukee District, Chief—FB Rm. 538-571 E. Wisconsin Ave., Milwaukee, Wis. 53202. 414-363-3904: Milwaukee, Wis., Federal Building & U.S. Courthouse, 517 East Wisconsin, Room 232, Milwaukee, Wisconsin 53202. 362-3395.

Omaha District, Chief—903 FOB, 106 So. 15th St., Omaha, Nebr. 68102. 402-864-3596: Omaha, Nebr. New Federal Building 215 North 17th Street, P. O. Box 661, Downtown, Omaha, Nebraska 68101. 864-4222.

St. Louis District, Chief—Cthse, Rm 751, 1114 Market St., St. Louis, Mo. 311-279-4019:

St. Louis, Mo., Suite 200 Chromaloy Plaza, 230 South Central Ave.,

St. Louis, Missouri 63105. 279-4891.

Kansas City, Mo. (Reg.).

St. Paul District, Chief—476 FB, U.S. Cthse. 316 Robert St., St. Paul, Minn., 612-725-7466:

Minneapolis, Minn., Federal Building, 110 South Fourth Street, Room 402, Minneapolis, Minn. 55401. 725-2783.

Duluth, Minn., Federal Building & U.S. Courthouse, 515 West First Street, P.O. Box 620, Duluth, Minn. 55801. 783-9498.

Springfield District, Chief—Rm. 328, 325 W. Adams St., Springfield, Ill. 217-955-4160:

Chicago, Ill. (Reg.).

Mt. Vernon, Ill., Federal Building, 105 South Sixth Street, P.O. Box 748, Mount Vernon, Ill. 62864. 618-244-4363 (Non FTS).

#### *Southwest Region (Regions 8, 10, 11, 12)*

ARC-I, Dallas, 7839 Churchill Way, Dallas, Tex. 75251. 214-729-5995:

New Orleans Regional Office (8), 1001 Howard Avenue, New Orleans, Louisiana 70113. 682-6841.

Kansas City Regional Office (10), U.S. Courthouse, 811 Grand Avenue, Suite 211, Kansas City, Missouri 64106. 758-2631.

Dallas Regional Office (11) Earle Cabell Federal Bldg., 1100 Commerce Street, Room 4A5, Dallas, Texas 75202. 749-3631.

Denver Regional Office (12), U.S. Custom House, Room 336, P.O. Box 1860, Denver, Colorado 80201. 327-3951.  
 Albuquerque District, Chief—Federal Bldg, Gold Ave. S.W., Albuquerque, N. Mex. 505-766-2565:

Albuquerque District Office, First National Bank East, 5301 Central Ave., Albuquerque, New Mexico 87108. 474-3287.

Denning District Office, P.O. Drawer 469, Deming, New Mexico 88030. 474-5511 ask for 546-8823.

Austin District, Chief—Room 367, FOB, 300 E. 8th St., Austin, Tex. 501-734-5206:

Austin District Office, 55 North Interregional Hgwy., P.O. Box 8, Austin, Texas 78767. 734-5631.

Houston District Office, 1540 Esperson Bldg., 815 Walker Street, Houston, Texas 77002. 527-4331.

San Antonio District Office, 1800 Central Building, 1802 N.E. Loop 410, San Antonio, Texas 78217. 730-4693.

El Paso District Office, 4110 Rio Bravo, Suite 100, El Paso, Texas 79902. 572-7920.

Corpus Christi District Office, 723 Upper N. Broadway, P.O. Box 2443, Corpus Christi, Texas 78403. 734-3236.

Del Rio District Office, 3605 Highway 90, West, P.O. Drawer 1247, Del Rio, Texas 78840. 730-7241.

Eagle Pass District Office, P.O. Box AH, Eagle Pass, Texas 78852. 730-7236.

McAllen District Office, 3017 S. 10th Street, P.O. Box 338, McAllen, Texas 78501. 734-4562.

Laredo District Office, Mann Road and Santa Maria Ave., P.O. Box 498, Laredo, Texas 78040. 734-4616.

Brownsville District Office, 2100 Boca Chica Blvd., Suite 305, Brownsville, Texas 78520. 734-8253.

Falcon Heights District Office, Customhouse Building No. 1, P.O. Box 5, Falcon Heights, Texas 78545. 734-4623.

Cheyenne District, Chief—305 FOB, 21st and Carey Sts., Cheyenne, Wyo. 307-328-2436: Cheyenne District Office, Federal Center, 2120 Capitol Ave., Room 8620, Cheyenne, Wyoming 82001. 328-2391.

Dallas District, Chief—Room 11F-37, U.S. Cthse. and FOB, 1100 Commerce St., Dallas, Texas. 214-749-1817:

Dallas, Texas (Reg.).

Lubbock District Office, 3302 67th Street, Bldg. No. 2, Lubbock, Texas 79413. 738-7344.

Midland District Office, 100 East Wall Street, P.O. Drawer 2668, Midland, Texas 79701. 738-1217.

Denver District, Chief—8th Floor, 1050 17th St., Denver, Colo. 80202. 303-327-4247: Denver, Colo. (Reg.)

Little Rock District, Chief—FOB 700 W. Capitol Ave., Little Rock, Ark. 501-740-6261: Little Rock District Office, One Union National Plaza, Suite 850, Little Rock, Arkansas 72201. 740-5265.

New Orleans District, Chief—348 FOB, South St., New Orleans, La. 70130. 501-682-2323:

New Orleans, La. (Reg.).

Baton Rouge District Office, 4560 North Boulevard, Suite 118, Baton Rouge, Louisiana 70806. 687-4254.

Oklahoma City District, Chief—FOB, Room 4045, 200 N.W. 4th St., Oklahoma, City, Okla. 73101. 405-231-5041:

Oklahoma City District Office, Old Federal Building, 215 N.W. 3rd Street, Room 250, Oklahoma City, Oklahoma 73102. 736-4141.

Tulsa District Office, 333 W. 4th Street, Room 3335, Tulsa, Oklahoma 74103. 736-7611.

Wichita District, Chief—Room 214, IRS Bldg., 412 S. Main St., Wichita, Kansas. 316-752-6401: Wichita District Office, 202 West First Street, Room 505, Wichita, Kansas 67201. 752-6601.

#### *Western Region (Regions 12, 13, 14)*

ARC-I, San Francisco, 525 Market St., 29th Floor, San Francisco, Calif. 94105. 415-556-6451:

Denver, Col (12).

Seattle Regional Office (13), 221 1st Avenue West, Suite 200, Seattle, Washington 98119. 399-5443.

Los Angeles Regional Office (14), 350 So. Figueroa St.—Suite 800, Los Angeles, Cal. 90071. 798-2650.

Boise District, Chief—FB U.S. Cthse, 550 W Fort St, Boise, Idaho. 208-588-2500: Boise District Office, American Reserve Bldg., 2404 Bank Drive, Suite 212, Boise, Idaho 83705. 588-2826.

Anchorage District, Chief—310 K St., Anchorage, Alaska. 907-265-5466:

Anchorage District Office, Loussac-Sogn Building, 429 D Street, Room 306, Anchorage, Alaska 99501. 399-0150 ask for (907)277-7638.

Fairbanks District Office, Federal Building, 200 Cushman Street, P.O. Box 670, Fairbanks, Alaska 99707. 399-0150 ask for (907)452-1951, ext. 190.

Helena District, Chief—302 FB, Helena, Mont. 406-585-5352: Great Falls District Office, 1111 14th Street South, P.O. Box 2887, Great Falls, Montana 59403. 585-1366.

Honolulu District, Chief—1136 Union Mall, Suite 701, Honolulu, Hawaii 95813. 808-546-8644: Honolulu District Office, FAA Building, 4th Floor, 1833 Kalakaua Avenue, Honolulu, Hawaii 96813, 556-9000 ask for Honolulu. 955-0391/0287.

Los Angeles District, Chief—POB 300 N. Los Angeles St, Room 5016, Los Angeles, Calif. 213-798-2670:

Los Angeles Airport Office, 600 Worldway, P.O. Box 91160, Los Angeles, Calif. 90009. 966-6495.

San Diego District Office, 510 A Street, Suite 300, San Diego, Calif. 92101. 895-5654.

Los Angeles, Cal. (Reg.)

Calexico District Office, 632 Imperial Ave., P.O. Box J, Calexico, Calif. 92231. 894-2446.

Tecate District Office, Port of Entry—Tecate, P.O. Box 67, Tecate, Calif. 92080. 895-5000 ask for (714)426-2900.

Phoenix District, Chief—FB 230 N First Ave 4th Fl, Phoenix, Arizona. 602-261-3781:

Phoenix District Office, Valley Bank Center, Suite 1980, 201 North Central, Phoenix, Arizona 85073. 261-4866.

Nogales District Office, P.O. Box 39, Mile Post 41/2, U.S. Highway 89, Nogales, Arizona 85621. 764-4727.

Tucson District Office, Tucson International Airport, P.O. Box 27063, Tucson, Arizona 85726. 726-6533.

San Luis District Office, P.O. Box 445, San Luis, Arizona 85349. 261-2578.

Douglas District Office, 2130 15th Street, P.O. Box 1294, Douglas, Arizona 85607. 261-3900 ask for 364-4431.

Portland District, Chief—Fed Bldg. 1220 Third Ave, Portland, Or 97204. 503-423-3201: Portland District Office, Georgia Pacific Building, 900 S.W. Fifth Ave., Suite 1515, Portland, Oregon 97204. 423-3371.

Reno District, Chief—Room 3-102, FB, 300 Las Vegas Blvd S., Las Vegas, Nev. 702-598-6264: Las Vegas District Office, Federal Bldg. & U.S. Courthouse, 300 Las Vegas Blvd. South, P.O. Box 16023, Las Vegas, Nevada 89101. 598-6343.

Salt Lake City District, Chief—447-465 South 4th East, Salt Lake City, Utah. 801-588-5901: Salt Lake City District Office, Federal Building, 125 South State Street, Room 2218, Salt Lake City, Utah 84138. 588-4156.

San Francisco District, Chief—450 Golden Gate Ave., Room 4044, San Francisco, Calif 94102. 415-556-4280:

San Francisco District Office, 450 Golden Gate Ave., Box 36035, San Francisco, Calif. 94102. 556-6771.

Sacramento District Office, Federal Building, 2800 Cottage Way, P.O. Box 4599, Sacramento, Calif. 95825. 468-4205.

Fresno District Office, P.O. Box 72, Fresno, Calif. 93707. 467-5402.

Seattle District, Chief—Room 2498, 915 Second Ave, Seattle, Washington 98174. 206-399-5141:

Seattle Regional Office, 221 1st Avenue West, Suite 200, Seattle, Washington 98119. 399-5443.

Spokane District Office, U.S. Courthouse, 920 W. Riverside, P.O. Box 1504, Spokane, Washington 99210. 439-5342.

Blaine District Office, 170 C Street, P.O. Box 1680, Blaine, Washington 98230. (206)332-8692 (Non FTS).

APPENDIX II  
INTERNAL REVENUE CODE

SECTION 6851. TERMINATION OF TAXABLE YEAR

(a) *Income Tax in Jeopardy*

(1) *In general.*—If the Secretary or his delegate finds that a taxpayer designs quickly to depart from the United States or to remove his property therefrom, or to conceal himself or his property therein, or to do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect the income tax for the current or the preceding taxable year unless such proceedings be brought without delay, the Secretary or his delegate shall declare the taxable period for such taxpayer immediately terminated, and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable. In any proceeding in court brought to enforce payment of taxes made due and payable by virtue of the provisions of this section, the finding of the Secretary or his delegate, made as herein provided, whether made after notice to the taxpayer or not, shall be for all purposes presumptive evidence of jeopardy.

(2) *Corporation in liquidation.*—If the Secretary or his delegate finds that the collection of the income tax of a corporation for the current or the preceding taxable year will be jeopardized by the distribution of all or a portion of the assets of such corporation in the liquidation of the whole or any part of its capital stock, the Secretary or his delegate shall declare the taxable period for such taxpayer immediately terminated and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable.

(b) *Reopening of Taxable Period.*—Notwithstanding the termination of the taxable period of the taxpayer by the Secretary or his delegate, as provided in subsection (a), the Secretary or his delegate may reopen such taxable period each time the taxpayer is found by the Secretary or his delegate to have received income, within the current taxable year, since a termination of the period under subsection (a). A taxable period so terminated by the Secretary or his delegate may be reopened by the taxpayer (other than a nonresident alien) if he files with the Secretary or his delegate a true and accurate return of the items of gross income and of the deductions and credits allowed under this title for such taxable period, together with such other information as the Secretary or his delegate may by regulations prescribe. If the taxpayer is a nonresident alien the taxable period so terminated may be reopened by him if he files, or causes to be filed, with the Secretary or his delegate a true and accurate return of his total income derived from all sources within the United States, in the manner prescribed in this title.

(c) *Citizens.*—In the case of a citizen of the United States or of a possession of the United States about to depart from the United States, the Secretary or his delegate may, at his discretion, waive any or all of the requirements placed on the taxpayer by this section.

(d) *Departure of Alien.*—Subject to such exceptions as may, by regulations, be prescribed by the Secretary of his delegate—

(1) No alien shall depart from the United States unless he first procures from the Secretary or his delegate a certificate that he has complied with all the obligations imposed upon him by the income tax laws.

(2) Payment of taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such taxes if, in the case of an alien about to depart from the United States, the Secretary or his delegate determines that the collection of the tax will not be jeopardized by the departure of the alien.



(e) **Furnishing of Bond Where Taxable Year Is Closed by the Secretary or His Delegate**—Payment of taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such taxes if the taxpayer furnishes, under regulations prescribed by the Secretary or his delegate, a bond to insure the timely making of returns with respect to, and payment of, such taxes or any income or excess profits taxes for prior years.

#### SECTION 6861. JEOPARDY ASSESSMENTS OF INCOME, ESTATE, AND GIFT TAXES

(a) **Authority for Making.**—If the Secretary or his delegate believes that the assessment or collection of a deficiency, as defined in section 6211, will be jeopardized by delay, he shall, notwithstanding the provisions of section 6213(a), immediately assess such deficiency (together with all interest, additional amounts, and additions to the tax provided for by law), and notice and demand shall be made by the Secretary or his delegate for the payment thereof.

(b) **Deficiency Letters.**—If the jeopardy assessment is made before any notice in respect of the tax to which the jeopardy assessment relates has been mailed under section 6212(a), then the Secretary or his delegate shall mail a notice under such subsection within 60 days after the making of the assessment.

(c) **Amount Assessable Before Decision of Tax Court.**—The jeopardy assessment may be made in respect of a deficiency greater or less than that notice of which has been mailed to the taxpayer, despite the provisions of section 6212(c) prohibiting the determination of additional deficiencies, and whether or not the taxpayer has theretofore filed a petition with the Tax Court. The Secretary or his delegate may, at any time before the decision of the Tax Court is rendered, abate such assessment, or any unpaid portion thereof, to the extent that he believes the assessment to be excessive in amount. The Secretary or his delegate shall notify the Tax Court of the amount of such assessment, or abatement, if the petition is filed with the Tax Court before the making of the assessment or is subsequently filed, and the Tax Court shall have jurisdiction to redetermine the entire amount of the deficiency and of all amounts assessed at the same time in connection therewith.

(d) **Amount Assessable After Decision of Tax Court.**—If the jeopardy assessment is made after the decision of the Tax Court is rendered, such assessment may be made only in respect of the deficiency determined by the Tax Court in its decision.

(e) **Expiration of Right to Assess.**—A jeopardy assessment may not be made after the decision of the Tax Court has become final or after the taxpayer has filed a petition for review of the decision of the Tax Court.

(f) **Collection of Unpaid Amounts.**—When the petition has been filed with the Tax Court and when the amount which should have been assessed has been determined by a decision of the Tax Court which has become final, then any unpaid portion, the collection of which has been stayed by bond as provided in section 6863(b) shall be collected as part of the tax upon notice and demand from the Secretary or his delegate, and any remaining portion of the assessment shall be abated. If the amount already collected exceeds the amount determined as the amount which should have been assessed, such excess shall be credited or refunded to the taxpayer as provided in section 6402, without the filing of claim therefor. If the amount determined as the amount which should have been assessed is greater than the amount actually assessed, then the difference shall be assessed and shall be collected as part of the tax upon notice and demand from the Secretary or his delegate.

(g) **Abatement if Jeopardy Does not Exist.**—The Secretary or his delegate may abate the jeopardy assessment if he finds that jeopardy does not exist. Such abatement may not be made after a decision of the Tax Court in respect of the deficiency has been rendered or, if no petition is filed with the Tax Court, after the expiration of the period for filing such petition. The period of limitation on the making of assessments and levy or a proceeding in court for collection, in respect of any deficiency, shall be determined as if the jeopardy assessment so abated had not been made, except that the running of such period shall in any event be suspended for the period from the date of such jeopardy assessment until the expiration of the 10th day after the day on which such jeopardy assessment is abated.

## SUPREME COURT OF THE UNITED STATES

Syllabus

LAING

v.

UNITED STATES ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT  
 No. 73-1808. Argued January 21, 1975—Reargued October 15, 1975—Decided  
 January 13, 1976<sup>1</sup>

These cases involve two income-tax payers whose taxable years were terminated by the Internal Revenue Service (IRS) prior to their normal expiration dates pursuant to the jeopardy termination provisions of § 6851 (a)(1) of the Internal Revenue Code of 1954 (Code), which allow the IRS immediately to terminate a taxpayer's taxable period when it finds that the taxpayer intends to commit any act tending to prejudice or render ineffectual the collection of his income tax for the current or preceding taxable year. Under § 6851 the tax is due immediately upon termination, and upon such termination the taxpayer's taxable year comes to a close. In each case, after the taxpayer failed to file a return or pay the tax assessed as demanded, the IRS levied upon and seized property of the taxpayer without having sent a notice of deficiency to the taxpayer, a jurisdictional prerequisite to a taxpayer's refund suit in the Tax Court, and without following the other procedures mandated by § 6861 *et seq.* of the Code for the assessment and collection of a deficiency whose collection is in jeopardy.

The Government contends that such procedures are inapplicable to a tax liability arising after a § 6851 termination because such liability is not a "deficiency" within the meaning of § 6211 (a) of the Code, where the term is defined as the amount of the tax imposed less any amount that may have been reported by the taxpayer on his return. In No. 73-1808 the District Court held that a deficiency notice is not required when a taxable period is terminated pursuant to § 6851 (a)(1), and dismissed the taxpayer's suit for injunctive and declaratory relief on the ground, *inter alia*, that it was prohibited by the Anti-Injunction Act, § 7421 (a) of the Code, and the Court of Appeals affirmed. In No. 74-75 the District Court granted the taxpayer injunctive relief, holding that the Anti-Injunction Act was inapplicable because of the IRS's failure to follow the procedures of § 6861 *et seq.*, and the Court of Appeals affirmed. *Held*: Based on the plain language of the statutory provisions at issue, their place in the legislative scheme, and their legislative history, the tax owing, but not reported, at the time of a § 6851 termination is a deficiency whose assessment and collection is subject to the procedures of § 6861 *et seq.*, and hence because the District Director in each case failed to comply with these requirements, the taxpayers' suits were not barred by the Anti-Injunction Act. Pp. 7-23.

(a) Under the statutory definition of § 6211 (a), the tax owing and unreported after a jeopardy termination, which in these cases, as in most § 6851 terminations, is the full tax due, is clearly a deficiency, there being nothing in the definition to suggest that a deficiency can arise only at the conclusion of a 12-month taxable year and it being sufficient that the taxable period in question has come to an end and the tax in question is due and unreported. Pp. 11-13.

(b) To deny a taxpayer subjected to a jeopardy termination the opportunity to litigate his tax liability in the Tax Court, as would be the case under the Government's view that the unreported tax due after a jeopardy termination is not a deficiency and that hence a deficiency notice is not required, would be out of keeping with the thrust of the Code, which generally allows income-tax payers access to that court. Pp. 14-15.

(c) The jeopardy assessment and termination provisions have long been treated in a closely parallel fashion, and there is nothing in the early codification of such provisions to suggest the contrary. Pp. 15-21.

No. 73-1808, 496 F. 2d 853, reversed and remanded; No. 74-75, 493 F. 2d 1211, affirmed.

<sup>1</sup> Together with No. 74-75, *United States et al. v. Hall*, on appeal to the United States Court of Appeals for the Sixth Circuit.

MARSHALL, J., delivered the opinion of the Court, in which BRENNAN, STEWART, WHITE, and POWELL, JJ., joined. BRENNAN, J., filed a concurring opinion. BLACKMUN, J., filed a dissenting opinion, in which BURGER, C. J., and REHNQUIST, J., joined. STEVENS, J., took no part in the consideration or decision of the cases.

AUGUST 4, 1976.

Memorandum to: All Regional Commissioners, All Service Center Directors, and All District Directors.

From: Director, Intelligence Division CP:I:P.

Subject: High-level Drug Leaders Tax Enforcement Project.

We are transmitting to the Chiefs, Intelligence Staff, under separate cover, a list of individuals who have been identified by the Drug Enforcement Administration (DEA) as DEA Class I violators, along with related information also furnished by DEA.

The material is being sent to the Chiefs, Intelligence Staff for processing in accordance with the interim guidelines contained in this memorandum. The interim guidelines, which are restricted to the processing of the information we received from DEA on Class I violators, also include instructions for the processing and evaluation of these items by the district Intelligence Division after the items are referred there by the service centers.

We ask that the Chiefs, Intelligence Staff give the highest priority to the processing of this information.

The interim guidelines, presented below, should be followed until the Memorandum of Understanding between DEA and IRS is implemented by instructions issued in an Internal Revenue Manual document.

*Service Center Processing of DEA Project Information Items*

(a) The information furnished by DEA concerning DEA Class I violators will be referred to in this memorandum as "DEA Project information items."

(b) The Chief, Intelligence Staff at the Service Center will:

(1) on a priority basis, process the DEA Project information items, transmitted by the National Office, in accordance with Manual Supplement 93G-164,<sup>1</sup> "Centralized Evaluation and Processing of Information Items," dated March 4, 1976;

(2) insert the words, "DEA I" in Item 6a. of each Form 3949, Intelligence Information Item; and

(3) on a priority basis, send a photocopy of the information item, without initial evaluation, to the appropriate Chief, Intelligence Division, along with pertinent returns, transcripts, and other available data.

*District Processing of DEA Project Information Items*

(a) The DEA Project information items will be evaluated by the Chief, Intelligence Division, using established IRS standards.

(b) To assist in the evaluation of the information item, the Chief, Intelligence Division may supplement the information furnished by DEA: by contacting the local DEA office; by making other limited inquiries described in IRM 9311.2.(3); or by gathering information on the individual in accordance with Manual Supplement 93G-152,<sup>2</sup> Information Gathering Guidelines.

(c) The items evaluated as lacking criminal potential will be returned to the Chief, Intelligence Staff or referred to the district Audit or Collection function, as appropriate.

(d) It is contemplated that the final Project instructions will require the Chief, Intelligence Division, to notify the Director, Intelligence Division, through, channels of any DEA Project information item that is lacking criminal potential. This determination would not be finalized until any authorized Information Gathering was completed. The notification will provide sufficient data to the Director to explain why the individual was not selected for Intelligence investigation. However, such reports should not be submitted until the final Project instructions are issued.

*Intelligence Division Recordkeeping Requirements*

(a) All Project activity will be considered as within the Special Enforcement Program (SEP).

<sup>1</sup> CR 1(15)G-103, 41G-108, 45G-250, 51G-132, 5(11)G-65, 71G-14, 92G-25, 95G-61.

<sup>2</sup> CR 1(15)G-91, 41G-105, 42G-328, 45G-231, 51G-118, 5(12)G-25, 61G-3, 71G-9, 94G-57.

(b) A special program code is not being assigned to this Project. Instead, the appropriate existing SEP program code will be used. (See B.(6) of Exhibit 400-3 of IRM 9570, Case Management and Time Reporting System Handbook.)

(c) National Office Project Number 21 has been assigned to track Project activity under the Case Management and Time Reporting System. Accordingly, each region and each district will establish a project number, using National Office Project Number 21 as the first two digits. (See 300 of IRM 9570, Case Management and Time Reporting System Handbook.)

The above instructions will be reissued in the Internal Revenue Manual in accordance with IRM 1254.

THOMAS J. CLANCY.

REGIONAL COMMISSIONERS, DISTRICT DIRECTORS, DIRECTOR OF INTERNATIONAL OPERATIONS AND INTERNAL REVENUE SERVICE

Director, IRS Data Center of the Internal Revenue Service:

On July 30, 1976, a copy of a Memorandum of Understanding between the Drug Enforcement Administration (DEA) and the Internal Revenue Service (IRS) was sent to all regional commissioners and district directors. The procedures for identifying and reporting of all narcotics cases are set forth herein. These procedures are effective immediately. These procedures are contained in a manual supplement, presently in clearance, which sets forth the guidelines for the implementation of the DEA-IRS agreement in its entirety.

All narcotics cases will derive from two sources. The first source will be class I violators information.

Items received from DEA (both termination and nontermination cases) under the DEA-IRS agreement, dated July 27, 1976.

The second source will be all other cases having a narcotics feature.

Current procedures do not provide for a special source code for the identification of narcotics cases on the Form 1247, examination record (scrip) or on the Form 5546, audit return charge-out (AIMS). Source code (16). DEA/narcotics, has been assigned to identify all narcotics cases. The source code on all narcotics cases currently assigned should be changed to source code 16. Source code 16 will be used on all future requisitions of cases having a narcotics feature. In districts operating under scrip, procedures for changing source codes are in 142(10)2 of IRM 4810, audit reports handbook. In districts operating under AIMS, procedures for changing source codes are in exhibit 200-9 of IRM 48(13)1. AIMS—use of forms and special handling procedures.

Current procedures do not provide for special activity codes for time applications of narcotics cases on Form 4502, audit technical time report, report symbol NO-CP-A-171.

The first three (3) digits (first segment) of the six (6) digit activity code will be the numbers reflected in item 11. Code activity, Form 1247. Where there is no return. Code 193, Form 1040—unallocated, will be used for individuals and code 281, Form 1120—unallocated, will be used for corporations. Activity codes 193 and 281 cannot be used to requisition returns. When the first three digits of the activity code is established, time charged to the unallocated codes will be distributed in accordance with the procedures outlined in section (12) 34.263(2). IRM 4510, audit reports handbook.

The last three (3) digits (second segment) of the six (6) digit activity code will be determined as follows: Fourth digit, technique, for revenue agents will always be three (3).

Fifth digit, category, will always be five (5), narcotics related.

Sixth digit, special feature, will be one of the following four codes:

Code 4—Narcotics termination—DEA class I violators

Code 5—Narcotics termination—Other

Code 6—Narcotics non-termination—DEA class I violators

Code 7—Narcotics non-termination—Other

Special instructions will be issued in October 1976 for a one-time update of AIMS.

JOHN L. WEDICK, Jr.  
Director, Audit Division.

However, in any other significant case not included in this category, the Chief, Intelligence Division will consult with regional counsel as to the potential impact of the dual prosecution policy as early as practicable in the investigation.

The application of the dual-prosecution policy, the preceding notwithstanding, will continue to be determinable on a case-by-case basis.

This material will be reissued in the Law Enforcement Manual.

DAVID GASTON,  
Director, Criminal Tax Division.  
PARRY MCCALL,  
Acting Director, Intelligence Division.

OCTOBER 20, 1976.

Internal Revenue Service memorandum to: All Regional Commissioners, All Service Center Directors, and All District Directors.

From: Deputy Commissioner CP:I:P.

Subject: High-level Drug Leaders Tax Enforcement Project.

This memorandum contains additional interim instructions for implementing the High-level Drug Leaders Tax Enforcement Project. Prior interim instructions were issued in the following documents:

(a) Memorandum, dated August 3, 1976, addressed to all Regional Commissioners and District Directors, from the Commissioner;

(b) Memorandum, dated August 4, 1976, addressed to all Regional Commissioners, Service Center Directors, and District Directors, from the Director, Intelligence Division;

(c) Telegram, dated August 6, 1976, addressed to all Regional Commissioners and District Directors, from the Director, Audit Division;

(d) Telegram, dated August 16, 1976, addressed to all ARC's (Intelligence) and District Directors, from the Director, Intelligence Division;

(e) Telegram, dated August 17, 1976, addressed to all Regional Commissioners and District Directors, from the Director, Audit Division; and

(f) Telegram, dated August 25, 1976, addressed to all ARC's (Intelligence), District Directors, and Regional Counsels, from the Acting Director, Intelligence Division and the Director, Criminal Tax Division, Office of the Chief Counsel.

#### *Regional Responsibilities*

Regional officials will closely monitor all aspects of the Project to ensure that Project objectives, as set forth in the IRS-DEA Memorandum of Understanding, are achieved.

#### *District Processing of DEA Class I Information Items*

DEA Class I information items evaluated as lacking criminal potential but which have apparent or possible Audit or Collection potential will be referred by the Chief, Intelligence Division direct to the Chief of the Audit or Collection activity in the district.

The Chiefs of the Audit and Collection activities in the district will establish sufficient controls to ensure that all DEA Class I information items are evaluated expeditiously and in accordance with established IRS standards.

DEA Class I information items determined by the district Audit and Collection activities not to have civil potential will be returned promptly to the Chief, Intelligence Division, who will make a record of the disposition and forward the information item to the Chief, Intelligence Staff. The Chief, Intelligence Staff will process the information item as an item determined to lack civil potential (see Section 5.039 b (3) of Manual Supplement 93G-164, CR: 1(15)G-103, 41G-108, 45G-250, 51G-132, 5(11)G-65, 71G-14, 92G-35, and 95G-61, "Centralized Evaluation and Processing of Information Items," dated March 4, 1976).

It is contemplated that the final Project instructions will require the Chief, Intelligence Division to submit periodic reports on the status and disposition of the DEA Class I information items furnished by DEA through the National Office. Accordingly, each Chief should keep a record of such items, pending further instructions. It is also contemplated that a copy of the report will be required to be furnished to the Chief, Intelligence Staff so that he/she may update the Centralized Information Item System.

ASSISTANT REGIONAL COMMISSIONERS (INTELLIGENCE) AND DISTRICT DIRECTORS,  
INTERNAL REVENUE SERVICE

HIGH-LEVEL DRUG LEADERS TAX ENFORCEMENT PROJECT

Each Chief, Intelligence Division shall immediately review all open Intelligence Division cases in the district inventory involving high-level drug leaders and financiers. Those cases that meet the criteria for SEP-1 or SEP-3a (Strike force) should immediately be reclassified as within the high-level drug leaders tax enforcement project. Districts will update the statistical record on each such case that qualifies for inclusion in the project by entering the designated project number (national office project number 21 prefix) in item 57 of form 4930.

Each Chief, Intelligence Division will submit a statistical report on project cases in inventory to the ARC (Intelligence) by close of business August 25, 1976. The chief will report the total number of project cases in inventory, including those reclassified in accordance with the above instructions. The total will be further broken out to show the number of cases originating from the DEA class I lists furnished by DEA to the national office, the number of cases picked up from existing SEP-1 cases, and the number of cases picked up from existing SEP-3a cases.

The ARC (Intelligence) will transmit the consolidated report, broken out by district, to CP:1:O via facsimile by close of business August 26, 1976.

THOMAS J. CLANCY,  
*Director, Intelligence Division.*

AUGUST 17, 1976.

REGIONAL COMMISSIONERS, DISTRICT DIRECTORS, DIRECTOR OF INTERNATIONAL  
OPERATIONS AND DIRECTOR, IRS DATA CENTER OF THE INTERNAL REVENUE SERVICE

(MSARD) (INFO: MSOICDC) This establishes an audit division interim manual reporting system for high-level drug trafficker cases.

Guidelines for high-level drug traffickers program are outlined in the memorandum of understanding between the Internal Revenue Service and the Drug Enforcement Administration, copy sent to all regional commissioners and district directors August 3, 1976.

To effectively monitor this program, we request the following information for the month ending July 31, 1976:

1. Number of all cases in process which involve narcotics.
2. Number of all cases closed which involve narcotics.
3. Deficiencies on all closed cases which involved narcotics.

The report from the regional offices for the month of July is due to the Director, Audit Division, CP:A:S:S, no later than August 27, 1976. Subsequent monthly reports will be due by the 25th of each succeeding month. Negative replies are requested. An automated system of reporting is currently being developed.

Reporting symbol to be used for this report is NO-CP:A60(P).

JOHN L. WEDICK, Jr.,  
*Director, Audit Division.*

[Telegraphic Message]

AUGUST 25, 1976.

All Regional Counsel and Branch Offices, IRS.  
All Assistant Regional Commissioners (Intelligence), IRS.  
All District Directors, IRS.

The Office of Chief Counsel (IRS) and the Tax Division, Department of Justice, have agreed to entertain prosecution recommendations involving taxpayers included in the high-level drug leaders tax enforcement project previously convicted and sentenced to terms of imprisonment of up to five years. This consideration is to be primarily applicable to project cases involving DEA Class I taxpayers.

### *Processing Project Cases*

Sufficient controls will be established by the Chiefs of the district Intelligence, Audit, and Collection activities to ensure that all Project cases in the activity's inventory are investigated, examined, and processed expeditiously.

### *Intelligence Division Reporting Procedures*

The Intelligence Division in the National Office will primarily rely upon the Case Management and Time Reporting System for Project statistical data to monitor field activity and to periodically report on progress and accomplishments to IRS, Treasury, and other interested officials. Therefore, it is essential that the district Intelligence function continuously ensure that the statistical record on the System is both accurate and current.

As a part of the automated Intelligence reporting system, a special source code has been established to permit identification and segregation of Intelligence Division Project cases involving individuals classified as DEA Class I violators, as distinguished from other Project cases. Accordingly, source code "12, DEA I" will be entered in Item 14 of Form 4929, Intelligence Case/Project Record (Initial), for Project cases and activity concerning individuals identified by DEA as Class I violators. Existing source codes will be used for other Project cases and activity (see B. (14) of Exhibit 400-3 of IRM 9570, Case Management and Time Reporting System Handbook). Any Project case involving an individual subsequently classified by DEA as a Class I violator will be recoded to indicate source code "12, DEA I," by use of Form 4930, Intelligence Case/Project Record (Turnaround). In addition, if the district received notification of the DEA Class I classification other than through the National Office, the Chief, Intelligence Division will notify the Director, Intelligence Division that the case has been so classified, by a statement in the month-end memorandum report required below.

The Case Management and Time Reporting System will be used to track all Intelligence cases involving individuals engaged in illicit dealings in narcotics, including those narcotics cases not coming under this Project. The "illegal activity code" will be used to track these latter cases. Therefore, it is important that the statistical record on each narcotics case, whether or not included in the Project, reflects an illegal activity code in the "050" series (see B.(17)(b) of Exhibit 400-3 of IRM 9570, Case Management and Time Reporting System Handbook). The statistical record on each narcotics case should immediately be reviewed by the district and updated, as necessary, to ensure the record is accurate with respect to the illegal activity code.

Some manual reporting will be required to augment the data from the automated reporting system. Accordingly, each Chief, Intelligence Division will submit a month-end Project report, through the District Director, to the ARC (Intelligence) for consolidation and submission to the Director, Intelligence Division (Attention: CP:I:O). The report is to be submitted to reach the National Office by the 20th day of the subsequent month. The initial report will be prepared as of September 20, 1976. Negative reports are required. The month-end reports (Report Symbol NO-CP:I-60) will contain the following information:

(a) a brief summary of noteworthy Project activities during the month, including action on cases of significance; and

(b) in the initial report, a separate attachment listing all cases included in the Project as of September 30, 1976. The subsequent monthly reports will contain a separate attachment listing cases placed into the Project since the prior report. The list will include the following information:

1. Taxpayer's name.
2. Taxpayer's address.
3. Years under investigation.
4. Case number.
5. Whether or not disclosure has already been granted.

Information from the above lists will be transmitted by the National Office to the Department of Justice, in accordance with their request, to enable Justice to request disclosure for the Narcotic and Dangerous Drug Section of the Criminal Division and for the appropriate U.S. Attorney.

The above instructions will be reissued in the Internal Revenue Manual in accordance with IRM 1254.

W. E. WILLIAMS.

OCTOBER 15, 1976.

ASSISTANT REGIONAL COMMISSIONERS (AUDIT), DISTRICT DIRECTORS, APPELLATE BRANCH OFFICES, REGIONAL COMMISSIONERS, ASSISTANT REGIONAL COMMISSIONERS (APPELLATE), DIRECTOR OF INTERNATIONAL OPERATIONS, SERVICE CENTER DIRECTORS, AND DIRECTOR, IRS DATA CENTER OF THE INTERNAL REVENUE SERVICE

Per the teletype dated August 6, 1976, addressed to all Regional Commissioners and District Directors, audit divisions were instructed to identify all income tax returns having an illegal narcotics feature by assigning special source code 16.

These instructions provide for updating the aims data base for all illegal narcotics returns currently in audit and appellate inventories and for returns subsequently identified as having illegal narcotics features. In addition to the special source code, the following special project codes have been assigned to further identify these returns.

<i>Description</i>	<i>Special Project Codes</i>
DEA Class I—Termination.....	1
DEA Class I—Jeopardy.....	2
DEA Class I—Other.....	3
Non-DEA—Termination.....	4
Non-DEA—Jeopardy.....	5
Non-DEA—Other.....	6

This is to enable audit and appellate divisions to monitor and report program results.

The narcotics feature of a case will control its designation for purposes of reporting results, inventory, and time. Thus, a case with dual features, e.g., narcotics and strike force, will be designated as a narcotics case.

For returns currently in inventory, effective immediately, audit and appellate managers will:

(1) Prepare a form 6340 (*Audit Correction Request*) for each identified return in their area as follows:

- (a) Attach audit Label in item 1.
- (b) Enter 16 in item 26.
- (c) Enter 81—in the shaded area to the right of preprinted item 80 (it is mandatory to enter the dash (—)) following 81.
- (d) Enter the appropriate one digit special project code following the dash in item 81.
- (e) Sign and enter their audit organization code or appellate office code in item 90.

(2) Forward the forms to the terminal serving their functional area.

(3) Associate and retain the form 5349 with the case file when the form 5349 is returned by the terminal operator.

The terminal operator will process the form 5349 in the normal manner. The terminal will accept the item number 81 input even though this item is not preprinted on the form 5349.

On an ongoing basis, the above procedures will be followed by audit and appellate managers immediately when a return in their area is identified as having an illegal narcotics feature.

For subsequent changes to the special project code, follow the same processing procedure above, entering 81—in the shaded area to the right of the preprinted 80—and the new special project code.

Audit division will continue to submit the interim manual reports for drug trafficker cases required per teletype dated August 17, 1976, to all Regional Commissioners and all District Directors until notified by the national office that the automated system is fully implemented.

Beginning with the October report, appellate division monthly report conference manhours (report symbol NO-CP:AP-6), submitted on form 2289, appellate offices should include the following data:

	DEA class I	Non-DEA
1 Number of work units in inventory—End of month.....		
(a) Tax years within work units.....		
2 Total hours expended on work units this month (open and closed).....		
3 Number of work units closed this month.....		
4 Cumulative hours expended on work units closed this month.....		



If an appellate office has a negative report for the month, this should be indicated on the Form 2280.

The above procedures will be incorporated in the IRM as soon as possible.

JOHN L. WEDICK, Jr.,  
*Director, Audit Division.*  
 H. S. ROSFELD,  
*Acting Director, Appellate Division.*

NOVEMBER 6, 1976.

ALL ARC's (INTELLIGENCE) AND ALL DISTRICT DIRECTORS OF THE INTERNAL  
 REVENUE SERVICE

HIGH-LEVEL DRUG LEADERS TAX ENFORCEMENT PROJECT

In my memorandum of August 4, 1976, you were advised that the final instructions on the above project would require the Chief, Intelligence Division to notify the Director, Intelligence Division of any DEA class I information item that is not selected for intelligence investigation. It has become necessary to request the submission of those reports now, rather than await the issuance of the implementing manual supplement. In addition, procedures are provided for associating a copy of the report with the related DEA class I information item.

Each DEA class I information item already evaluated as lacking intelligence potential and each DEA class I information item evaluated in the future as lacking intelligence potential, will be the subject of a separate closing report from the Chief, Intelligence Division to the Director, Intelligence Division. This evaluation would not be finalized until all authorized information gathering is completed.

The report will be in memorandum form, will provide sufficient data to explain why the individual was not selected for intelligence investigation, and will indicate what disposition was made of the DEA class I information item.

The originals of the closing reports on DEA class I information items evaluated through October 31, 1976 as lacking intelligence potential will be submitted by the Chief, Intelligence Division to the ARC (Intelligence). The ARC (Intelligence) will prepare a summary-type report explaining the major reasons for non-selection and will transmit the report, along with the original of each of the closing reports, so as to reach the Director, Intelligence Division (attention: CP:I:O) by November 22, 1976.

For subsequent periods, the Chief, Intelligence Division will submit the originals of the closing reports for the month to the ARC (Intelligence) at the end of the month. The ARC's summary-type report, accompanied by the originals of the closing reports, will be submitted to reach the Director, Intelligence Division (attention: CP:I:O) by the twentieth day of the subsequent month.

The Chief, Intelligence Division will attach a copy of the closing report described above to the DEA class I information item when it is referred to the district audit or collection function, for retention in the audit or collection case file, or when it is closed to file. Copies of the closing reports relating to DEA class I information items referred to the district audit or collection function or closed to file prior to the issuance of this telegram will be transmitted by the Chief, Intelligence Division to the appropriate function for association with the related information item.

These instructions will be reissued in the Internal Revenue Manual in accordance with IRM 1254.

THOMAS J. CLANCY,  
*Director, Intelligence Division.*

AUDIT AND INVESTIGATION

P-4-86—APPROVED JUNE 17, 1968

*Rewards determined by value of information furnished.*—Claims for reward (Form 211) will be paid commensurate with the value of the information furnished voluntarily and upon the informant's own initiative with respect to taxes, fines, and penalties (but not interest) collected. The amount of reward will be determined as follows:

(1) for specific and responsible information which caused the investigation and resulted in the recovery, the reward shall be 10 percent of the first \$75,000 recovered, 5 percent of the next \$5,000 and 1 percent of any additional recovery, with the total reward not exceeding \$50,000;

(2) for information which caused the examination and which was of value in the determination of tax liabilities, although not specific, and for information which was a direct factor in the recovery, the reward shall be 5 percent of the first \$75,000 recovered, 2½ percent of the next \$25,000 and ½ percent of any additional recovery, with the total reward not exceeding \$50,000;

(3) for information that caused the investigation but which was of no value in the determination of the tax liability, the rewards shall be one percent of the first \$75,000 recovered and ½ percent of any additional recovery, with the total reward not exceeding \$50,000.

*Combination of reward rates may apply in certain cases.*—If the recovery is attributable to information within two or more of the above categories, the respective rates of reward shall be applied—as for example where the examination discloses additional taxes based on adjustments some of which are and some of which are not related to the subject matter of the information supplied, or where the examination proceeds to other taxpayers not indicated by the informant.

*No reward paid if less than \$25.*—No reward will be paid if the recovery was so small as to call for payment of less than \$25.00 under the above formula.

*Grounds for rejecting claims.*—Claims for reward will be rejected for the following reasons:

- (1) information furnished by informant was of no value;
- (2) information furnished by informant was already known to the Service or available in accessible public records;
- (3) where payment of a reward would be inappropriate, for example, when the informant participated in the evasion scheme or prepared the return for the taxpayer with the knowledge that taxes were being evaded;
- (4) informant obtained, or furnished, the information while a Department of the Treasury employee;
- (5) informant obtained the information as part of his/her official duties as an employee of any other Federal agency;
- (6) informant obtained or furnished the information while a State officer or member of a State body or commission having access to Federal returns, copies or abstracts;
- (7) payment would be contrary to State or local law.

P-4-37—APPROVED FEBRUARY 6, 1961

*Taxpayers to be notified of assessments under bankruptcy provisions.*—Appropriate letters advising the taxpayer of the assessment of tax liability under the bankruptcy provisions of the Internal Revenue Code will be issued by District Directors in all such cases on all open years where deficiencies have been determined and no assessments made, including cases in the 90-day status, and cases before any regional Appellate Division, including cases docketed by the United States Tax Court.

*Conferences may be granted bankrupts, but only on determination of tax.*—If the taxpayer protests the determination set forth in the letter referred to above, and requests a conference, such conference will be held in the office of the District Director solely for the purpose of determining the correct tax liability and will relate to all open years as to which protest has been made unless the case is under consideration by the regional Appellate Division. Only one conference will be held unless it develops that additional information can be furnished which has a material bearing upon the tax liability, in which case the conference may be continued at a later date.

P-4-38—APPROVED SEPTEMBER 23, 1976

*Jeopardy assessments to be used sparingly and assessment to be reasonable in amount.*—Jeopardy assessments should be used sparingly and care should be taken to avoid excessive and unreasonable assessments. They should be limited to amounts which reasonably can be expected to protect the Government. Each jeopardy assessment must receive the personal approval of the District Director, or the Director of International Operations. (Policy statement P-4-84, concerning evaluation of the overall interests of enforcement of the law where both criminal and civil aspects of cases are involved, will be followed.)

*Conditions under which jeopardy assessments may be made.*—A jeopardy assessment will not be made by the Service without the existence of at least one of the three following conditions:

(1) The taxpayer is or appears to be designing quickly to depart from the United States or to conceal himself/herself.

(2) The taxpayer is or appears to be designing quickly to place his/her or its property beyond the reach of the Government either by removing it from the United States, by concealing it, by transferring it to other persons, or by dissipating it.

(3) The taxpayer's financial solvency is or appears to be imperiled. (This does not include cases where the taxpayer becomes insolvent by virtue of the accrual of the proposed assessment of tax, penalty and interest.)

*Prior National Office notification required in certain cases.*—Notwithstanding the existence of one or more of the above-cited conditions, in any case which might cause serious inconvenience to the general public, a jeopardy assessment should not be made without prior notification of the appropriate Division Director in the National Office having functional supervision over the initiating function in district offices. Examples of such cases include banks, newspapers, insurance companies, hospitals, and public utility companies.

*Taxpayer's request for reconsideration of jeopardy assessment action will be expedited.*—A taxpayer's written request for reconsideration of the Director's decision that collection of the tax was in jeopardy, or that the amount of the assessment was excessive, will be considered immediately.

*Administrative reviews will be provided.*—Upon written request, a taxpayer will be provided an administrative review by the person responsible for the District Conference function or Regional Appellate Division. If a case is unagreed after District Conference, a taxpayer may request a regional Appellate conference in cases under its jurisdiction. In either event, the review will be conducted expeditiously. Action to abate all or a part of the tax or to issue a statutory notice of deficiency, if necessary, will be initiated by the function responsible for the final determination.

*Jeopardy assessments involving alcohol, tobacco and firearms taxes.*—Jeopardy assessments involving alcohol, tobacco and firearms taxes are processed by service centers when requested by a regional director of the Bureau of Alcohol, Tobacco and Firearms.

P-4-89—APPROVED SEPTEMBER 28, 1976

*Termination of taxable period to be used sparingly and assessment to be reasonable in amount.*—Termination of taxable period and assessment should be used sparingly and care should be taken to avoid excessive and unreasonable assessments. They should be limited to amounts which reasonably can be expected to equal the ultimate tax liability for the terminated period. Each termination of taxable period and assessment must receive the personal approval of the District Director or the Director of International Operations. (Policy statement P-4-84, concerning evaluation of the overall interests of enforcement of the law where both criminal and civil aspects of cases are involved, will be followed.)

*Conditions under which termination of taxable period and assessment may be made.*—A termination of taxable period and assessment will not be made without the existence of at least one of the three following conditions:

(1) The taxpayer is or appears to be designing quickly to depart from the United States or to conceal himself/herself.

(2) The taxpayer is or appears to be designing quickly to place his/her or its property beyond the reach of the Government either by removing it from the United States, or by concealing it, or by transferring it to other persons, or by dissipating it.

(3) The taxpayer's financial solvency is or appears to be imperiled. (This does not include cases where the taxpayer becomes insolvent by virtue of the accrual of the proposed assessment of tax, and penalty, if any.)

*Taxpayer's request for reconsideration of termination assessment action will be expedited.*—A taxpayer's written request for reconsideration of the Director's decision that termination of the taxable period was necessary because collection of the tax was in jeopardy or that the amount of the assessment was excessive, will be considered immediately.

*Administrative reviews will be provided.*—Upon a written request, a taxpayer will be provided an administrative review by the person responsible for District Conference or Regional Appellate Division. If a case is unagreed after a District

Conference, a taxpayer may request a regional Appellate conference in cases under its jurisdiction. In either event, the review will be conducted expeditiously. Action to abate all or a part of the tax or to issue a statutory notice of deficiency, if necessary will be initiated by the function responsible for the final determination.

P-4-90—APPROVED FEBRUARY 2, 1961

*Convenience of the Government to determine where examination is made.*—The convenience of the Government will be the principal consideration in the transfer of returns from one district to another for examination. As a general rule, a determination of the place or places where the books and records of the taxpayer are located, or where the principal investigative work is to be performed, or where the major controversial issues can most conveniently be disposed of, will control the decisions of field officers in such matters.

P-4-91—APPROVED APRIL 28, 1972

*Purpose of class life system of depreciation (ADR).*—The basic purpose of the Class Life Asset Depreciation Range (ADR) System is to provide a progressive and equitable system of tax depreciation for capital investment while at the same time minimizing controversies involving depreciation deductions.

*Class life system must be adopted in its totality.*—The Service will assist taxpayers in every reasonable manner in overcoming mechanical and procedural problems that they may have in adopting the class life system. The Service will not seek out or overemphasize relatively minor problems in the application of the rules of the system in order to invalidate the election and adoption of the system. At the same time, the Service must take a firm view of the totality of the system as enacted and authorized by Congress to ensure that the basic concepts of the system are adhered to through substantial compliance with all of the requirements for accounting and record keeping of the system. Taxpayers must follow all requirements of the Regulations applicable to an election to use the class life system for a taxable year, and may not manipulate the system by using some of its parts, such as asset guideline periods or repair allowances, without accepting the consequences of such other parts of the system as the prescribed rules for retirement accounting, computation of allowable depreciation, recognition of gain or loss, and record keeping and reporting requirements.

*Alternative of class life system.*—Taxpayers who do not elect the class life system must determine and justify the useful lives and salvage values of their depreciable property on an asset (or asset account) basis without reference to the class life system of depreciation or any of its parts.

*Compliance with information reporting requirements is essential.*—Taxpayers' compliance with the data filing requirements is required so that the Service will be able to monitor, update, and improve the system.

*Question 2.* IRS has issued quarterly reports on the NTTP program ever since its inception in 1971. I would appreciate it if you could send the Committee a complete set of the reports and if there are any gaps in the reporting system, please explain the reason. Furthermore, since the signing of the Memo of Understanding with the Attorney General and the Secretary of the Treasury and the establishment in your words of the High-Level Drug Leaders Tax Enforcement Program, what reporting system has been established? Can you send a copy of any reports on the activities under this program since its inception?

Response. From the inception of our Narcotics Traffickers Project (NTP) until August 1973, we submitted monthly progress reports to the Treasury Department. The Internal Revenue Service assumed full responsibility for administering the NTP in August 1973, at which time we discontinued monthly reports to Treasury.

We again initiated our Treasury reporting with the submission of a report covering the quarter ending March 31, 1974. Thereafter, we submitted a report for fiscal year 1974 and one covering the period July 1974 through March 1975. No other reports were submitted from this period until July 1, 1975 when our efforts to deal with tax evasion by narcotics traffickers were made a part of our regular anti-fraud programs. Copies of the above-mentioned reports are attached.

Since the inception of the High-Level Drug Leaders Tax Enforcement Project, we have been reporting monthly to the Deputy Secretary of the Treasury George Dixon. Attached are copies of the five reports submitted thus far.

AUGUST 17, 1971.

To: Director, Office of Law Enforcement.  
 From: Acting Assistant Commissioner (Compliance) Internal Revenue Service.  
 Subject: Presidential Program for Tax Investigation of Narcotics Traffickers—  
 Progress Report.

In accordance with the request of Acting Secretary Charles E. Walker dated July 7, 1971, we are submitting the following report of our progress in implementing the above program.

#### PROGRAM ADMINISTRATION

Procedures have been developed to expedite the investigation and processing of cases, to enable us to track the progress of all cases selected for investigation, and to provide us with certain statistical information reflecting the overall progress being made toward achieving our objectives. Copies of field instructions will be submitted to your office at an early date.

#### MANPOWER SELECTION AND ASSIGNMENT

One-hundred-six Intelligence Division Special Agents, one-hundred-six Audit Division Revenue Agents, and nine Group Supervisors from each function have been identified and assigned to the project to date. They are highly experienced agents who are performing at or above journeymen level. The majority of them have experience in connecting racketeer investigations. Many of them have considerable expertise in determining unreported income through the use of indirect methods (net worth and bank deposit computations); a technique that will probably be required in a majority of the cases since most narcotics traffickers do not maintain accounting records.

The assignment of the initial group of agents was based upon a review of all cases involving alleged narcotics traffickers presently under investigation or examination by the Internal Revenue Service Intelligence and Audit Divisions; a review of the number of middle and upper-echelon traffickers furnished by the Bureau of Customs and the Bureau of Narcotics and Dangerous Drugs; and a review of the combined intelligence of Customs, I.R.S. and B.N.D.D. regarding concentrations of illegal narcotics activities.

Hiring authority for additional clerical personnel to support technical personnel assigned to the program has been authorized. Recruitment activity is also underway to hire 200 agents in the Audit and Intelligence Divisions to restore the general program.

Staffing has been provided in the National Offices of the Intelligence and Audit Divisions for implementation of the program.

#### TRAINING OF ASSIGNED PERSONNEL

A curriculum has been developed in cooperation with Treasury's Consolidated Federal Law Enforcement Training Center, the Bureau of Customs, and the Bureau of Narcotics and Dangerous Drugs for orientation of Internal Revenue Service Intelligence and Audit Division personnel. The orientation will be presented by Customs, B.N.D.D. and I.R.S. personnel and will include discussions by representatives of the Intelligence and Audit Divisions regarding techniques used in on-going investigations in the Service which are directed at narcotics traffickers.

Three three-day sessions have been scheduled to be conducted at the Treasury Law Enforcement School. The first session was held August 10 through 12 and two additional sessions are scheduled for August 24 through 26 and September 8 through 10. The first two sessions are designed to provide orientation for 212 special agents and revenue agents together with 18 supervisors assigned to the project. The third session will provide orientation primarily for all affected District Division Chiefs.

Similar orientation sessions will be held as additional personnel are assigned to the program.

#### TARGET SELECTION

A review of all cases in Intelligence and Audit Division inventories disclosed that we are currently directing our attention to approximately 490 subjects who are alleged to be involved in narcotics trafficking in some manner. The names of these subjects will be submitted, together with information concerning their alleged involvement in narcotics trafficking, to the Target Selection Committee.

We have received a list of 88 middle and upper-echelon traffickers from the Bureau of Customs on which we are assembling information from the files of our field offices. We are also obtaining income tax returns for use in evaluating these subjects as possible targets.

Dossiers are being prepared on all the above-mentioned subjects setting forth our overall intelligence concerning their narcotics trafficking activities and an initial evaluation of their tax potential. These dossiers will be presented, when completed, to the Target Selection Committee.

#### OPERATIONAL ACTIVITIES

During the implementation period of the program, we are continuing the existing Intelligence and Audit investigations of narcotics trafficker cases presently in inventory. Three-hundred-forty of the four-hundred-ninety subjects mentioned in the section of this report dealing with Target Selection are presently under investigation by the Intelligence Division. We have determined, at this time, that approximately 50 of these cases have significant prosecution potential.

Approximately 140 of the above Intelligence and Audit cases are Strike Force targets.

LEON C. GREEN,

*Acting Assistant Commissioner (Compliance).*

SEPTEMBER 15, 1971.

To: Director, Office of Law Enforcement.

From: Acting Assistant Commissioner (Compliance), Internal Revenue Service.

Subject: Presidential Program for Tax Investigation of Narcotics Traffickers—  
Progress Report.

The following is our monthly report of progress in the captioned program.

#### ADMINISTRATION

An Internal Revenue Service Manual Supplement implementing the Narcotics Project was approved and issued August 31, 1971. Other issuances containing specific guidelines for Audit and Intelligence personnel assigned to the Project have been forwarded to your office for review. Special reporting requirements for the Project will be issued separately.

#### MANPOWER

The Intelligence Division has selected 106 Special Agents and 10 supervisors while the Audit Division has selected 108 Revenue Agents and 9 supervisors for assignment to this Project. All have attended three-day orientation sessions at the Treasury Law Enforcement School conducted jointly by the Internal Revenue Service, the Bureau of Customs, and the Bureau of Narcotics and Dangerous Drugs. We are now in the process of setting up quarters for these agents in the Internal Revenue Districts concerned. In the meantime, the agents are engaged in gathering background information on prospective targets and performing other tasks directed to making the Project fully operational as soon as possible.

As stated in our last report, hiring authority for clerical personnel to support technical personnel assigned to the Project was issued. Authority was also issued to hire technical personnel to replace those assigned to the Project. However, before the additional hires were accomplished the Internal Revenue Service's temporary hiring freeze was issued. During the brief period in which the hiring authorities were in effect 12 agents and 3 clerks were hired. The additional recruiting will be continued as soon as current restrictions are rescinded.

#### TARGET SELECTION

Dossiers were prepared and submitted to the Target Selection Committee on 132 cases from present Internal Revenue inventories and on an additional 88 subjects identified by the Bureau of Customs as middle- and upper-echelon narcotics traffickers.

At a meeting of the Committee on August 31, 1971, 54 targets were selected for inclusion in the Project. All information relating to these subjects was assembled and the appropriate Chiefs, Audit and Intelligence Divisions, were advised on September 9, 1971, that these cases were to be a part of the Narcotics Project and investigated in accordance with established procedures. One of the selected targets was for Audit examination only. Twenty-nine of these targets were selected from present I.R.S. inventories.

The Committee rejected 14 potential subjects for various reasons and withheld final decision on 22 others to await the assembling of further information or because the subjects were already Strike Force targets prior to the President's announcement of the Narcotics Project on June 17, 1971. Decision on the Strike Force cases will be made at a later date. Approximately 130 possible subjects are presently being considered by the Committee.

We anticipate that the Committee will select in excess of 75 additional subjects in the very near future. The additional subjects will, in all probability, result in the establishing of case inventories in all of the I.R.S. districts involved in the Project.

Dossiers are in the process of being prepared on approximately 300 subjects identified by the Bureau of Narcotics and Dangerous Drugs. Data furnished by B.N.D.D. covering these subjects was forwarded to various I.R.S. districts on September 10, 1971, to obtain additional information to assist the Target Selection Committee in making their selections.

#### OPERATIONS

The manual supplements pending review contain instructions for the closing of investigations after it has been determined there is no criminal potential. It is anticipated that the inventory of cases will be built up to approximately 400 and maintained at that level through the identification and selection of new targets.

At present, our inventory is 53 joint investigations and one independent audit.

LEON C. GREEN,

*Acting Assistant Commissioner (Compliance).*

OCTOBER 18, 1971.

To: Director, Office of Law Enforcement

From: Assistant Commissioner (Compliance)

Subject: Presidential Program for Tax Investigations of Narcotics Traffickers—  
Progress Report

Following is our monthly report of progress in the subject program.

#### ADMINISTRATION

The guidelines for Intelligence and Audit personnel assigned to this project are being revised to include suggestions made by your office. The revised guidelines will be resubmitted to you for final comment before being distributed to the field.

Chief Counsel is preparing guidelines for Regional Counsel which will stress the need for expeditious review of Narcotics Project investigative reports and more active participation by Regional Counsel while the case is in the investigatory stage. Similar guidelines will also be issued to Regional Appellate staffs to assure that top priority will be given to civil aspects of the project as well as criminal aspects.

#### TARGET SELECTION—MANPOWER

As of October 1, 1971, a total of 145 joint investigations and 12 independent audits had been selected. Internal Revenue Service suggested 47 of these, Customs suggested 63 and 47 were suggested by BNDD. These cases, plus targets which will be selected in early October, will provide inventories for most of the agents assigned to the project. Although very little shifting of personnel has been required up to this time, we do anticipate problems in large metropolitan areas such as New York City and Miami, where there is already a shortage of experienced agents. A continuation of the present trend in target selection may necessitate shifting personnel into those areas or closing out investigations now being conducted as part of the Strike Force Program and using those agents in the Narcotics Project. We will keep you advised of developments in this area.

## OPERATIONS

During this period the Director, Intelligence Division, and the Assistant Director, Audit Division, addressed the District Directors of our Mid-Atlantic Region relative to the high priority being placed on this project. At the same time, the Assistant Director of the Intelligence Division and the Project Managers of the Intelligence and Audit Divisions addressed the Intelligence Division Chiefs of our North-Atlantic Region on the same subject. These meetings included top management from New York City, Philadelphia, Baltimore, Pittsburgh, Boston, Buffalo and Newark. Similar meetings or visits will be made to all cities where the narcotics problem is acute.

The Chiefs of the Intelligence and Audit Divisions in districts where substantial Project workloads have been identified will meet in Washington for the purpose of assisting in the development of plans designed to assure the most expeditious completion of Narcotics Project investigations.

Attached is a schedule showing the geographic distribution of those Narcotics Project cases that have been selected, together with the posts of duty of the special agents and revenue agents thus far assigned to the Project. Approximately 200 additional names are now pending in the Target Selection Committee or scheduled to be presented to the Committee after additional background information is obtained by field personnel. Agents at posts of duty where the workload has not reached optimum proportions are being utilized to secure this additional background information.

LEON C. GREEN,  
*Acting Assistant Commissioner (Compliance).*

## GEOGRAPHIC DISTRIBUTION OF SELECTED TARGETS

	Special agents	Revenue agents	Examinations	Investigations
North Atlantic region.....	24	26	1	60
Boston, Mass.....	2	2		1
Brooklyn, N.Y.....	8	8	1	17
Buffalo, N.Y.....	2	2		4
Manhattan, N.Y.....	12	14		38
Mid-Atlantic region.....	12	12		8
Baltimore, Md., and District of Columbia.....	4	4		4
Newark, N.J.....	5	5		4
Philadelphia, Pa.....	3	3		
Southeast region.....	16	16	3	22
Atlanta, Ga.....	5	4		1
Columbia, S.C.....		1		
Greensboro, N.C.....				1
Jacksonville, Fla.....	10	10	3	20
Nashville, Tenn.....	1	1		
Central region.....	11	11		7
Cleveland, Ohio.....	2	2		
Detroit, Mich.....	7	7		3
Indianapolis, Ind.....	2	2		4
Midwest region.....	13	13	3	8
Chicago, Ill.....	8	8	1	6
St. Louis, Mo.....	5	5	2	2
Southwest region.....	12	12		19
Albuquerque, N. Mex.....	1			6
Austin, Tex.....	6	7		12
Dallas, Tex.....	2	2		
Denver, Colo.....	1	1		1
New Orleans, La.....	2	2		
Western region.....	18	18	5	21
Honolulu, Hawaii.....				2
Los Angeles, Calif.....	8	8	5	10
Phoenix, Ariz.....	2	2		1
Salt Lake City, Utah.....				1
San Francisco, Calif.....	8	8		7
Total, United States.....	106	108	12	145

NOVEMBER 8, 1971.

To: Director, Office of Law Enforcement.  
From: Acting Assistant Commissioner (Compliance) Internal Revenue Service.  
Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
Progress Report.

Following is our monthly report of progress in the subject program:



## ADMINISTRATION

The guidelines for Intelligence personnel assigned to this project have been approved and are now being printed and distributed to our field offices. The guidelines for Audit personnel have been unofficially cleared with all interested officials and will be forwarded for final clearance immediately. Chief Counsel will then issue guidelines to Regional Counsel which will incorporate their activity with the activities of the Audit and Intelligence Divisions. Similarly, the Appellate and Collection Divisions will follow up with guidelines to coincide their activities with the overall project goals.

## TARGET SELECTION—MANPOWER

The Target Selection Committee met on October 7th and 27th, on which dates 32 and 21 targets were selected, respectively. During the month of November the Committee will complete its consideration of all of the targets initially suggested by the three agencies participating in the project. The completion of these considerations will provide us with a more definite idea of where we should concentrate the manpower to be expended. A geographical spread of the targets selected as of November 1, 1971, together with manpower assigned, is attached.

Our experience to date indicates a need for revision of our original manpower projection. Accordingly, we are analyzing the needs in all districts and will withdraw manpower requirements where anticipated targets did not materialize and will reallocate those requirements to the districts where there is a greater inventory of cases. The reallocations will be completed and included in our next report.

As you know, we have had several conferences with Treasury and Office of Management and Budget officials relative to the Performance Measurement System and are in the process of designing a system to measure the effectiveness of this project. Necessarily, because of the lack of historical data in these types of cases, we have had to rely on data compiled on the overall racketeer-type cases in projecting accomplishments. The projections, although not clearly defined at this time, predict a higher rate of success in both the civil and criminal areas, in addition to a lower manpower expenditure, than was accomplished in our prior racketeer programs. These predictions are based, primarily, on the premise that lower inventories per agent will allow the agents to concentrate their energies on specific targets. This, coupled with the instructions which have been issued to agents urging withdrawal from cases with limited potential at the earliest date possible and the increased assistance of Chief Counsel and the Tax Division of the Department of Justice in grand jury and other legal actions, will, we believe, create a momentum which has not been achieved in prior programs.

## OPERATIONS

Conferences were held in our National Office on November 4th and 5th, 1971, relative to narcotics investigations being conducted in Miami and Los Angeles, respectively. These conferences, which were attended by district, regional and National Office representatives of the Audit and Intelligence Divisions, representatives of the office of Chief Counsel, and your office, covered an analysis of selected targets, progress made in the investigation of those targets and any existing or anticipated technical, legal or manpower problems.

Both of the above districts have adopted the team approach in efforts to obtain prosecutions of significant traffickers in the shortest time possible.

Los Angeles has identified an organization which, in addition to dealing in multi-kilo quantities of heroin, cocaine, and marijuana, is engaged in a variety of illegal acts such as gambling, prostitution and credit card frauds. The organization has apparently also invested the profits from illicit enterprises in legal enterprises, such as shoe stores, clothing stores, night clubs and real estate. The district is attempting to identify the assets of the entire organization. It will then attempt to segregate the leaders' shares of the assets and thus prove unreported income on the net worth basis.

The Miami organization appears to be more fragmented than in Los Angeles, but is concentrated in the Latin American population of that city. The targets on which the team approach is being applied were selected because they appeared to be the most promising of the targets assigned. This approach, we believe, has two advantages as it will provide us with several quick prosecutions and will also enable the assigned agents to penetrate the system and more clearly define the organizational structure now being utilized by the traffickers. The team approach will then be applied to the most significant traffickers in the city.

On November 8, 1971, our Manhattan District reported the first indictment to be returned in this project. The taxpayer involved, Dominick J. Marcone, was indicted for failing to report a \$190,000 bribe which he had received to quash a narcotics charge which was then pending in the New York City courts. Marcone, a bail bondsman who was closely involved with numerous narcotics traffickers, was also indicted for conspiracy and extortion. The case is being coordinated with New York City authorities.

In the civil area, statutory notices have already been issued to one target in Florida involving approximately seven and one-half millions of dollars. None of the deficiencies are directly related to narcotics trafficking although the target is a known trafficker and has been arrested with large quantities of marijuana in his possession. The civil route was taken in this case because of the target's recent conviction of murder.

LEON C. GREEN,  
*Acting Assistant Commissioner (Compliance).*

DECEMBER 15, 1971.

To: Director, Office of Law Enforcement  
From: Acting Assistant Commissioner (Compliance), Internal Revenue Service.  
Subject: Residential Program for Tax Investigation of Narcotics Traffickers  
Progress Report November.

Following is our monthly report of progress in the subject program:

#### ADMINISTRATION

Proposed Audit guidelines have been approved by your office. We will now prepare and issue guidelines for Appellate and Chief Counsel.

Several conferences have been held with Treasury and Office of Management and Budget officials relative to the Performance Measurement System. Suggestions offered by those officials are now being incorporated into a final report which will be submitted to Commissioner Walters for approval. The report should be submitted to the Office of Management and Budget prior to the next reporting date.

#### TARGET SELECTION—MANPOWER

The target Selection Committee has now selected two hundred and eighty-seven targets, two hundred and sixty-four of which represent joint investigations and twenty-three independent audits. One investigation has been closed due to conviction of the target by another agency. Proposed withdrawals, for lack of criminal potential, are now pending in the Target Selection Committee.

In our October report we advised that we were analyzing our manpower projections as some imbalances were apparent between work load and our original estimates of manpower needs in the various Internal Revenue Districts. We have determined that it is impractical to designate manpower needs on a day-to-day basis from the National level. Because it is still relatively difficult to make an accurate projection of each area's needs, we have advised the district chiefs that, in the future, the identity of targets will be forwarded to them with instructions to initiate immediate investigations or examinations. In the event manpower shortages exist in the districts, they will request our Regional offices for relief, with the National Office entering into the problem when Regional shortages exist.

#### OPERATIONS

An indictment has been returned in St. Louis, Missouri, charging Gregory Taylor with income tax fraud and filing false returns. Taylor has a lengthy criminal record including a narcotics conviction in 1957. Additional tax and penalties for the years 1966-1968, inclusive, are in excess of \$20,000.

In Chicago, Illinois, during the initial interview of target Willie Mose Horton, it was disclosed that the taxpayer was in possession of firearms. As Horton has been convicted of a felony the special agent contacted the Alcohol, Tobacco & Firearms Division. Search warrants were then executed and Horton was arrested. As Horton has a lengthy criminal record a substantial sentence is anticipated. After sentencing a decision will be made as to whether the tax investigation will continue.

Our Baltimore District has submitted two prosecution recommendations and our Indianapolis District has submitted one. All three of these cases are now in the Tax Division, Department of Justice for review.

Name, district, and date to Tax Division:

Alfonso R. Turner, Baltimore: November 22, 1971.

James Thomas Westcott, Baltimore: September 24, 1971.\*

Furman E. Miller, Indianapolis: November 3, 1971.

Seizures of money in connection with jeopardy assessments and closing of tax years amount to approximately \$530,000 as of this date. The seizure of this money for taxes stemmed from arrests and seizures by local and Federal enforcement agencies for narcotics violations within their jurisdiction.

Conferences were held in our National Office with Brooklyn and Manhattan District officials, along with North-Atlantic Regional officials and our Austin District and Southwest Regional officials. National Office visitations were made to Chicago and Detroit, and a regional chiefs meeting in Philadelphia was attended by the Narcotics Project Managers and the Director, Intelligence Division. With the exception of Detroit, all of these meetings were attended by the Director of Chief Counsel's Enforcement Division. In addition to discussions of actual targets at each of the conferences, a great deal of time was devoted to means of expediting the program. Counsel, in particular, emphasized the importance of involving our attorneys in legal problems as they occur, as opposed to reviewing these matters after the fact.

A schedule showing the location of our selected targets is attached.

JOHN F. HANLON,

*Acting Assistant Commissioner (Compliance).*

Attachment.

#### GEOGRAPHIC DISTRIBUTION OF SELECTED TARGETS

	Special agents	Revenue agents	Examinations	Investigations
North-Atlantic region.....	24	26	1	63
Albany.....	1			1
Boston, Mass.....	2	2		1
Brooklyn, N.Y.....	8	8	1	19
Buffalo, N.Y.....	2	2		4
Burlington, Vt.....				2
Manhattan, N.Y.....	12	14		36
Mid-Atlantic region.....	12	12		18
Baltimore, Md., and District of Columbia.....	4	4		6
Hewark, N.J.....	5	5		6
Philadelphia, Pa.....	3	3		5
Pittsburgh, Pa.....				1
Southeast region.....	16	16	3	36
Atlanta, Ga.....	5	4		1
Columbia, S.C.....		1		
Greensboro, N.C.....				1
Jacksonville, Fla.....	10	10	3	34
Nashville, Tenn.....	1	1		
Central region.....	11	11		13
Cleveland, Ohio.....	2	2		
Detroit, Mich.....	7	7		9
Indianapolis, Ind.....	2	2		4
Midwest region.....	13	13	3	13
Chicago, Ill.....	8	8	1	11
St. Louis, Mo.....	5	5	2	2
Southwest region.....	12	12	1	27
Albuquerque, N. Mex.....	1			6
Austin, Tex.....	6	7	1	14
Dallas, Tex.....	2	2		1
Denver, Colo.....	1	1		1
New Orleans.....	2	2		5
Western region.....	18	18	5	28
Honolulu (Hawaii).....				2
Los Angeles, Calif.....	8	8	5	10
Phoenix, Ariz.....	2	2		1
Salt Lake City, Utah.....				1
San Francisco, Calif.....	8	8		13
Seattle.....				1
Total, United States.....	106	108	13	198

\*This target was selected by the Target Selection Committee on October 27, 1971, and, in order to expedite review, the Tax Division has been advised that this is a Narcotics Traffickers Project case.

JANUARY 7, 1976.

To: Director, Office of Law Enforcement.  
 From: Acting Assistant Commissioner (Compliance) Internal Revenue Service.  
 Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
 Progress Report for Month of December 1971.

## ADMINISTRATION

Audit guidelines (Manual Supplement 42G-275) have been issued to field personnel. Collection, Appellate, and Chief Counsel guidelines will be issued in the near future.

Our Fiscal Division is preparing guidelines to the field for reporting the cost of the program which will assist us in preparing quarterly reports to the Office of Management and Budget relative to that phase of our Performance Measurement System. It will also enable us to quickly spot any difficulties which would affect our cost project. We have designed a computerized case control system which will enable us to maintain an up-to-date list of all cases in the program, as well as aid us in tracking the cases from the time of assignment to the field through the U.S. Attorneys' offices and the courts. Information will be fed into the computers on a daily basis and printouts will be available on a two or three day notice.

## TARGET SELECTION—MANPOWER

On December 16, 1971, the Target Selection Committee selected 36 targets, 9 of which were for independent audits and 27 of which were joint investigations. All of these targets were the result of IRS submissions. The Committee has, as of December 31, 1971, selected a total of 323 targets, 289 of which were selected as joint investigations and 34 as examinations. Thirteen investigations have been closed, 8 by prosecution recommendations and 5 by withdrawals. Two additional withdrawals are pending with the Target Selection Committee. Seven independent examinations have also been closed. Taking into consideration the cases pending in the Committee, our present inventory includes 274 joint investigations and 27 examinations.

## OPERATIONS

In our opinion, the Program in Revenue is now well under way. We have emphasized and the field has responded to our caution to continue to watch assigned targets as to whether they meet the guidelines of being upper or middle echelon operators and are proper subjects in IRS investigation or examination, that is, do they have either civil or criminal revenue potential.

As a result of this emphasis, some targets selected during the early stages of the program have been closed, and as we gain experience and improve upon our Intelligence gathering, as well as emphasize more thorough background investigation prior to submitting a name to the target selection committee, we expect the revenue potential of our inventory to increase, which in turn will have a direct effect on Revenue's contributions to and impact on the Narcotics Program.

The team concept, wherein several agents are assigned to the same target, has been successfully utilized in several of our districts, and we are encouraging its use in other districts when appropriate. This concept resulted in two indictments in Miami and one complaint being filed in Detroit during the month of December. Several other indictments appear imminent. A Los Angeles target has involved as many as twenty agents in the investigation.

The aforementioned indictments received substantial publicity. The Detroit complaint resulted in an appearance on television by the U.S. Attorney, who announced that the indictment was the result of the President's Narcotics Program. The defendant, Henry Marzette, Jr., was described by the press as a "kingpin" in Detroit's heroin underworld. Marzette is a former Detroit policeman who served time for a 1956 conviction on Federal narcotics charges.

The Miami indictments involved Frank Rodriguez and Jose Alvero, both of whom are well known by Federal and local authorities as heroin traffickers. The fact that they were targets in the program was not disclosed to the press by the Service for fear of prejudicing their cases as neither was the subject of prior narcotics arrests.

In all three of the above cases, on-site reviews were made by Regional Counsel and Tax Division attorneys, thereby practically eliminating the time usually consumed in our review process.

Counsel from both agencies also participated in a civil contempt proceeding in Chicago which resulted in the incarceration of a third-party witness who refused to testify concerning substantial payments to an Austin District target. The witness, Charles Sajna, Jr., refused to testify before a Federal Grand Jury, claiming his Fifth Amendment privilege. The U.S. Attorney, after telephonically discussing the matter with our Chief Counsel's office and the offices of the Criminal and Tax Divisions, requested and received authorization to file a petition for a Grant of Immunity. The Federal Court then immunized Sajna who again refused to testify. He was placed in the custody of the U.S. Marshal for a period of up to eighteen months, or until he agrees to testify. Sajna is now lodged in the Cook County Jail in Chicago.

We have requested reports from all districts relative to jeopardy assessment and tax year closings concerning all narcotics traffickers whether or not they are included in the program. These assessments, which are numerous, are being made in conjunction with raids by local and Federal authorities where large sums of money are seized along with narcotics. As an example of the volume of this activity, we have been advised by our Atlanta District that a total of \$71,000 has been seized since September 15, 1971. The nationwide figures will be reported to you in a subsequent report. We believe that these assessments are in keeping with our advice to the field that maximum use be made of our civil as well as criminal sanctions in order to reduce the profits of narcotic trafficking.

A geographical schedule of targets selected is attached. In view of the increased activity in the program, future reports will include a schedule of district inventories and case dispositions.

LEON C. GREEN,

Acting Assistant Commissioner (Compliance).

Attachment.

#### GEOGRAPHIC DISTRIBUTION OF SELECTED TARGETS

	Examinations	Investigations
<b>North Atlantic region:</b>		
Albany, N.Y.		2
Boston, Mass.	2	4
Brooklyn, N.Y.	5	21
Buffalo, N.Y.		5
Burlington, Vt.		2
Hartford, Conn.		3
Manhattan, N.Y.	6	41
Region total	13	78
<b>Mid-Atlantic region:</b>		
Baltimore, Md.		6
Newark, N.J.		18
Philadelphia, Pa.		7
Pittsburgh, Pa.		4
Richmond, Va.		1
Region total		36
<b>Southeast region:</b>		
Atlanta, Ga.		10
Columbia, S.C.		1
Greensboro, N.C.		1
Jacksonville, Fla.	8	37
Nashville, Tenn.		2
Region total	8	51

## GEOGRAPHIC DISTRIBUTION OF SELECTED TARGETS—Continued

	Examinations	Investigations
Central region:		
Detroit, Mich.....		23
Indianapolis, Ind.....		4
Cleveland, Ohio.....		3
Region total.....		30
Midwest region:		
Chicago, Ill.....	1	11
St. Louis, Mo.....	2	2
Region total.....	3	13
Southwest region:		
Albuquerque, N. Mex.....	1	6
Austin, Tex.....	1	17
Dallas, Tex.....		1
Denver, Colo.....		2
New Orleans, La.....		5
Region total.....	2	31
Western region:		
Honolulu, Hawaii.....		4
Los Angeles, Calif.....	5	17
Phoenix, Ariz.....	2	7
San Francisco, Calif.....	1	17
Seattle, Wash.....		5
Region total.....	8	50
U.S. total.....	34	289

FEBRUARY 17, 1972.

To: Director, Office of Law Enforcement.

From: Assistant Commissioner (Compliance).

Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
Progress Report for Month of January 1972.

## ADMINISTRATION

During the week of January 16, 1972, our Assistant Regional Commissioners, Intelligence held a four-day conference in our National Office. One full day of this conference was devoted to the Narcotics Program. In addition to your appearance, presentations were made by our National Office personnel and Dr. Golding of your office, who described the computerized information system which he is designing. Representatives of the Customs Service also briefed us on the systems now being employed by narcotics traffickers to import and distribute drugs and discussed the progress made in recent investigations in determining the flow of currency among narcotics traffickers. Comments of the Assistant Regional Commissioners indicated that a tremendous amount of enthusiasm is being exhibited by the agents assigned to the program.

In January, members of the National Office Staff reviewed project operations in eleven key district offices. Each case was reviewed in depth with the assigned special agents, revenue agents and their supervisors. These joint Intelligence-

Audit visits will be continued. Their primary purpose is to furnish maximum assistance to the field when needed, and to assure that expeditious handling is given to all targets selected.

Our Performance Measurement System report for the second quarter, fiscal year 1972, has been completed. Our projected accomplishments for that quarter were met with the exception of the number of investigations completed. This was due to the fact that we concentrated on investigations with the best criminal potential. As a result we exceeded our projections for both indictments and convictions. The number of non-prosecution reports now being processed indicates that the third quarter report will reveal sufficient closings to meet projections.

#### TARGET SELECTION

On January 17, 1972, the Target Selection Committee selected 53 targets, 47 of which were designated as joint investigations and the remaining 6 were designated as Audit targets. All of these targets were the result of IRS submissions. Thus far, the Committee has selected 376 targets, 336 of which are joint targets and 40 are independent Audit targets.

#### OPERATIONS

The Intelligence Division has been making a concentrated effort to identify upper and middle echelon traffickers who would be proper subjects of IRS investigations. Case development programs have been initiated in most districts and, as a result, the Target Selection Committee has been furnished sufficient information to enable them to make meaningful evaluations of suggested targets. An indication as to the success of this approach is the fact that the Committee selected 89 targets during December 1971 and January 1972, all of which were IRS submissions.

Attached to this report is a schedule setting forth the current inventories in the Narcotics Traffickers' Project and the results, to date, relative to case disposition.

Of the 10 prosecution recommendations 5 have been indicted and 1 was convicted. The latter, Gregory Taylor of St. Louis, Missouri, received a sentence of five years incarceration and a \$3,000 fine.

The 18 Audit targets closed to date are summarized below:

	Number of targets	Tax assessed
Terminations of taxable years.....	14	\$2,495,966
Examined cases.....	4	
Jeopardy assessments.....		13,055,829
Regular assessments.....		1,121,943
Total.....	18	16,683,738

Duplicate assessments of about \$3 million are included in the termination and jeopardy assessment figures. This duplication is frequently necessary because the ownership of the funds is not determinable when these assessments are made. Altogether, we seized \$1,506,524 from narcotics traffickers who were arrested with large sums of money and narcotics in their possession.

That figure includes \$488,530 seized from the 14 targets shown in the summary above.

JOHN F. HANLON,  
*Assistant Commissioner (Compliance).*

Attachments.

## GEOGRAPHIC DISTRIBUTION OF DISTRICT INVENTORIES AND CASE DISPOSITIONS

	Independent audits		Joint Investi- gations	W/D	Prose- cutions.
	Open	Closed			
North Atlantic region:					
Albany, N.Y.			2		
Boston, Mass.		2	4		
Brooklyn, N.Y.	1	4	24		
Buffalo, N.Y.			7		
Burlington, Vt.			2		
Hartford, Conn.			6		
Manhattan, N.Y.	5	1	42		1
Region total	6	7	87		1
Mid-Atlantic region:					
Baltimore, Md.			9		2
Newark, N.J.			23		
Philadelphia, Pa.			7		
Pittsburgh, Pa.			6		
Richmond, Va.			1		
Region total			46		2
Southeast region:					
Atlanta, Ga.			15		
Columbia, S.C.			1		
Greensboro, N.C.			1		1
Jacksonville, Fla.	5	3	37	1	2
Nashville, Tenn.			2		
Region total	5	3	56	1	3
Central region:					
Cleveland, Ohio			5		
Detroit, Mich.			21	1	1
Indianapolis, Ind.			5		1
Region total			31	1	2
Midwest region:					
Chicago, Ill.	2	1	9	2	
St. Louis, Mo.	1	1	1		2
St. Paul, Minn.			1		
Region total	3	2	11	2	2
Southwest region:					
Albuquerque, N. Mex.		1	5	1	
Austin, Tex.		1	19		
Dallas, Tex.			1		
Denver, Colo.			2		
New Orleans, La.			6		
Region total		2	33	1	
Western region:					
Anchorage, Alaska			1		
Honolulu, Hawaii			4		
Los Angeles, Calif.	2	3	17		
Phoenix, Ariz.	1	1	10		
Portland, Oreg.			2		
San Francisco, Calif.	7		17		
Seattle, Wash.			6		
Region total	10	4	57		
U.S. Total	22	18	321	5	10

MARCH 8, 1972.

Memorandum to: Director, Office of Law Enforcement.

From: Assistant Commissioner (Compliance).

Subject: Presidential Program for Tax Investigation of Narcotics Traffickers.  
Progress Report for Month of February 1972.

## ADMINISTRATION

Collection Division guidelines have been approved by your office and are being printed for issuance to field personnel. Similarly, Chief Counsel's instructions were distributed to their regional offices on February 7, 1972.



During February, Bob Lund and Bill Parker met with John E. Ingersoll, Director, Bureau of Narcotics and Dangerous Drugs, relative to our joint efforts to curtail narcotics trafficking. In an effort to promote closer liaison between our respective field offices, Mr. Ingersoll agreed to issue a directive to his field offices outlining our objectives in the project and encouraging a free flow of information between the two agencies. Mr. Ingersoll will also have a letter prepared for the Attorney General's signature requesting disclosure authorization relative to targets selected by the Target Selection Committee. This will enable our field offices to pass on to the Bureau of Narcotics and Dangerous Drugs information encountered in tax investigations which relates to substantive narcotics violations. Mr. Ingersoll will also alert his agents to our jeopardy and tax year closing procedures and urge them to immediately notify our district offices when large sums of cash are seized in narcotics raids.

A conference was held in February between Audit, Intelligence and Alcohol, Tobacco & Firearms (ATF) representatives to develop procedures to assure further involvement of ATF in the Narcotics Project. Manual instructions are being prepared designating ATF area supervisors as mandatory points of contact for liaison and coordination with other IRS Narcotics personnel. In order to provide for a full exchange of intelligence, these instructions will require that ATF be advised of all narcotics targets in a particular area. Ongoing investigations will be carefully coordinated to avoid duplication of effort. Manual instructions will briefly describe the more common offenses under ATF jurisdiction, together with procedures for referring suspected violations to ATF. We feel that ATF can play a valuable role in the fight against narcotics traffickers.

#### TARGET SELECTION

On February 8, 1972, the Target Selection Committee selected 37 targets, 33 of which were designated as joint investigations, and the remaining 4 were selected as Audit targets. Thus far, the Committee has selected 413 targets, 369 of which were joint targets and 44 were assigned as Audit targets.

#### OPERATIONS

The Intelligence Division has been making extensive use of the "team" approach in this program. The best example of this probably is the Los Angeles District's investigation of Thomas Reese and his top lieutenants. The Reese organization purportedly is engaged in multi-kilo narcotics trafficking and other illegal activities, such as prostitution and gambling. We have been conducting surveillance of the Reese organization for ten to fifteen hours each day. In addition to five special agents from the Intelligence Division, the following organizations have assisted with manpower and equipment, including a police helicopter:

Organization	Number of agents
Los Angeles District Attorney-----	2
Los Angeles Sheriff--Narcotics Division-----	3
Los Angeles Police Department-----	2
State bureau of narcotics-----	2
Bureau of Narcotics and Dangerous Drugs-----	2
Customs-----	2
Total agents-----	13

This approach has produced early results, and prosecution of Ulysses J. Hicks has been recommended for income tax evasion (Sec. 7201) for the years 1969 and 1970. Hicks is considered to be an important member of the Reese organization. It is anticipated that similar results will soon be realized on other members of the organization.

Six reports were submitted in February recommending prosecution of Narcotics Traffickers Project targets. This brings the total prosecution recommendations to sixteen as of the end of February. The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON,  
Assistant Commissioner (Compliance).

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES

	Joint target selection	Prosecutions	W/D	Transfer to audit	Open cases
North Atlantic region.....	97	1	3	6	87
Albany, N.Y.....	3				3
Boston, Mass.....	4				4
Brooklyn, N.Y.....	28		1		27
Buffalo, N.Y.....	8				8
Burlington, Vt.....	2				2
Hartford, Conn.....	7		1		6
Manhattan, N.Y.....	44	1	1	6	36
Providence, R.I.....	1				1
Mid-Atlantic region.....	50	5			45
Baltimore, Md.....	12	3			9
Newark, N.J.....	24	1			23
Philadelphia, Pa.....	7				7
Pittsburgh, Pa.....	6	1			5
Richmond, Va.....	1				1
Southeast region.....	63	3	2	3	55
Atlanta, Ga.....	16		1	1	14
Columbia, S.C.....	1				1
Greensboro, N.C.....	2	1			1
Jacksonville, Fla.....	42	2	1	2	37
Nashville, Tenn.....	2				2
Central region.....	36	3	1		32
Cincinnati, Ohio.....	2				2
Cleveland, Ohio.....	5				5
Detroit, Mich.....	23	2	1		20
Indianapolis, Ind.....	6	1			5
Midwest region.....	21	3	2		16
Chicago, Ill.....	17	1	2		14
St. Louis, Mo.....	3	2			1
St. Paul, Minn.....	1				1
Southwest region.....	40		1		38
Albuquerque, N. Mex.....	6		1		5
Austin, Tex.....	24				20
Dallas, Tex.....	1				1
Denver, Colo.....	2				2
New Orleans, La.....	7				7
Western region.....	62	1			62
Anchorage, Alaska.....	1				1
Honolulu, Hawaii.....	6				6
Los Angeles, Calif.....	17	1			16
Phoenix, Ariz.....	10				11
Portland, Oreg.....	3				3
Reno, Nev.....	1				1
San Francisco, Calif.....	17				17
Seattle, Wash.....	7				7
Total.....	369	16	10	9	335

<sup>1</sup> This figure includes 1 target selected for audit only which was subsequently referred to the Intelligence Division.

## AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES

	Audit cases selected	Received from Intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Termination of assessment	
North Atlantic region.....	11	3	6		7	13
Boston.....	2				2	2
Brooklyn.....	5	1			4	2
Hartford.....		1				1
Manhattan.....	4	1	6		1	10
Mid-Atlantic region (Philadelphia).....	1	0				1
Southeast region.....	10	2	3	4		11
Atlanta.....		1	1			2
Greensboro.....	1					1
Jacksonville.....	9	1	2	4		8
Central region (Detroit).....	1	1				2
Midwest region.....	5	2			2	5
Chicago.....	3	2			1	4
St. Louis.....	2				1	1
Southwest region.....	2	2			2	2
Albuquerque.....	1	1			1	1
Austin.....	1	1			1	1
Western region.....	14				3	11
Los Angeles.....	5				2	3
Phoenix.....	2				1	1
San Francisco.....	7					7
Total.....	44	10	9	4	14	45

APRIL 11, 1972.

To: Director, Office of Law Enforcement.

From: Assistant Commissioner (Compliance).

Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
Progress Report for Month of March 1972.

## ADMINISTRATION

During March, Chiefs and ARC's Intelligence and Audit Divisions, representing major Internal Revenue Service Districts, attended meetings which were held in Alexandria, Virginia. Representatives from your office, Chief Counsel's office and the IRS National Office staff addressed the meetings. The principal reason for holding these sessions (there were two two-day meetings) was to offer a forum for "problem area discussions" and to give the participants the opportunity to verbalize their ideas on how the operation and administration of this important program might be improved.

Discussions at the meetings included the use of tax year terminations and jeopardy assessments. It was apparent that maximum use of our procedures in this area has contributed significantly to our goals of taking the profits out of narcotic trafficking. It has also served to cement our relations with the enforcement community as accolades have been received from enforcement officials in many of our districts concerning our use of the procedures.

Comments during the meetings also indicated significant improvements in our criminal case review procedures. This is evidenced by the two convictions which occurred in Miami, Florida, during the last two weeks. Both of these cases were selected by the Target Selection Committee on September 22, 1971, and assigned for investigation on September 29, 1971. The investigations were completed and reviewed by Service and Justice attorneys by December 23, 1971, on which date they were forwarded to the United States Attorney for processing.

#### TARGET SELECTION

The Target Selection Committee met twice in March. On March 14, 1972, 71 targets were selected; 55 were designated as joint investigations; and the remaining 16 were selected as Audit targets. On March 29, 1972, 46 targets were selected. All were assigned for joint investigations. Thus far, the Committee has selected 472 joint targets and 58 Audit targets for a total of 530. You will recall that our PMS report projected total selections, as of June 30, 1972, of 400 targets. Total selections by that date probably will exceed 600 and could reach the 700 figure.

#### OPERATIONS

The Narcotics Traffickers Program is now showing tangible results. In March alone, 8 joint investigations were completed which resulted in prosecution recommendations, and 12 were concluded with nonprosecution recommendations.

Through March 31, 1972, completed Audit examinations, relative to selected targets, have resulted in proposed assessments of \$10.5 million in additional taxes and penalties. Spontaneous assessments, i.e., terminations of tax years and jeopardy assessments involving arrested narcotics violators (including 12 targets), totaled an additional \$21.2 million. Seizures of cash and property reported, thus far, totaled nearly \$4 million, of which \$3.6 million was cash.

To date, 24 joint investigations have been concluded with prosecution recommendations. Of these, 12 have progressed to the stage where the subjects have been indicted. The trials of 4 of those 12 targets have been concluded with all defendants involved having been found guilty. Two of the convictions relate to cases that were initiated under other programs, and subsequently adopted into NTP.

The attachment to this report is a geographical schedule which sets forth target selection, case dispositions and current inventories.

JOHN F. HANLON,  
*Assistant Commissioner (Compliance).*

Attachments.

MAY 10, 1972.

To: Director, Office of Law Enforcement  
From: Assistant Commissioner (Compliance)  
Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
Progress Report for Month of April 1972.

#### ADMINISTRATION

In April, the IRS designated 36 employees (33 special agents and 3 revenue agents) to be assigned as IRS liaison officers to the Drug Abuse Law Enforcement (DALE) program. It is anticipated that through close coordination and efficient exchange of intelligence information DALE and NTP can complement each other, and both will make significant contributions to the federal anti-drug campaign. The Audit and Intelligence Divisions are making arrangements to conduct a two-day seminar in Washington which will be attended by all of the agents assigned. The purpose of the seminar is to familiarize the Representatives with NTP and to define the role they will play in the DALE program. Disclosure statutes and general operating policy will also play a major role in the discussions.

On April 26, 1972, a manual supplement was issued covering Appellate Division procedures in this program. Procedures have now been established in all operating divisions and the Office of the Chief Counsel.

#### TARGET SELECTION

The Target Selection Committee met on April 27, 1972, and selected 73 targets. Of these, 56 were designated as joint targets and the remaining 17 were selected as Audit targets. Thus far, the Committee has selected 528 joint targets and 75 Audit targets for a total of 603.

#### OPERATIONS

Significant progress was made during April toward developing a computer program involving telephone toll calls between major narcotics traffickers. We are now in the process of making a "test run" based on toll information in our possession. In the event this proves successful we will solicit similar information relative to all targets currently under investigation. We anticipate that the information, when correlated, will not only assist the field in ongoing investigations but will contribute significantly to the identification of other major traffickers.

We are also in the process of obtaining information from our field offices which will enable us to include all targets in the Bureau of Customs' computer system (Customs Automatic Data Processing Intelligence Network—CADPIN). When completed, we believe this will contribute materially to both agencies' narcotics programs. Customs investigators will automatically become aware of the fact that we have information relative to the individuals concerned. At the same time, agents and inspectors at border crossings will be alerted to our interest in the travel habits of the targets, and to cash or other valuables which may be declared at such crossings.

A quantitative evaluation of the results, thus far, in the Narcotics Traffickers Project relating to prosecution recommendations, indictments, convictions, and civil dispositions indicates that we have exceeded our projections in practically all categories outlined in our Performance Measurement System Report. It is anticipated that this trend will continue and that overall results will continue to surpass previous expectations.

Through April 30, 1972, completed audits of selected targets have resulted in proposed assessments of \$12.8 million in additional tax and penalties. Of this amount, regular assessments accounted for \$3.6 million and jeopardy assessments for \$9 million. Spontaneous assessments, i.e., terminations of tax years and jeopardy assessments involving arrested narcotics violators (including 16 targets) totaled \$25.8 million. Total assessments, since the inception of this program, total in excess of \$38 million. Seizures of cash and property reported to date amount to \$5.6 million, of which \$4.8 million was cash.

To date, 70 joint investigations have been concluded, 29 of which resulted in prosecution recommendations. Of the latter, 14 have advanced to the stage where the subjects have been indicted. The trials of 5 of those defendants have been concluded with all of them having been found guilty.

The attachment to his report is a geographical schedule which sets forth target selections, case dispositions, and current inventories.

J. C. STIGMIRE,  
*Acting Assistant Commissioner (Compliance).*

Attachment.

MAY 10, 1972.

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From: Assistant Commissioner (Compliance).

Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
Progress Report for Month of April 1972.

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J. C. STIGAMIRE,  
*Acting Assistant Commissioner (Compliance).*

Attachments

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES

	Joint target selection	Prosecutions	W/D	Transfer to audit	Open cases
North Atlantic region.....	124	6	11	6	101
Albany, N.Y.....	3				3
Boston, Mass.....	9				9
Brooklyn, N.Y.....	29	2	4		23
Buffalo, N.Y.....	9				9
Portsmouth, N.H.....	2				2
Hartford, Conn.....	10		2		8
Manhattan, N.Y.....	60	4	5	6	45
Providence, R.I.....	1				1
Augusta, Maine.....	1				1
Mid-Atlantic region.....	93	6	2		85
Baltimore, Md.....	19	3	1		15
Newark, N.J.....	29	1	1		27
Philadelphia, Pa.....	23				23
Pittsburgh, Pa.....	12	2			10
Richmond, Va.....	10				10
Southeast region.....	82	4	7	3	68
Atlanta, Ga.....	19		2	1	16
Columbia, S.C.....	5				5
Greensboro, N.C.....	10	1			9
Jackson, Miss.....	1				1
Jacksonville, Fla.....	43	3	5	2	33
Nashville, Tenn.....	3				3
Birmingham, Ala.....	1				1
Central region.....	50	4	2		44
Cincinnati, Ohio.....	3				3
Cleveland, Ohio.....	7				7
Detroit, Mich.....	32	3	2		27
Indianapolis, Ind.....	7	1			6
Parkersburg, W. Va.....	1				1
Midwest region.....	36	3	2		31
Chicago, Ill.....	29	1	2		26
St. Louis, Mo.....	5	2			3
St. Paul, Minn.....	1				1
Milwaukee, Wis.....	1				1
Southwest region.....	60	2	11		47
Albuquerque, N. Mex.....	8		2		6
Austin, Tex.....	32	2	6		24
Dallas, Tex.....	1		1		0
Denver, Colo.....	7				7
New Orleans, La.....	12		2		10
Western region.....	83	4	6		75
Anchorage, Alaska.....	1				1
Honolulu, Hawaii.....	7				7
Los Angeles, Calif.....	19	1	4		14
Phoenix, Ariz.....	16		1		16
Portland, Oreg.....	8				8
Reno, Nev.....	2				2
Salt Lake City, Utah.....	2				2
San Francisco, Calif.....	21	2	1		19
Seattle, Wash.....	7	1			6
Total.....	528	29	41	9	451

1 This figure includes 1 target selected for audit only which was subsequently referred to the Intelligence Division.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, APR. 30, 1972**

	Audit cases selected	Received from intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Termina- tion of assessment	
North Atlantic region.....	21	11	6	1	7	30
Boston.....	2				2	
Brooklyn.....	11	4			4	11
Hartford.....		2				2
Manhattan.....	8	5	6	1	1	17
Mid-Atlantic region.....	6	2				8
Baltimore.....	1	1				2
Newark.....	3	1				4
Philadelphia.....	2					2
Southeast region.....	14	7	3	6		18
Atlanta.....		2	1			3
Greensboro.....	3					3
Jacksonville.....	11	5	2	6		12
Central region.....	1	2		1		2
Detroit.....		2		1		1
Indianapolis.....	1					1
Midwest region.....	10	2		1	2	9
Chicago.....	7	2		1	1	7
St. Louis.....	2				1	1
St. Paul.....	1					1
Southwest region.....	5	11		4	2	10
Albuquerque.....	1	2		1	1	1
Austin.....	2	6		3	1	4
Dallas.....	1	1				2
Denver.....	1					1
New Orleans.....		2				2
Western region.....	18	6		3	1	20
Los Angeles.....	5	4		2	1	6
Phoenix.....	4	1		1		4
Reno.....	1					1
San Francisco.....	7	1				8
Seattle.....	1					1
Total.....	75	41	9	16	12	97

JUNE 9, 1972.

To: Director, Office of Law Enforcement.

From: Assistant Commissioner (Compliance).

Subject: Presidential Program for Tax Investigation of Narcotics Traffickers  
Progress Report for Month of May 1972.



## ADMINISTRATION

In May, a member of the Intelligence Division's National Office staff spoke before a group of agents of the Bureau of Customs. The agents in attendance are all scheduled to be assigned to foreign posts of duty. The purpose of the presentation was to familiarize the agents with the Narcotics Traffickers Project and to solicit their aid in obtaining information from overseas sources relative to the financial aspects of narcotics smuggling.

The Operations Branch of the Intelligence Division's National Office is being realigned. The realignment will provide for the involvement of the entire branch in NTP instead of the limited personnel now assigned. Branch personnel will be in a better position to service our field offices with regard to all functions. This will give the field one course contact point in the National Office for all programs.

The realignment should not adversely affect NTP as the position of Project Manager will be retained. The Project Manager will continue to have overall responsibility for NTP with all target selections, NTP projects, and case closings under his control. He will also have the responsibility of overseeing the project with the objective of achieving geographical and organizational coverage, while the day-to-day coordinating activity will be maintained by the Branch as a whole.

## TARGET SELECTION

The Target Selection Committee met on May 31, 1972, and selected 116 targets. Of these, 102 were designated as joint targets and the remaining 14 were selected as Audit targets. Thus far, the Committee has selected 629 joint targets and 89 Audit targets for a total of 718.

The report for April 1972 reported a total of 603 targets. During May it was determined that an individual who operates in various states was identified as a target in two districts. In light of this, the target total as of April 1972 has been changed to 602 targets.

## OPERATIONS

Through May 31, 1972, completed audits of selected targets have resulted in proposed assessments of \$13.4 million in additional taxes and penalties. Of this amount, regular assessments accounted for \$4.2 million and jeopardy assessments for \$9.2 million. Spontaneous assessments, i.e., terminations of tax years and jeopardy assessments, involving arrested narcotics violators totaled \$36.1 million. Assessments since the inception of the program total in excess of \$49.5 million. Seizures of cash and property, reported to date, amount to \$7.8 million, of which \$6.7 million was cash.

A Manhattan target, described by BNDD as the most substantial narcotics trafficker ever identified, was the subject of the largest assessment to date in the project. A jeopardy assessment of \$2,834,700 for the year 1971 was executed and \$1,678,100 in cash was seized. The funds were originally seized by the Bureau of Narcotics and Dangerous Drugs; and following the establishment of the jeopardy assessment, they were turned over to the IRS. The actual transfer of the money received substantial newspaper publicity in New York.

In May, 11 joint investigations were completed with prosecution recommendations, and 17 were concluded with nonprosecution recommendations. To date, 99 joint investigations have been concluded, 40 of which resulted in prosecution recommendations. Nineteen of the individuals involved have already been indicted. To date, 6 of the indictments have been disposed of with convictions.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions, and current inventories.

JOHN F. HANLON,  
Assistant Commissioner (Compliance).

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, MAY 31, 1972

	Joint target selection	Prosecutions	W/D	Transfer to audit	Open cases
North-Atlantic region.....	135	7	18	6	104
Albany, N.Y.....	3				3
Boston, Mass.....	10				10
Brooklyn, N.Y.....	32	2	6		24
Buffalo, N.Y.....	9				9
Portsmouth, N.H.....	3				2
Hartford, Conn.....	11		2		9
Manhattan, N.Y.....	66	5	10	6	45
Providence, R.I.....	1				1
Augusta, Maine.....	1				1
Mid-Atlantic region.....	131	10	4		117
Baltimore, Md.....	19	4	1		14
Newark, N.J.....	42	1	3		38
Philadelphia, Pa.....	37				37
Pittsburgh, Pa.....	15	5			10
Richmond, Va.....	18				18
Southeast region.....	86	7	9	3	68
Atlanta, Ga.....	19		3	1	15
Columbia, S.C.....	5				5
Greensboro, N.C.....	12	1			11
Jackson, Miss.....	1				1
Jacksonville, Fla.....	44	16	6	2	31
Nashville, Tenn.....	4				4
Birmingham, Ala.....	1				1
Central region.....	67	5	4		58
Cincinnati, Ohio.....	6				6
Cleveland, Ohio.....	7				7
Detroit, Mich.....	46	3	4		39
Indianapolis, Ind.....	7	2			5
Parkersburg, W. Va.....	1				1
Midwest region.....	42	3	3		36
Chicago, Ill.....	31	1	3		27
St. Louis, Mo.....	5	2			3
St. Paul, Minn.....	1				1
Milwaukee, Wis.....	1				1
Springfield, Ill.....	4				4
Southwest region.....	66	2	12		52
Albuquerque, N. Mex.....	8		2		6
Austin, Tex.....	35	2	6		27
Dallas, Tex.....	2		1		1
Denver, Colo.....	7				7
New Orleans, La.....	12		3		9
Little Rock, Ark.....	2				2
Western region.....	102	6	8	1	89
Anchorage, Alaska.....	1				1
Honolulu, Hawaii.....	7		1		6
Los Angeles, Calif.....	29	3	5	1	20
Phoenix, Ariz.....	20		1		20
Portland, Oreg.....	9				9
Reno, Nev.....	2				2
Salt Lake City, Utah.....	2				2
San Francisco, Calif.....	22	2	1		20
Seattle, Wash.....	10	1			9
Total.....	629	40	58	10	524

<sup>1</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>2</sup> This figure includes 1 target selected as an audit target which was subsequently referred to the Intelligence Division.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, MAY 31, 1972**

	Audit cases selected	Received from intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Termination of assessment	
North Atlantic region.....	25	18	6	4	7	38
Albany.....	1					1
Boston.....	2				2	
Brooklyn.....	10	6			4	12
Hartford.....		2				2
Manhattan.....	12	10	6	4	1	23
Mid-Atlantic region.....	19	4				14
Baltimore.....	1	1				2
Newark.....	6	3				9
Philadelphia.....	2					2
Richmond.....	1					
Southeast region.....	14	9	3	10		16
Atlanta.....		3	1	2		2
Greensboro.....	3					3
Jacksonville.....	11	6	2	8		11
Central region.....	3	4		1		6
Detroit.....	2	4		1		5
Indianapolis.....	1					1
Midwest region.....	12	3		1	2	12
Chicago.....	9	3		1	1	10
St. Louis.....	2				1	1
St. Paul.....	1					1
Southwest region.....	5	12		5	2	10
Albuquerque.....	1	2		1	1	1
Austin.....	2	6		3	1	4
Dallas.....	1	1				2
Denver.....	1					2
New Orleans.....		3		1		
Western region.....	18	8	1	3	1	23
Hawaii.....		1				1
Los Angeles.....	5	5	1	2	1	8
Phoenix.....	4	1		1		4
Reno.....	1					1
San Francisco.....	7	1				8
Seattle.....	1					1
Total.....	87	58	10	24	12	119

JULY 13, 1972.

To: Director, Office of Law Enforcement.

From: Assistant Commissioner (Compliance).

Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
Progress Report for Month of June 1972.

In June, supplemental guidelines were issued to the IRS DALE representatives. Subsequently, two DALE representatives were assigned to assist the National Office staff in the preparation of a manual supplement on IRS participation in the DALE Program. The supplement has been completed and is currently being reviewed.

All of the DALE representatives are scheduled to attend a two-day seminar to define their responsibilities and to discuss the relationship between DALE and NTP.

Members of the National Office Intelligence Division staff have been meeting regularly with Dr. Edwin I. Golding of your staff. Progress has been made toward implementation of the Narcotics Traffickers Information System which was developed by Dr. Golding. It is anticipated that the output from this computer system will provide your office, as well as IRS district offices, with valuable information on identified targets.

#### TARGET SELECTION

The Target Selection Committee met on June 21, 1972, and selected 75 targets. Of these, 68 were designated as joint targets and 7 were selected as Audit targets. Thus far, the Committee has selected 699 joint targets and 94 Audit targets for a total of 793.

For the first time, since the inception of the program, all of the selected joint targets were not referred to the district offices for investigation. The Phoenix District does not have sufficient manpower available to conduct additional investigations at this time. Consequently, 10 target cases are being retained in the National Office until such time as the manpower situation improves. We have exceeded our commitment of 400 technical positions assigned to this program, and without a supplemental appropriation additional manpower simply is not available.

Manpower shortage has become a critical problem for a number of districts. They will likely be in the same position as Phoenix very soon. A study is currently being made and a detailed report on this situation, as it effects the entire program, will be submitted to your office during July 1972.

#### OPERATIONS

In June, 11 investigations were initiated on individuals who allegedly are members of the "Brotherhood of Eternal Love." The Brotherhood is an organization which is international in scope and, according to knowledgeable law enforcement officials, controls the flow of all hashish from Afghanistan. The 11 Brotherhood targets are considered to be financiers and operational leaders of this smuggling system. It is anticipated that if the results of these investigations are positive additional Brotherhood targets will be recommended to the Target Selection Committee. These investigations are being coordinated with BNDD and Customs.

In Vermont, U.S. Customs agents seized \$300,000 and a small quantity of hashish from three individuals at the Canadian border. IRS was notified and immediate steps were taken to terminate the subjects' tax years, and assessments were made against each individual. The money was subsequently turned over to IRS to satisfy the assessments.

Through June 30, 1972, completed audits of selected targets have resulted in proposed assessments of \$13.6 million in additional taxes and penalties. Of this amount, regular assessments accounted for \$4.4 million and jeopardy assessments for \$9.2 million. Spontaneous assessments involving arrested narcotics violators totaled \$40.6 million. Assessments, since the inception of the program, total in excess of \$54.2 million. Seizures of cash and property reported to date amount to \$8.5 million, of which \$7.2 was cash.

In June 1972, 16 joint investigations were completed with prosecution recommendations and 20 were concluded with nonprosecution recommendations. To date, 134 joint investigations have been completed, 56 of which resulted in prosecution recommendations. Twenty-two of the individuals involved have been indicted and 7 of the indictments have been disposed of with convictions. It is interesting to note that the Performance Measurement Systems Report for Fiscal Year 1972 projected 40 prosecution recommendations, 8 indictments and 4 convictions.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON,  
Assistant Commissioner (Compliance).

Attachment.

JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JUNE 30, 1972

	Joint target selection	Prosecutions	W/D	Transfer to audit	Open joint cases
North Atlantic region.....	146	11	24	6	105
Albany, N.Y.....	3				3
Augusta, Maine.....	1				1
Boston, Mass.....	10	1			9
Brooklyn, N.Y.....	37	2	8		27
Buffalo, N.Y.....	9				9
Hartford, Conn.....	12		3		9
Manhattan, N.Y.....	71	8	12	6	45
Portsmouth, N.H.....	2		1		1
Providence, R.I.....	1				1
Mid-Atlantic region.....	142	10	7		125
Baltimore, Md.....	22	4	1		17
Newark, N.J.....	43	1	5		37
Philadelphia, Pa.....	38		1		37
Pittsburgh, Pa.....	15	5			10
Richmond, Va.....	23				23
Wilmington, Del.....	1				1
Southeast region.....	99	12	13	3	72
Atlanta, Ga.....	19		6	1	12
Birmingham, Ala.....	2				2
Columbia, S.C.....	5	1			4
Greensboro, N.C.....	13	1			12
Jackson, Miss.....	1				1
Jacksonville, Fla.....	54	10	7	2	136
Nashville.....	5				5
Central region.....	75	5	3		67
Cincinnati, Ohio.....	9				9
Cleveland, Ohio.....	7				7
Detroit, Mich.....	51	3	3		45
Indianapolis, Ind.....	7	2			5
Parkersburg, W. Va.....	1				1
Midwest region.....	45	5	4		36
Chicago, Ill.....	31	3	4		24
Milwaukee, Wis.....	1				1
St. Louis, Mo.....	8	2			6
St. Paul, Minn.....	1				1
Springfield, Ill.....	4				4
Southwest region.....	67	2	16		49
Albuquerque, N. Mex.....	8		2		6
Austin, Tex.....	36	2	9		25
Dallas, Tex.....	2		1		1
Denver, Colo.....	7				7
Little Rock, Ark.....	2				2
New Orleans, La.....	12		4		8
Western region.....	125	11	11	1	104
Anchorage, Alaska.....	1				1
Honolulu, Hawaii.....	10	1	1		8
Los Angeles, Calif.....	34	4	6	1	23
Phoenix, Ariz.....	31	3	1		28
Portland, Oreg.....	11		1		10
Reno, Nev.....	2				2
Salt Lake City, Utah.....	2				2
San Francisco, Calif.....	24	2	1		22
Seattle, Wash.....	10	1	1		8
Total.....	699	56	78	10	558

<sup>1</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>2</sup> This figure includes 1 target selected as an audit target which was subsequently referred to the Intelligence Division.

<sup>3</sup> The above-listed figure includes 10 targets which were selected in June 1972, but because of "manpower shortages" were not assigned to the district offices. These cases are being retained in the office of the program manager, Intelligence until such time as the Phoenix district has sufficient manpower to conduct the investigations.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JUNE 30, 1972**

	Audit cases selected	Received from Intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Termination of assessment	
North Atlantic region.....	26	24	6	7	7	42
Albany.....	1					1
Boston.....	2				2	
Brooklyn.....	10	8			4	14
Hartford.....		3				3
Manhattan.....	13	12	6	7	1	23
Portsmouth.....		1				1
Mid-Atlantic region.....	11	6				17
Baltimore.....	1	1				2
Newark.....	7	4				11
Philadelphia.....	2	1				3
Richmond.....	1					1
Southeast region.....	14	13	3	10		20
Atlanta.....		6	1	2		5
Greensboro.....	3					3
Jacksonville.....	11	7	2	8		12
Central region.....	3	4		2		5
Detroit.....	2	4		2		4
Indianapolis.....	1					1
Midwest region.....	12	4		2	2	12
Chicago.....	9	4		2	1	10
St. Louis.....	2				1	1
St. Paul.....	1					1
Southwest region.....	8	16		8	2	14
Albuquerque.....	1	2		1	1	1
Austin.....	5	9		5	1	8
Dallas.....	1	1		1		1
Denver.....	1					1
New Orleans.....		4		1		3
Western region.....	20	11	1	9	1	22
Honolulu.....		1				1
Los Angeles.....	5	6	1	8	1	3
Phoenix.....	4	1		1		4
Portland.....		1				1
Reno.....	1					1
San Francisco.....	9	1				10
Seattle.....	1	1				2
Total.....	94	78	10	38	12	132

August 16, 1972.

Memorandum to: Director, Office of Law Enforcement.  
 From: Acting Assistant Commissioner (Compliance).  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of July 1972.

## ADMINISTRATION

In July, four two-day meetings were held in the National Office. Intelligence Division Chiefs representing 22 of our major districts, along with their NTP group supervisors, met with the National Office Staff to evaluate the various district operations. Representatives from your office and Chief Counsel's office addressed the meetings. The primary reason for conducting these meetings was to discuss various investigative techniques being utilized throughout the country in this program and to identify problems encountered in field investigations. It is anticipated that similar sessions will be held periodically in order to offer a forum for "idea exchanging."

Discussions at these meetings indicated that as a result of our activity in this program the Internal Revenue Service has established strong relationships with state and local enforcement agencies. One of the reasons for this is the extensive, expeditious use of spontaneous assessments. The law enforcement community recognizes the important role that the Internal Revenue Service is playing in the federal anti-drug campaign, and we are receiving cooperation at all levels.

During the week of July 17, 1972, the IRS-DALE Representatives attended a three-day seminar conducted by DALE. At the conclusion of this seminar the representatives attended a one-day meeting conducted by the IRS Narcotics Program Manager. The representatives were given the opportunity to discuss matters of mutual interest with you and members of the National Office Staff. A manual supplement detailing their duties and responsibilities is currently being reviewed and should be issued shortly.

Our computer analysis of traffickers' toll calls (Operation ROJA) has become operational, and we have received our first printout from the Data Center. Although we encountered some problems gaining access to computer time, these problems appear to have been resolved. We are optimistic that we will be able to have some output to the districts within the month of August.

## TARGET SELECTION

The Target Selection Committee met on July 27, 1972, and selected 53 targets. Of these, 43 were designated as joint targets and 10 were selected as Audit Targets. Thus far, the Committee has selected 740 joint targets and 104 Audit targets for a total of 844. As in June, manpower shortages have required us to retain some of the selected targets in the National Office.

## OPERATIONS

Through July 31, 1972, completed audits of selected targets have resulted in proposed assessments of \$32.2 million in additional taxes and penalties. Of this amount, regular assessments accounted for \$4.9 million and spontaneous assessments for \$27.3 million. Spontaneous assessments involving arrested narcotics violators, who are not targets of this program, totaled \$30.3 million. Total assessments made since the inception of the program exceeded \$62.5 million. Seizures of cash and property amounted to \$9.8 million, of which \$8.4 million was cash.

In July, 3 joint investigations were completed with prosecution recommendations, and 20 were concluded with nonprosecution recommendations. To date, 155 joint investigations have been completed, 59 of which resulted in prosecution recommendations. Twenty-five of the individuals involved have been indicted and 7 of the indictments have been disposed of with convictions. The remaining 34 prosecution cases are being reviewed.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions, and current inventories.

JOSEPH G. MCGOWAN,  
Acting Assistant Commissioner (Compliance).

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JULY 31, 1972

	Joint target selection	Prosecutions	W/D	Transfer to audit	Open joint cases
North Atlantic region.....	151	11	35	6	99
Albany, N.Y.....	4		1		3
Augusta, Maine.....	1				1
Boston, Mass.....	10	1			9
Brooklyn, N.Y.....	39	2	9		28
Buffalo, N.Y.....	11		3		8
Hartford, Conn.....	12		3		9
Manhattan, N.Y.....	71	8	17	6	40
Portsmouth, N.H.....	2		2		
Providence, R.I.....	1				1
Mid-Atlantic region.....	148	11	12		125
Baltimore, Md.....	25	5	1		19
Newark, N.J.....	45	1	8		36
Philadelphia, Pa.....	39		2		37
Pittsburgh, Pa.....	15	5	1		9
Richmond, Va.....	23				23
Wilmington, Del.....	1				1
Southeast region.....	114	12	15	3	84
Atlanta, Ga.....	24		6	1	17
Birmingham, Ala.....	5				5
Columbia, S.C.....	5	1			4
Greensboro, N.C.....	13	1			12
Jackson, Miss.....	1				1
Jacksonville, Fla.....	60	10	9	2	39
Nashville, Tenn.....	6				6
Central region.....	80	5	4		71
Cincinnati, Ohio.....	9				9
Cleveland, Ohio.....	7				7
Detroit, Mich.....	52	3	4		45
Indianapolis, Ind.....	7	2			5
Parkersburg, W. Va.....	1				1
Louisville, Ky.....	4				4
Midwest region.....	44	5	2		37
Chicago, Ill.....	30	3	2		25
Milwaukee, Wis.....	1				1
St. Louis, Mo.....	8	2			6
St. Paul, Minn.....	1				1
Springfield, Ill.....	4				4
Southwest region.....	75	3	17		55
Albuquerque, N. Mex.....	10		2		8
Austin, Tex.....	37	2	10		25
Dallas, Tex.....	3	1	1		1
Denver, Colo.....	7				7
Little Rock, Ark.....	2				2
New Orleans, La.....	13		4		9
Oklahoma City, Okla.....	3				3
Western region.....	123	12	11	1	106
Anchorage, Alaska.....	1				1
Honolulu, Hawaii.....	10	1	1		8
Los Angeles, Calif.....	34	5	6	1	22
Phoenix, Ariz.....	31	3	1		28
Portland, Oreg.....	11		1		10
Reno, Nev.....	2				2
Salt Lake City, Utah.....	2				2
San Francisco, Calif.....	26	2	1		24
Seattle, Wash.....	11	1	1		9
Total.....	740	159	96	10	577

<sup>1</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>2</sup> This figure includes 1 target selected as an audit target which was subsequently referred to the Intelligence Division.

<sup>3</sup> These figures include targets which have been selected, but because of "manpower shortages" were not assigned to the district offices. These cases are being retained in the office of the program manager, Intelligence until such time as sufficient manpower to conduct the investigations becomes available.



GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DEPOSITIONS, AND DISTRICT INVENTORIES,  
JULY 31, 1972

	Audit cases selected	Received from intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Term. assess.	
North Atlantic region.....	29	35	6	9	7	54
Albany.....	2	1				3
Boston.....	2				2	
Brooklyn.....	11	9		1	4	15
Buffalo.....		3				3
Hartford.....	1	3				4
Manhattan.....	13	17	6	8	1	27
Portsmouth.....	2	2				2
Mid-Atlantic region.....	12	11		1		22
Baltimore.....	1	1				2
Newark.....	7	7		1		13
Philadelphia.....	2	2				4
Pittsburgh.....		1				1
Richmond.....	2					2
Southeast region.....	16	15	3	10		24
Atlanta.....		6	1	2		5
Birmingham.....	1					1
Greensboro.....	3					3
Jacksonville.....	12	9	2	8		15
Central region.....	3	5		2		6
Detroit.....	2	5		2		5
Indianapolis.....	1					1
Midwest region.....	12	4		2	2	12
Chicago.....	9	4		2	1	10
St. Louis.....	2				1	1
St. Paul.....	1					1
Southwest region.....	8	17		8	2	15
Albuquerque.....	1	2		1	1	1
Austin.....	5	10		5	1	9
Dallas.....	1	1		1		1
Denver.....	1					1
New Orleans.....		4		1		3
Western region.....	24	11	1	11	1	24
Honolulu.....		1				1
Los Angeles.....	5	6	1	9	1	2
Phoenix.....	4	1		1		4
Portland.....		1				1
Reno.....	1					1
San Francisco.....	12	1		1		12
Seattle.....	2	1				3
Total.....	104	98	10	43	12	157

SEPTEMBER 13, 1972.

Memorandum to: Deputy Assistant Secretary for Enforcement.  
 From: Assistant Commissioner (Compliance).  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of August 1972.

## ADMINISTRATION

In August, the computer analysis of telephone toll calls made by selected targets disclosed that targets in Nashville, Atlanta, and Philadelphia had called a target in New York. Further inquiries revealed that some of these individuals, along with other targets, had met in Houston, Texas, in July 1971 and appear to be closely connected in a large-scale narcotics distribution system. Identification of the system should lead to additional members of this organization. Dr. Edwin Golding has cooperated in the computer project and is currently designing a program that will expedite the analysis through the further use of computers. This will be of great assistance and will be a significant contribution to NTP.

During the month of August, a meeting was held with Mr. Philip Smith, Bureau of Narcotics and Dangerous Drugs, who advised that BNDD is anxious to offer the Internal Revenue Service assistance in obtaining information from foreign countries. They will also be furnishing information on American Nationals involved in international narcotics trafficking.

## TARGET SELECTION

The Target Selection Committee met on August 30, 1972, and selected 72 targets. Of these, 63 were designated as joint targets and 9 were selected as Audit targets. Thus far, the Committee has selected 803 joint targets and 113 Audit targets, for a total of 916. Manpower shortages continue to exist and 45 targets are now being retained in the National Office.

## NARCOTICS PROJECT ASSESSMENTS

During the 14-month period ended August 31, 1972, total assessments proposed against selected targets amounted to \$35.0 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$26.6 million including jeopardy assessments of \$18.9 million. Termination of taxable period assessments against targets amounted to \$8.4 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$31.2 million. Thus, total assessments against target and non-target cases amounted to \$66.2 million. Seizures of cash and property amounted to \$11.0 million, of which \$9.3 million was cash.

## OPERATIONS

Twenty joint investigations were completed with prosecution recommendations and 11 were concluded with nonprosecution recommendations in August. To date, 186 joint investigations have been completed, 79 of which resulted in prosecution recommendations. Thirty-nine of the individuals involved have been indicted and 11 of the indictments have been disposed of with convictions. The remaining 29 prosecution cases are being reviewed.

The Swiss Ministry of Justice recently disclosed that it had frozen more than \$500,000 hidden in secret Swiss bank accounts by international narcotics traffickers. The freezing of three numbered accounts marked the first moves against the use of Swiss banks by narcotics traffickers. One of the drug operators, who had \$104,000 in a secret account, is an Audit target under investigation in the program.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions, and current inventories.

JOSEPH G. MCGOWAN,  
*Assistant Commissioner (Compliance).*

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, AUG. 31, 1972

	Joint target selection	Prosecu- tions	W/D	Transfer to audit	Open joint cases	Joint targets selected, held in national office <sup>1</sup>
North Atlantic region.....	166	14	38	6	108	9
Albany, N.Y.....	4		1		3	
Augusta, Maine.....	1				1	
Boston, Mass.....	19	3			16	9
Brooklyn, N.Y.....	40	2	10		28	
Buffalo, N.Y.....	12	1	3		9	
Hartford, Conn.....	12	1	3		8	
Manhattan, N.Y.....	74	8	19	6	41	
Portsmouth, N.H.....	3		1		1	
Providence, R.I.....	1				1	
Mid-Atlantic region.....	160	12	11		137	11
Baltimore, Md.....	30	6	1		23	4
Newark, N.J.....	50	1	7		42	7
Philadelphia, Pa.....	39		2		37	
Pittsburgh, Pa.....	16	5	1		10	
Richmond, Va.....	24				24	
Wilmington, Del.....	1				1	
Southeast region.....	120	15	16	3	86	7
Atlanta, Ga.....	28	3	6	1	18	
Birmingham, Ala.....	5				5	
Columbia, S.C.....	5	1			4	
Greensboro, N.C.....	14	1			13	
Jackson, Miss.....	1				1	
Jacksonville, Fla.....	61	10	10	2	39	7
Nashville, Tenn.....	6				6	
Central region.....	90	9	6		75	5
Cincinnati, Ohio.....	13				13	
Cleveland, Ohio.....	8				8	
Detroit, Mich.....	56	7	6		43	5
Indianapolis, Ind.....	8	2			6	
Louisville, Ky.....	4				4	
Parkersburg, W. Va.....	1				1	
Midwest region.....	49	7	2		40	
Chicago, Ill.....	30	3	2		25	
Milwaukee, Wis.....	2				2	
St. Louis, Mo.....	12	4			8	
St. Paul, Minn.....	1				1	
Springfield, Ill.....	4				4	
Southwest region.....	76	3	17		56	
Albuquerque, N. Mex.....	10		2		8	
Austin, Tex.....	38	2	10		26	
Dallas, Tex.....	3	1	1		1	
Denver, Colo.....	7				7	
Little Rock, Ark.....	2				2	
New Orleans, La.....	13		4		9	
Oklahoma City, Okla.....	3				3	
Western region.....	142	19	17	1	107	13
Anchorage, Alaska.....	1				1	
Honolulu, Hawaii.....	10	1	1		8	
Los Angeles, Calif.....	40	6	10	1	23	
Phoenix, Ariz.....	34	3	2		30	13
Portland, Oreg.....	12		1		11	
Reno, Nev.....	2				2	
Salt Lake City, Utah.....	2				2	
San Francisco, Calif.....	27	5	2		21	
Seattle, Wash.....	14	4	1		9	
Total.....	803	79	107	10	609	45

<sup>1</sup> Because of manpower shortages these cases are being retained in the office of the program manager, intelligence, until such time as sufficient manpower to conduct the investigations becomes available. They are included in the open inventories of these districts.

<sup>2</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>3</sup> This figure includes 1 target selected as an audit target which was subsequently referred to the intelligence division.

JOINT TARGETS.— GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, AUG. 31, 1972

	Audit cases selected	Received from intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Termination of assessment	
North Atlantic region.....	34	38	6	18	7	53
Albany.....	6	1				7
Boston.....	2				2	
Brooklyn.....	12	10		2	4	16
Buffalo.....		3				3
Hartford.....	1	3		1		3
Manhattan.....	13	19	6	15	1	22
Portsmouth.....		2				2
Mid-Atlantic region.....	12	11		1		22
Baltimore.....	1	1				2
Newark.....	7	7		1		13
Philadelphia.....	2	2				4
Pittsburgh.....		1				1
Richmond.....	2					2
Southeast region.....	17	16	3	11		25
Atlanta.....		6	1	3		4
Birmingham.....	1					1
Greensboro.....	3					3
Jacksonville.....	13	10	2	8		17
Central region.....	3	6		2		7
Detroit.....	2	6		2		6
Indianapolis.....	1					1
Midwest region.....	15	4		3	2	14
Chicago.....	9	4		2	1	10
St. Louis.....	5			1	1	3
St. Paul.....	1					1
Southwest region.....	8	17		9	2	14
Albuquerque.....	1	2		1	1	1
Austin.....	5	10		6	1	3
Dallas.....	1	1		1		1
Denver.....	1					1
New Orleans.....		4		1		3
Western region.....	24	17	1	12	1	29
Honolulu.....		1				1
Los Angeles.....	5	10	1	9	1	6
Phoenix.....	4	2		1		5
Portland.....		1				1
Revo.....	1					1
San Francisco.....	12	2		2		12
Seattle.....	2	1				3
Total.....	113	109	10	56	12	164

OCTOBER 13, 1972.

To: Deputy Assistant Secretary for Enforcement.  
 From: Assistant Commissioner (Compliance) CP:I:O.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of September 1972.

## ADMINISTRATION

In September, representatives of IRS, Customs, ATF, Secret Service and Main Treasury attended a meeting with an official of the Office of National Narcotics Intelligence (ONNI). The mission of this new agency has been defined as service for other agencies. They are trying to determine what information is available on narcotics traffickers and how they will be able to service the various law enforcement agencies involved in the federal anti-drug campaign. Further meetings will be held in order to determine what assistance ONNI will offer the Narcotics Traffickers Program.

A meeting was held with the agent in charge of the Bureau of Custom's Money Monitoring Project. In connection with that Project, Customs has compiled a Financial Document Collection System (FDCS) in which 37 individuals have been identified who are listed in FDCS and CADPIN. We expect to initiate background inquiries on all of these subjects.

The Program Manager (Intelligence) met with the agent-in-charge of all narcotics intelligence gathering for the Bureau of Narcotics and Dangerous Drugs for the New York Metropolitan Area. It was agreed that a monthly meeting between BNDD and the IRS narcotics group supervisors from Manhattan, Brooklyn and Newark would be beneficial. Such a meeting would keep them all abreast of our program and should aid in developing new targets.

On Tuesday, September 19, 1972, members of Narcotics Section (Audit) made a presentation to the Regional Fraud Analysts. The objectives and accomplishments to date in the program were outlined and the analysts were encouraged to offer advice and suggestions on improving the Narcotics Program.

## TARGET SELECTION

The Target Selection Committee met on September 26, 1972, and selected 95 targets. Of these, 86 were designated as joint targets and 9 were selected as Audit targets. Thus far, the Committee has selected 889 joint targets and 122 Audit targets, for a total of 1,011. Manpower shortages continue to exist and 68 targets are now being retained in the National Office.

## NARCOTICS PROJECT ASSESSMENTS

During the 15-month period ended September 30, 1972, total assessments proposed against selected targets amounted to \$35.6 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$27.1 million including jeopardy assessments of \$18.9 million. Termination of taxable period assessments against targets amounted to \$8.5 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$33.3 million. Thus, total assessments against target and non-target cases amounted to \$68.9 million. Seizures of cash and property amounted to \$11.7 million, of which \$10.1 million was in cash.

## OPERATIONS

In September, 13 joint investigations were completed with prosecution recommendations and 20 were concluded with nonprosecution recommendations. To date, 219 joint investigations have been completed, 92 of which resulted in prosecution recommendations. Forty-six of the individuals involved have been indicted and 15 of the indictments have been disposed of with convictions. The remaining 31 cases are being reviewed.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON,  
Assistant Commissioner (Compliance).

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, SEPT. 30, 1972

	Joint target selection	Prosecu- tions	W/D	Transfer to audit	Open joint cases	Joint targets selected held in national office <sup>1</sup>	Pending indict- ments	Convic- tions
North Atlantic region.....	174	16	39	6	113	9	5	1
Albany, N.Y.....	6		1		5			
Augusta, Maine.....	1				1			
Boston, Mass.....	19	3			16	9	2	
Brooklyn, N.Y.....	43	3	11		29		2	1
Buffalo, N.Y.....	14		3		11			
Hartford, Conn.....	13	1	3		9			
Manhattan, N.Y.....	74	9	19	6	40		1	
Portsmouth, N.H.....	3		2		1			
Providence, R.I.....	1				1			
Mid-Atlantic region.....	190	12	16		162	23	2	4
Baltimore, Md.....	32	6	2		24	4	2	3
Newark, N.J.....	54	1	10		43	8		
Philadelphia, Pa.....	39		3		36			
Pittsburgh, Pa.....	38	5	1		32	11		1
Richmond, Va.....	26				26			
Wilmington, Del.....	1				1			
Southeast region.....	123	21	19	3	80	1	12	5
Atlanta, Ga.....	29	4	6	1	18			
Birmingham, Ala.....	5				5			
Columbia, S.C.....	5	2			3		2	
Greensboro, N.C.....	14	1	1		12			1
Jackson, Miss.....	1				1			
Jacksonville, Fla.....	62	14	12	2	<sup>2</sup> 34	1	10	4
Nashville, Tenn.....	4				7			
Central region.....	98	10	7		81	7	4	2
Cincinnati, Ohio.....	16		1		15	1		
Cleveland, Ohio.....	3				3			
Detroit, Mich.....	59	7	6		46	6	3	1
Indianapolis, Ind.....	10	3			7		1	1
Louisville, Ky.....	4				4			
Parkersburg, W. Va.....	1				1			
Midwest region.....	62	9	5		48		2	2
Chicago, Ill.....	39	3	5		31		2	
Millwaukee, Wis.....	2				2			
Omaha, Nebr.....	2				2			
St. Louis, Mo.....	12	6			6			2
St. Paul, Minn.....	3				3			
Springfield, Ill.....	4				4			
Southwest region.....	82	5	21		56			
Albuquerque, N. Mex.....	10	1	3		6			
Austin, Tex.....	40	2	12		26			
Dallas, Tex.....	3	1	1		1			
Denver, Colo.....	11	1	1		9			
Little Rock, Ark.....	2				2			
New Orleans, La.....	13		4		9			
Oklahoma City, Okla.....	3				3			
Western region.....	160	19	20	1	122	28	6	1
Anchorage, Alaska.....	1				1			
Honolulu, Hawaii.....	10	1	1		8			
Los Angeles, Calif.....	40	6	10	1	23		1	
Phoenix, Ariz.....	51	3	3		<sup>3</sup> 46	28		
Portland, Ore.....	13		1		12			
Reno, Nev.....	2				2			
Salt Lake City, Utah.....	2				2			
San Francisco, Calif.....	27	5	2		<sup>3</sup> 21		3	
Seattle, Wash.....	14	4	3		7		2	1
Total.....	889	92	127	10	662	68	31	15

<sup>1</sup> Because of "manpower shortages" these cases are being retained in the office of the program manager, intelligence until such time as sufficient manpower to conduct the investigations becomes available. They are included in the open inventories of these districts.

<sup>2</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>3</sup> This figure includes 1 target selected as an audit target which was subsequently referred to the Intelligence Division.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, SEPT. 29, 1972**

	Audit cases selected	Received from Intelligence		Closed		Open inventory
		W/D	Transfer	Examined	Termination of assessment	
North Atlantic region .....	36	39	6	21	7	53
Albany .....	6	1				7
Boston .....	2				2	
Brooklyn .....	12	11		3	4	16
Buffalo .....	1	3				4
Hartford .....	1	3		1		3
Manhattan .....	14	19	6	17	1	21
Portsmouth .....		2				2
Mid-Atlantic region .....	13	16		6		23
Baltimore .....	1	2		1		2
Newark .....	8	10		3		15
Philadelphia .....	2	3		2		3
Pittsburgh .....		1				1
Richmond .....	2					2
Southeast region .....	17	19	3	16		23
Atlanta .....		6	1	3		4
Birmingham .....	1					1
Greensboro .....	3	1				4
Jacksonville .....	13	12	2	13		14
Central region .....	4	7		4		7
Cincinnati .....		1				1
Detroit .....	3	6		4		5
Indianapolis .....	1					1
Midwest region .....	18	5		3	2	18
Chicago .....	11	5		2	1	13
St. Louis .....	5			1		3
St. Paul .....	1					1
Omaha .....	1					1
Southwest region .....	9	21		11	2	17
Albuquerque .....	1	3		1	1	2
Austin .....	6	12		7	1	10
Dallas .....	1	1		2		
Denver .....	1	1				2
New Orleans .....		4		1		3
Western region .....	25	20	1	12	1	33
Honolulu .....		1				1
Los Angeles .....	5	10	1	9	1	6
Phoenix .....	4	3		1		6
Portland .....		1				1
Reno .....	1					1
San Francisco .....	12	2		2		12
Seattle .....	3	3				6
Total .....	122	127	10	73	12	174

NOVEMBER 17, 1972.

To: Deputy Assistant Secretary for Enforcement.  
 From: Assistant Commissioner (Compliance) CP.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of October 1972.

**ADMINISTRATION**

During the month of October, preliminary steps were taken toward the formulation of Project *MINT* (Monetary Intelligence on Narcotic Traffickers). This project will attempt to determine the methods used by narcotic traffickers to conceal ownership of assets and to trace the flow of funds and securities into and out of this country. We are hopeful that Project *MINT* will provide assistance

and coordination to the various districts in developing financial intelligence for the Narcotic Program. It will operate in conjunction with Strike Force 18.

We are in the process of compiling the data necessary to input all NTP targets into *CADPIN* (*Customs ADP Intelligence Network*). Although we have encountered some technical and manpower problems, we are optimistic that we will have this accomplished by the end of this year. This will give us access to monetary intelligence gathered by Customs, and will also enable us to track all NTP targets in and out of the United States.

A Central Law Enforcement Information and Communication System for Treasury Enforcement Agencies is to be established by December 31, 1972. This system will provide a common communication network linking Treasury Enforcement Agencies to a central treasury computer system. We anticipate installing terminals in the National Office and every Regional Office by March 31, 1973. In the interim, we will have coverage through Intelligence or ATF terminals at all of the above locations by the end of this year.

We have queried all of our districts relative to requests for foreign information needed in narcotic investigations. As this information is received and assimilated it will be forwarded to your office.

The gathering of quality narcotic intelligence is the foundation upon which this program is built. In this regard, the Narcotic Program Manager and the Technical Development Branch, Intelligence Division, National Office have been working with various Regional Offices to develop training programs for narcotic intelligence gathering. We have scheduled seminars for the Central and Southwest Regions for the latter part of this year.

#### TARGET SELECTION

The Target Selection Committee met on October 30, 1972, and selected 96 targets. Of these, 73 were designated as joint targets and 23 were selected as Audit Targets. To date, the committee has selected 962 joint targets and 145 Audit Targets for a total of 1107. Manpower shortages continue to exist and 75 targets are now being retained in the National Office.

#### NARCOTICS PROJECT ASSESSMENTS

During the 16-month period ended October 31, 1972, total assessments proposed against selected targets amounted to \$37.9 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$29.3 million including jeopardy assessments of \$18.9 million. Termination of taxable period assessments against targets amounted to \$8.6 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$40.2 million. Thus, total assessments against target and non-target cases amounted to \$78.1 million. Seizures of cash and property amounted to \$13.3 million, of which \$11.5 million was in cash.

#### OPERATIONS

In October, an income tax indictment was returned against the head of a major heroin network on the West Coast. This indictment was the end result of an intensive investigation by our special agents using a "team" concept and working closely with various Federal and State narcotic investigative agencies.

During the month of October, 43 joint investigations were completed. Twenty-five resulted in prosecution recommendations and 18 were concluded with non-prosecution recommendations. Thus far, 262 joint investigations have been completed, of which 117 resulted in prosecution recommendations. Seventy-six of the individuals involved have been indicted and 18 of the indictments have resulted in conviction.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions, and current inventories.

JOHN F. HANLON,  
Assistant Commissioner (Compliance).

Attachment.



DECEMBER 21, 1972.

To: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
From: Assistant Commissioner (Compliance) CP:I:O.  
Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
Progress Report for Month of November 1972.

## ADMINISTRATION

During the month of November, the Director and Program Manager, Intelligence Division met with John Ingersoll, Director BNDD. The purpose of the meeting was to assess the program to date and determine what could be done by both agencies to accomplish the overall program objectives. Subsequently, arrangements were made for the Program Manager to be briefed on the six operational programs BNDD has throughout the world. We have also made arrangements to have all of our targets run against the new BNDD classification system to determine their current level.

We have been working closely with U.S. Customs Service in their Financial Monitoring projects. Arrangements have been made for Intelligence personnel (one full time and two part time) to work with Customs on the Project. Customs is going to brief the Director, Intelligence on these projects in December. We are hopeful that these projects will provide significant narcotic intelligence for the overall program.

The President signed the 4.5 million dollar supplemental appropriation for the narcotic program. When the additional hiring is accomplished, this will bring us to a total strength of 270 revenue agents and 368 special agents working full time on the program. In order to support the additional personnel two special agents have been hired to work in the National Office under the direction of the Narcotic Program Manager—Intelligence. Their primary responsibility will be Target Selection and they will work closely with the districts in identifying new targets.

We are making arrangements to have all of our NTP targets checked against the Interpol Central Index System. In addition, we are setting up a permanent alpha file on NTP targets for Interpol so that any intelligence developed by them will be transmitted to the Program Manager. We have also furnished a list of NTP targets to the Narcotic Program Manager, ATP for intelligence purposes.

## TARGET SELECTION

The Target Selection Committee met on November 28, 1972, and selected 68 targets. Of these, 57 were designated as joint targets and 11 were selected as Audit Targets. To date, the committee has selected 1,019 joint targets and 156 Audit Targets for a total of 1,175. Manpower shortages continue to exist in Intelligence and 88 targets are now being retained in the National Office.

## NARCOTICS PROJECT ASSIGNMENTS

During the 17-month period ended November 30, 1972, total assessments proposed against selected targets amounted to \$39.7 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$30.5 million including jeopardy assessments of \$19.4 million. Termination of taxable period assessments against targets amounted to \$9.2 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$42.8 million. Thus, total assessments against target and non-target cases amounted to \$82.5 million. Seizures of cash and property amounted to \$14.6 million, of which \$12.4 million was in cash.

## OPERATIONS

During the month of November, 24 joint investigations were completed. Eight resulted in prosecution recommendations and 16 were concluded with tax prosecution recommendations. Thus far, 286 joint investigations have been completed, of which 125 resulted in prosecution recommendations. Eighty-two of the individuals involved have been indicted and 21 of the indictments have resulted in convictions.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.



**CONTINUED**

**1 OF 6**

## AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, NOV. 30, 1972

	Audit targets selected	Received from intelligence		Referred to intel- ligence	Closed		Open inventory
		W/D	Transfer		Examined	Termina- tion of assess- ment	
North Atlantic region.....	46	48	6	4	26	7	63
Albany.....	7	1					8
Boston.....	4					2	2
Brooklyn.....	13	13		3		4	14
Buffalo.....	3	4			5		5
Hartford.....	1	3			1		3
Manhattan.....	18	25	6	1	18	1	29
Portsmouth.....		2					2
Mid-Atlantic region.....	18	21		2	10		27
Baltimore.....	2	2					4
Newark.....	11	12		1	8		14
Philadelphia.....	2	4		1	2		3
Pittsburgh.....	1	2					3
Richmond.....	2						2
Wilmington.....		1					1
Southeast region.....	18	21	3		14		28
Atlanta.....		6	1		4		3
Birmingham.....	1						1
Greensboro.....	3	1					4
Jacksonville.....	14	14	2		10		20
Central region.....	10	8		1	4		13
Cincinnati.....		1					1
Cleveland.....	6						6
Detroit.....	3	7		1	4		5
Indianapolis.....	1						1
Midwest region.....	27	8		2	3	2	28
Chicago.....	11	8			3	1	15
Milwaukee.....	2						2
Omaha.....	1						1
St. Louis.....	9			2		1	6
St. Paul.....	1						1
Springfield.....	3						3
Southwest region.....	11	23			13	2	19
Albuquerque.....	1	3			1	1	2
Austin.....	8	13			8	1	12
Dallas.....	1	1			1		1
Denver.....	1	1					2
New Orleans.....		5			3		2
Western region.....	27	32	1	6	17	1	36
Honolulu.....		1					1
Los Angeles.....	5	13	1		14	1	4
Phoenix.....	4	6		1	1		8
Portland.....		4					4
Reno.....	1						1
San Francisco.....	12	5		5	1		11
Seattle.....	5	3			1		7
Total.....	157	161	10	15	87	12	214

JANUARY 11, 1973.

To: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
 From: Assistant Commissioner (Compliance) CP:I:O.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of December, 1972.

## ADMINISTRATION

During the month of December, the U.S. Customs Service briefed the Director, Intelligence Division and members of his staff on Customs' Financial Monitoring projects. Emphasis will continue to be placed on these projects by both agencies. Significant narcotics intelligence, beneficial to Customs and IRS, should be forthcoming from these efforts.

The Bureau of Narcotics and Dangerous Drugs furnished the Intelligence Division with a listing of the major narcotic violators included in their new Geo-Drug Enforcement Program (G-DEP). The names included many significant violators who were previously unknown to the IRS. This information is being disseminated to our district offices with instructions to do extensive background investigations in order to determine if the subjects would make appropriate targets for the Narcotics Traffickers Program.

## TARGET SELECTION

The Target Selection Committee did not meet in December. The meeting was held on January 4, 1973.

## NARCOTICS PROJECT ASSESSMENTS

During the 18-month period ended December 31, 1972, total assessments proposed against selected targets amounted to \$41.3 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$32.2 million including jeopardy assessments of \$19.9 million. Termination of taxable period assessments against targets amounted to \$9.1 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$46.3 million. Thus, total assessments against target and non-target cases amounted to \$87.6 million. Seizures of cash and property amounted to \$15.5 million, of which \$13.2 million was in cash.

## OPERATIONS

During December, 47 joint investigations were completed. Seventeen resulted in prosecution recommendations and 30 were concluded with nonprosecution recommendations. Thus far, 333 joint investigations have been completed, of which 141 resulted in prosecution recommendations. Sixty-six of the individuals involved have been indicted and 22 of the indictments have resulted in convictions.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

## JOINT TARGETS.—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, DEC. 31, 1972

	Joint target selection	Pro- sec- utions	W/D	Transfer to audit	Open joint cases	Joint targets selected, held in national office <sup>1</sup>	Total indict- ments	Convic- tions
North Atlantic region.....	196	20	52	6	118	12	6	
Albany, N.Y.....	7		1		6			
Augusta, Maine.....	1				1			
Boston, Mass.....	20	3			17	10	2	1
Brooklyn, N.Y.....	46	4	13		29		3	1
Buffalo, N.Y.....	17	1	4		12	2		
Hartford, Conn.....	15	1	3		11			
Manhattan, N.Y.....	80	11	29	6	34		1	
Portsmouth, N.H.....	4		2		2			
Providence, R.I.....	6				6			
Mid-Atlantic region.....	194	23	33	1	137	24	11	7
Baltimore, Md.....	34	9	2	1	22	5	7	6
Newark, N.J.....	55	2	13		40	9	1	
Philadelphia, Pa.....	40	1	15		24		1	
Pittsburgh, Pa.....	38	9	2		27	10	2	1
Richmond, Va.....	26	2			24			
Wilmington, Del.....	1		1					
Southeast region.....	154	31	28	3	92	2	21	5
Atlanta, Ga.....	31	9	10	1	11		4	
Birmingham, Ala.....	12				12			
Columbia, S.C.....	5	2			3		2	
Greensboro, N.C.....	14	3	2		9		1	1
Jackson, Miss.....	2				3			
Jacksonville, Fla.....	81	16	16	2	47	2	14	4
Nashville, Tenn.....	8	1			7			
Central region.....	122	12	10		100	8	6	3
Cincinnati, Ohio.....	17		1		16	1		
Cleveland, Ohio.....	19				19			
Detroit, Mich.....	68	9	9		50	7	4	2
Indianapolis, Ind.....	11	3			8		2	1
Louisville, Ky.....	6				6			
Parkersburg, W. Va.....	1				1			
Midwest region.....	73	16	9		48	5	7	2
Aberdeen, S. Dak.....	1				1			
Chicago, Ill.....	39	8	9		22		2	
Des Moines, Iowa.....	4				4	2		
Milwaukee, Wis.....	3	1			2		1	
Omaha, Nebr.....	2				2			
St. Louis, Mo.....	12	6			6		4	2
St. Paul, Minn.....	4				4			
Springfield, Ill.....	8	1			7	3		
Southwest region.....	95	10	24		61		4	
Albuquerque, N. Mex.....	10	3	3		4			
Austin, Tex.....	43	4	13		26		2	
Dallas, Tex.....	7	1	1		5		1	
Denver, Colo.....	11	1	2		8			
Little Rock, Ark.....	3				3			
New Orleans, La.....	17	1	5		11		1	
Oklahoma City, Okla.....	3				3			
Wichita, Kans.....	1				1			
Western region.....	185	29	5	1	122	18	11	3
Anchorage, Alaska.....	1	1						
Honolulu, Hawaii.....	10	1	1		8			
Los Angeles, Calif.....	40	7	14	1	18		2	1
Phoenix, Ariz.....	57	4	7		47	18	2	1
Portland, Oreg.....	18	4	4		10			
Reno, Nev.....	4		1		3			
Salt Lake City, Utah.....	6				6			
San Francisco, Calif.....	30	7	5		19		4	
Seattle, Wash.....	19	5	3		11		3	1
Total.....	1,019	141	191	11	678	69	66	22

<sup>1</sup> Because of manpower shortages these cases are being retained in the office of the program manager, intelligence, until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>3</sup> They are included in the open inventories of these districts. In addition, 1 defendant was acquitted.

<sup>4</sup> This figure includes 1 target selected as an audit target which was subsequently referred to the intelligence division.

**AUDIT TARGETS.—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, DEC. 31, 1972**

	Audit targets selected	Received from intelligence		Referred to intelligence	Closed	Open inventory
		W/O	Transfer			
North Atlantic region.....	46	52	6	4	37	63
Albany.....	7	1				8
Boston.....	4				2	2
Brooklyn.....	13	13		3	10	13
Buffalo.....	3	4			2	5
Hartford.....	1	3			1	3
Manhattan.....	18	29	6	1	22	30
Portsmouth.....		2				2
Mid-Atlantic region.....	18	34		2	12	38
Baltimore.....	2	3				5
Newark.....	11	13		1	9	14
Philadelphia.....	2	15		1	2	14
Pittsburgh.....	1	2				3
Richmond.....	2					2
Wilmington.....		1			1	
Southeast region.....	18	28	3		20	29
Atlanta.....		10	1		7	4
Birmingham.....	1					1
Greensboro.....	3	2				5
Jacksonville.....	14	16	2		13	19
Central region.....	10	10		1	4	15
Cincinnati.....		1				1
Cleveland.....	6					6
Detroit.....	3	9		1	4	7
Indianapolis.....	1					1
Midwest region.....	27	9		2	5	29
Chicago.....	11	9			4	16
Milwaukee.....	2					2
Omaha.....	1					1
St. Louis.....	9			2	1	6
St. Paul.....	1					1
Springfield.....	3					3
Southwest region.....	11	24			15	20
Albuquerque.....	1	3			2	2
Austin.....	8	13			9	12
Dallas.....	1	1			1	1
Denver.....	1	2				3
New Orleans.....		5			3	2
Western region.....	27	35	1	6	21	36
Honolulu.....		1				1
Los Angeles.....	5	14	1		15	5
Phoenix.....	4	7		1	2	8
Portland.....		4				4
Reno.....	1	1				2
San Francisco.....	12	5		5	3	9
Seattle.....	5	3			1	7
Total.....	157	192	10	15	114	230

FEBRUARY 16, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
 From: Assistant Commissioner (Compliance) CP:I.O.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers.  
 Progress Report for Month of January, 1973.

## ADMINISTRATION

During the month of January, Dr. Edwin I. Golding of your staff met with representatives of the Audit and Intelligence Divisions. The subject of these meetings was effective utilization of the Nareo Traffickers Computer System. The information contained in this system is available for interfacing with other data banks. Dr. Golding has strived to minimize clerical work for the Service while presenting opportunities for computer systems to complement each other.

Meetings with representatives of the Office of Management and Budget were also held during January. OMB suggested that the quarterly Performance Management System (PMS) Report be consolidated as much as possible and that new areas of measurement be included in future reports. The PMS report for the second quarter of Fiscal Year 1973 reflects some adjustments as requested by OMB.

The Narcotic Program Manager—Intelligence has been designated as the IRS representative on the Cabinet Committee on International Narcotics Control (CCINC) Research and Development Subcommittee. We forwarded a report to the committee through your office detailing IRS's participation in the overall anti-drug effort. We are optimistic that the committee will provide a forum for the exchange of narcotic intelligence.

## TARGET SELECTION

The Target Selection Committee met on January 4, 1973 and selected 61 targets. Of these 41 were designated as joint targets and 20 were selected as Audit Targets. To date, the committee has selected 1060 joint targets and 177 Audit Targets for a total of 1237. Intelligence Division manpower shortages continue to exist in some districts and 49 joint targets are now retained in the National Office.

## NARCOTICS PROJECT ASSESSMENTS

During the 19-month period ended January 31, 1973, total assessments proposed against selected targets amounted to \$50.7 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$34.3 million including jeopardy assessments of \$20.7 million. Termination of taxable period assessments against targets amounted to \$16.4 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$51.3 million. Thus, total assessments against target and non-target cases amounted to \$102.0 million. Seizures of cash and property amounted to \$16.7 million.

## OPERATIONS

During the month of January, 54 joint investigations were completed. Twelve resulted in prosecution recommendations and 42 were concluded with non-prosecution recommendations. Thus far, 386 joint investigations have been completed, of which 153 resulted in prosecution recommendations. Seventy-two of the individuals involved have been indicted and 25 of the indictments have resulted in convictions.

The convictions in January of two significant narcotics traffickers should be noted. An individual, identified as the major source of heroin and cocaine in the Fort Wayne, Indiana area, was convicted on three counts of tax evasion and received the maximum sentence allowed under the law, 15 years in prison and a \$30,000 fine. A Detroit heroin wholesaler with nationwide connections was convicted on two counts of tax evasion and sentenced to serve 10 years in prison.

During January, a Brooklyn target, described by BNDD as a primary supplier for pure heroin throughout the eastern seaboard, was indicted for income tax violations in addition to related narcotic charges. The individual's 1972 tax year was terminated and an assessment of \$7 million was made. Through coordinated efforts in Las Vegas, New York and Atlanta, assets totaling approximately \$1.5 million have been levied on.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.



## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JAN. 31, 1973

	Technical personnel assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases	Joint targets selected held in national office <sup>1</sup>	Total indict- ments	Convic- tions
North Atlantic region	61	199	23	61	6	113		7	2
Albany, N.Y.	1	7	2	1		4			
Augusta, Maine	1	1				1			
Boston, Mass.	5	20	3			17		2	1
Brooklyn, N.Y.	18	48	5	17		29		4	1
Buffalo, N.Y.	4	17	1	4		12			
Hartford, Conn.	5	15	1	3		11			
Manhattan, N.Y.	25	81	11	34	6	31		1	
Portsmouth, N.H.		4		2		2			
Providence, R.I.	2	6				6			
Mid-Atlantic region	47	206	26	38	1	143	24	15	7
Baltimore, Md.	8	36	9	3	1	23	5	8	
Newark, N.J.	11	59	2	17		41	9	2	
Philadelphia, Pa.	13	46	2	15		30		2	
Pittsburgh, Pa.	9	38	9	2		27	10	2	1
Richmond, Va.	6	25	4			22		1	
Wilmington, Del.		1		1					
Southeast region	56	160	31	36	3	91		21	
Atlanta, Ga.	6	31	9	10	1	11		4	
Birmingham, Ala.	4	12				12			
Columbia, S.C.	5	5	2			3		2	
Greensboro, N.C.	4	16	3	2		11		1	
Jackson, Miss.	4	3				3			
Jacksonville, Fla.	28	85	16	24	2	44		14	
Nashville, Tenn.	5	8	1			7			
Central region	45	130	13	13		105	2	6	
Cincinnati, Ohio	7	17		2		15	1		
Cleveland, Ohio	10	22				22			
Detroit, Mich.	14	72	10	10		53	1	4	
Indianapolis, Ind.	8	12	3	1		8		2	
Louisville, Ky.	5	6				6			
Parkersburg, W. Va.	1	1				1			
Midwest region	38	79	16	15		50	5	7	
Aberdeen, S. Dak.		1				1			
Chicago, Ill.	15	43	8	12		23		2	
Des Moines, Iowa	1	4				4	2		
Milwaukee, Wis.	4	4	1			3		1	
Omaha, Nebr.	2	2				2			
St. Louis, Mo.	7	13	6	2		27		4	
St. Paul, Minn.	3	4		1		3			
Springfield, Ill.	6	8	1			7	3		
Southwest region	31	95	10	29		56		4	
Albuquerque, N. Mex.	1	10	3	5		2			
Austin, Tex.	12	43	4	15		24		2	
Dallas, Tex.	3	7	1	1		5		1	
Denver, Colo.	4	11	1	3		7			
Little Rock, Ark.	1	3				3			
New Orleans, La.	7	17	1	5		11		1	
Oklahoma City, Okla.	2	3				3			
Wichita, Kans.	1	1				1			
Western region	56	191	34	41	1	121	18	12	3
Anchorage, Alaska	1	1	1	1		8			
Honolulu, Hawaii	4	10	1	1		17		2	1
Los Angeles, Calif.	20	40	7	15	1	17		2	1
Phoenix, Ariz.	9	59	7	11		42	18	2	
Portland, Oreg.	5	18	4	4		10			
Reno, Nev.	1	4		1		3			
Salt Lake City, Utah	1	5				6			
San Francisco, Calif.	11	33	9	5		24		4	
Seattle, Wash.	4	20	5	4		11		4	1
National office	4								
Total	338	1,060	153	233	11	679	49	72	25

<sup>1</sup> Because of "manpower shortages" these cases are being retained in the office of the program manager, intelligence, until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> This figure includes targets selected as audit targets which were subsequently referred to the Intelligence Division.

<sup>3</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

Note: In addition, 1 defendant was acquitted.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JAN. 31, 1973**

	Audit targets selected	Received from intelligence		Referrals accepted by intelligence	Closed	Open inventory
		W/D	Transfer			
North Atlantic region.....	46	61	6	4	44	65
Albany.....	7	1				8
Boston.....	4				2	2
Brooklyn.....	13	17		3	12	15
Buffalo.....	3	4			2	5
Hartford.....	1	3			1	3
Manhattan.....	18	34	6	1	27	30
Portsmouth.....		2				2
Mid-Atlantic region.....	32	37		2	14	53
Baltimore.....	2	3			1	4
Newark.....	11	15		1	9	16
Philadelphia.....	16	16		1	2	29
Pittsburgh.....	1	2				3
Richmond.....	2				1	1
Wilmington.....		1				
Southeast region.....	18	37	3	1	24	33
Atlanta.....		10	1		7	4
Birmingham.....	1					1
Greensboro.....	3	2				5
Jacksonville.....	14	25	2	1	17	23
Central region.....	12	13		1	5	19
Cincinnati.....		2				2
Cleveland.....	7					7
Detroit.....	4	10		1	5	8
Indianapolis.....	1	1				2
Midwest region.....	31	17		3	8	37
Chicago.....	15	14		1	6	22
Milwaukee.....	2					2
Omaha.....	1					1
St. Louis.....	9	2		2	1	8
St. Paul.....	1	1			1	1
Springfield.....	3					3
Southwest region.....	11	29			16	24
Albuquerque.....	1	5			2	4
Austin.....	8	15			10	13
Dallas.....	1	1			1	1
Denver.....	1	3				4
New Orleans.....		5			3	2
Western region.....	27	41	1	8	23	38
Honolulu.....		1				1
Los Angeles.....	5	15	1		15	6
Phoenix.....	4	11		1	4	10
Portland.....		4				4
Reno.....	1	1				2
San Francisco.....	12	5		7	3	7
Seattle.....	5	4			1	8
Total.....	177	235	10	19	134	269

MARCH 13, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
 From: Assistant Commissioner (Compliance) CP:I:O.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of February, 1973.

## ADMINISTRATION

During the month of February, a meeting was held with the Deputy Regional Directors of the Bureau of Narcotics and Dangerous Drugs. The purpose of this meeting was to inform them of the Narcotics Traffickers Program, its objectives and accomplishments to date. They were receptive and interested and voiced their continued support for the program.

A four-day training seminar regarding the Treasury Enforcement Communication System (TECS) was held during the week of February 26 at the Bureau of Customs, Cadpin Computer Center in San Diego, California. All enforcement agencies of Treasury participated. The agenda of the seminar consisted of a phase of training necessary to develop a critical area of technical expertise, essential to the Narcotics Traffickers Program.

## TARGET SELECTION

The Target Selection Committee met on February 14, 1973 and selected 110 targets. Of these, 81 were designated as joint targets and 29 were selected as Audit targets. To date, the committee has selected 1143 joint targets and 206 Audit targets for a total of 1349. Intelligence Division manpower shortages continue to exist in most districts. Because of this, 52 joint targets are now being temporarily retained in the National Office until manpower becomes available.

## NARCOTICS PROJECT ASSESSMENTS

During the 20-month period ended February 28, 1973 total assessments proposed against selected targets amounted to \$53.6 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$37.1 million including jeopardy assessments of \$21.6 million. Termination of taxable period assessments against targets amounted to \$16.5 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$53.9 million. Thus, total assessments against target and non-target cases amounted to \$107.5 million. Seizures of cash and property amounted to \$17.7 million, of which \$14.4 million was in cash.

## OPERATIONS

During the month of February, 42 joint investigations were completed. Twenty-seven resulted in prosecution recommendations and 15 were concluded with nonprosecution recommendations. Thus far, 428 joint investigations have been completed, of which 180 resulted in prosecution recommendations. Seventy-six of the individuals involved have been indicted and 29 of the indictments have resulted in convictions.

William Hitchcock, a nephew of Andrew Mellon, former Secretary of Treasury, was indicted on February 21, 1973. The case involves three counts of tax evasion for the years 1966-68. Taxes and penalties recommended total \$335,000. Mr. Hitchcock is a target of the Narcotics Program. He is allegedly a financier of the Brotherhood of Eternal Love. The Brotherhood is an international drug smuggling organization.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

## JOINT TARGETS.—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, FEB. 28, 1973

	Technical personnel assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases	Joint targets selected, held in national office <sup>1</sup>	Total indict- ments	Convic- tions
North Atlantic region.....	61	207	24	69	6	110		7	2
Albany, N.Y.....	1	7	2	1		4			
Augusta, Maine.....	1	1				1			
Boston, Mass.....	6	20	3			17		2	1
Brooklyn, N.Y.....	19	48	5	21		23		4	1
Buffalo, N.Y.....	4	17	1	4		12			
Hartford, Conn.....	6	15	1	6		8			
Manhattan, N.Y.....	21	88	12	34	6	27		1	
Portsmouth, N.H.....	1	4				2			
Providence, R.I.....	2	7		1		6			
Mid-Atlantic region.....	47	209	28	41	1	141	17	17	7
Baltimore, Md.....	9	36	9	4	1	22		8	6
Newark, N.J.....	12	61	2	19		240	9	2	
Philadelphia, Pa.....	21	46	3	15		229		3	
Pittsburgh, Pa.....	5	38	10	2		27	8	3	1
Richmond, Va.....	6	26	4			22		1	
Wilmington, Del.....	1	2		1		1			
Southeast region.....	57	170	34	35	3	98	7	22	10
Atlanta, Ga.....	7	33	9	10	1	13		4	2
Birmingham, Ala.....	5	12				12			
Columbia, S.C.....	5	5	3			2		2	1
Greensboro, N.C.....	4	16	3	1		12		1	1
Jackson, Miss.....	1	3				3			
Jacksonville, Fla.....	29	93	17	24	2	59	7	15	6
Nashville, Tenn.....	6	8	2			6			
Central region.....	40	139	17	13		110	6	6	5
Cincinnati, Ohio.....	7	19		2		17	3		
Cleveland, Ohio.....	9	25				25	3		
Detroit, Mich.....	11	75	13	10		253		4	3
Indianapolis, Ind.....	8	13	4	1		8		2	2
Louisville, Ky.....	1	6				6			
Parkersburg, W. Va.....	1	1				1			
Midwest region.....	44	92	17	15		62	3	7	2
Aberdeen, S. Dak.....	1	1				1			
Chicago, Ill.....	15	50	8	12		231		2	
Des Moines, Iowa.....	1	4				4			
Fargo, N. Dak.....	1								
Milwaukee, Wis.....	4	4	1			3		1	
Omaha, Nebr.....	2	2				2			
St. Louis, Mo.....	9	18	6	2		211		4	2
St. Paul, Minn.....	4	5	1	1		3			
Springfield, Ill.....	7	8	1			7	3		
Southwest region.....	40	109	12	30		67		5	
Albuquerque, N. Mex.....	1	11	3	5		3			
Austin, Tex.....	11	50	6	15		29		3	
Cheyenne, Wyo.....	1	1				1			
Dallas, Tex.....	6	11	1	1		9		1	
Denver, Colo.....	11	11	1	4		6			
Little Rock, Ark.....	1	3				3			
New Orleans, La.....	7	18	1	5		12		1	
Oklahoma City, Okla.....	1	3				3			
Wichita, Kans.....	1	1				1			
Western region.....	62	217	48	45	1	125	19	12	3
Anchorage, Alaska.....	1	1	1						
Boise, Idaho.....	1								
Honolulu, Hawaii.....	4	18	6	2		10			1
Los Angeles, Calif.....	20	44	11	17	1	15		2	
Phoenix, Ariz.....	11	61	8	11		243	19	2	1
Portland, Oreg.....	5	22	4	5		13			1
Reno, Nev.....	1	5		1		4			
Salt Lake City, Utah.....	1	10				10			
San Francisco, Calif.....	13	35	12	5		219		4	
Seattle, Wash.....	5	21	6	4		11		4	1
National office.....	4								
Total.....	355	1,143	180	248	11	713	52	76	29

<sup>1</sup> Because of manpower shortages these cases are being retained in the office of the program manager, intelligence, until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> This figure includes targets selected as audit targets which were subsequently referred to the intelligence division.

<sup>3</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>4</sup> In addition, 1 defendant was acquitted.

**AUDIT TARGETS.—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, FEB. 28, 1973**

	Audit targets selected	Received from intelligence		Referrals accepted by intel- ligence	Closed	Open inventory
		W/D	Transfer			
North Atlantic region.....	47	69	6	4	49	69
Albany.....	7	1				8
Boston.....	4				2	2
Brooklyn.....	13	21		3	12	19
Buffalo.....	3	6			3	4
Hartford.....	1	6			1	6
Manhattan.....	19	34	6	1	29	29
Portsmouth.....		2			2	
Providence.....		1				1
Mid-Atlantic region.....	35	39		3	14	57
Baltimore.....	3	4			1	6
Newark.....	13	16		1	9	19
Philadelphia.....	16	16		1	2	29
Pittsburgh.....	1	2				3
Richmond.....	2			1	1	
Wilmington.....		1			1	
Southeast region.....	18	37	3	1	30	27
Atlanta.....		10	1		7	4
Birmingham.....	1					1
Greensboro.....	3	2				5
Jacksonville.....	14	25	2	1	23	17
Central region.....	16	13		1	6	22
Cincinnati.....		2				2
Cleveland.....	7					7
Detroit.....	7	10		1	6	10
Indianapolis.....	1	1				2
Parkersburg.....	1					1
Midwest region.....	38	18		3	9	44
Chicago.....	21	15		1	7	28
Milwaukee.....	2					2
Omaha.....	1					1
St. Louis.....	10	2		2	1	9
St. Paul.....	1	1			1	1
Springfield.....	4					3
Southwest region.....	21	30			18	33
Albuquerque.....	1	5			2	4
Austin.....	17	15			12	20
Dallas.....	1	1			1	1
Denver.....	1	4				5
New Orleans.....		5			3	2
Wichita.....	1					1
Western region.....	31	45	1	8	23	46
Honolulu.....		2				2
Los Angeles.....	5	17	1		15	8
Phoenix.....	4	11		1	4	10
Portland.....		5				5
Reno.....	4	1				5
San Francisco.....	13	5		7	3	8
Seattle.....	5	4			1	8
Total.....	206	251	10	20	149	298

APRIL 16, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
 From: Assistant Commissioner (Compliance).  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of March, 1973.

## ADMINISTRATION

Within the next month, a meeting is planned which will bring together Intelligence and Audit Division Group Supervisors assigned to the Narcotics Program. Also, representatives from the National Office and the various Regional Offices will participate.

The purpose of this meeting is to offer a forum for "problem area discussions" and to present opportunities for an exchange of ideas with the objective of overall program improvements. Among the topics to be covered will be case development and investigative techniques with the emphasis on those areas that have met with success.

Another item of current interest to be covered is the future relationship between the Internal Revenue Service and the newly proposed Drug Enforcement Administration.

## TARGET SELECTION

The Target Selection Committee met on March 20, 1973 and selected 82 targets. Of these, 51 were designated as joint targets and 31 were selected as Audit targets. To date, the committee has selected 1192 joint targets and 237 Audit targets for a total of 1429. Of the 732 open joint investigations, 47 are being retained in the National Office because of manpower shortages within the Intelligence Division.

## NARCOTICS PROJECT ASSESSMENTS

During the 21-month period ended March 31, 1973, total assessments proposed against selected targets amounted to \$57.9 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$40.8 million including jeopardy assessments of \$22.3 million. Termination of taxable period assessments against targets amounted to \$17.1 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$58.2 million. Thus, total assessments against target and non-target cases amounted to \$116.1 million. Seizures of cash and property amounted to \$19.1 million, of which \$15.3 million was in cash.

## OPERATIONS

During March, 50 joint investigations were completed resulting in 18 prosecution and 32 nonprosecution recommendations. To date, the completion of 476 joint investigations has resulted in 197 prosecution recommendations.

Eighty-six individuals have been indicted thus far, resulting in 32 convictions. On March 6, 1973, two NTP targets were sentenced:

Samuel Harris, allegedly the largest narcotics dealer in Pittsburgh, Pennsylvania, was sentenced to 48 months in prison and fined \$13,000 upon conviction on two counts of failure to file income tax returns and one count of income tax evasion.

James Davis, Columbia, South Carolina, entered guilty pleas to three counts of a nine-count indictment. He was sentenced to 24 months in prison and given an additional three-year suspended sentence. Davis is known as one of the most active narcotics dealers in the Southeast.

The U.S. Customs Service and BNDD have recently been involved in an investigation of a massive international smuggling ring. As a result of this effort, the Internal Revenue Service has set up assessments totaling 4.2 million dollars on five individuals. The Collection Division figured prominently in the successful outcome of the above investigation, appropriately named "Operation Catchall."

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

**JOINT TARGETS.—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, MAR. 31, 1973**

	Technical personnel assigned	Joint target selection	Prosecutions	W/D	Transfer to audit	Open joint cases	Joint targets selected, held in national office <sup>1</sup>	Total indictments	Convictions
<b>North Atlantic region.....</b>	<b>62</b>	<b>219</b>	<b>27</b>	<b>73</b>	<b>6</b>	<b>118</b>		<b>9</b>	<b>2</b>
Albany, N.Y.....	1	7	2	1		4			
Augusta, Maine.....	1	1				1			
Boston, Mass.....	6	20	3	1		16		3	1
Brooklyn, N.Y.....	18	55	5	23		31		4	1
Buffalo, N.Y.....	4	17		4		12			
Hartford, Conn.....	5	18	1	7		10			
Manhattan, N.Y.....	23	90	15	34	6	36		2	
Portsmouth, N.H.....	2	4		2		2			
Providence, R.I.....	2	7		1		6			
<b>Mid-Atlantic region.....</b>	<b>50</b>	<b>214</b>	<b>35</b>	<b>45</b>	<b>1</b>	<b>136</b>	<b>7</b>	<b>19</b>	<b>8</b>
Baltimore, Md.....	8	36	12	4	1	19		8	6
Newark, N.J.....	12	62	3	18		42	7	2	
Philadelphia, Pa.....	15	48	6	15		28		3	
Pittsburgh, Pa.....	10	38	10	3		25		3	2
Richmond, Va.....	4	28	4	4		21		3	
Wilmington, Del.....	1	2		1		1			
<b>Southeast region.....</b>	<b>55</b>	<b>182</b>	<b>34</b>	<b>42</b>	<b>3</b>	<b>106</b>	<b>12</b>	<b>22</b>	<b>12</b>
Atlanta, Ga.....	7	34	9	12	1	12		4	3
Birmingham, Ala.....	6	12				12			
Columbia, S.C.....	5	7	2	1		4		1	1
Greensboro, N.C.....	4	16	3	1		12		2	1
Jackson, Miss.....	1	4				4			
Jacksonville, Fla.....	28	101	18	28	2	56	12	15	7
Nashville, Tenn.....	4	8	2			6			
<b>Central region.....</b>	<b>47</b>	<b>145</b>	<b>19</b>	<b>13</b>		<b>114</b>	<b>6</b>	<b>6</b>	<b>5</b>
Cincinnati, Ohio.....	8	19	2	2		15	3		
Cleveland, Ohio.....	9	25				25	3		
Detroit, Mich.....	18	78	13	10		56		4	3
Indianapolis, Ind.....	8	15	4	1		10		2	2
Louisville, Ky.....	3	7				7			
Parkersburg, W. Va.....	1	1				1			
<b>Midwest region.....</b>	<b>44</b>	<b>99</b>	<b>18</b>	<b>19</b>		<b>68</b>	<b>3</b>	<b>7</b>	<b>2</b>
Aberdeen, S. Dak.....	1	1				1			
Chicago, Ill.....	15	51	8	16		31		2	
Des Moines, Iowa.....	1	4				4			
Fargo, N. Dak.....	1								
Milwaukee, Wis.....	5	8	2			6		1	
Omaha, Nebr.....	2	3				3			
St. Louis, Mo.....	8	19	6	2		13		4	2
St. Paul, Minn.....	4	5	1	1		3			
Springfield, Ill.....	7	8	1			7	3		
<b>Southwest region.....</b>	<b>34</b>	<b>113</b>	<b>14</b>	<b>32</b>		<b>69</b>		<b>5</b>	
Albuquerque, N. Mex.....	1	11	3	5		3			
Austin, Tex.....	10	51	6	16		31		3	
Cheyenne, Wyo.....	1	1				1			
Dallas, Tex.....	5	11	1	1		9		1	
Denver, Colo.....	4	12	1	4		7			
Little Rock, Ark.....	1	3		1		2			
New Orleans, La.....	8	20	3	5		12		1	
Oklahoma City, Okla.....	2	3				3			
Wichita, Kans.....	2	1				1			
<b>Western region.....</b>	<b>66</b>	<b>220</b>	<b>50</b>	<b>55</b>	<b>1</b>	<b>121</b>	<b>19</b>	<b>18</b>	<b>3</b>
Anchorage, Alaska.....	0	1	1						
Honolulu, Hawaii.....	4	16	6	4		6		6	
Los Angeles, Calif.....	20	46	11	22	1	12		2	1
Phoenix, Ariz.....	11	61	8	12		42	19	2	
Portland, Ore.....	8	22	4	5		13			
Reno, Nev.....	3	7		2		5			
Salt Lake City, Utah.....	1	9		1		8			
Salt Lake City, Utah.....	14	37	14	5		24		4	
San Francisco, Calif.....	5	21	6	4		11		4	1
Seattle, Wash.....									
<b>National office.....</b>	<b>4</b>								
<b>Total.....</b>	<b>362</b>	<b>1,192</b>	<b>197</b>	<b>279</b>	<b>11</b>	<b>732</b>	<b>47</b>	<b>86</b>	<b>32</b>

<sup>1</sup> Because of manpower shortages these cases are being retained in the office of the program manager, intelligence, until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> This figure includes targets selected as audit targets which were subsequently referred to the intelligence division.

<sup>3</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>4</sup> In addition, 1 defendant was acquitted.

**AUDIT TARGETS.—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, MAR. 31, 1973**

	Audit targets selected	Received from intelligence		Referrals accepted by intelligence	Closed	Open inventory
		W/D	Transfer			
North Atlantic region.....	49	73	6	5	55	68
Albany.....	7	1				8
Boston.....	4				2	2
Brooklyn.....	13	24		4	13	20
Buffalo.....	3	4			3	4
Hartford.....	1	7			1	7
Manhattan.....	21	34	6	1	34	26
Portsmouth.....		2			2	
Providence.....		1				1
Mid-Atlantic region.....	43	45	2	3	24	63
Baltimore.....	3	4	1		3	5
Newark.....	17	17	1	1	10	24
Philadelphia.....	18	16		1	9	24
Pittsburgh.....	1	3				4
Richmond.....	4	4		1	1	6
Wilmington.....		1			1	
Southeast region.....	18	44	4	2	39	25
Atlanta.....		12	1		10	3
Birmingham.....	1					1
Columbia.....		1				1
Greensboro.....	3	2				5
Jacksonville.....	14	29	3	2	29	15
Central region.....	18	13		1	8	22
Cincinnati.....		2				2
Cleveland.....	7					7
Detroit.....	8	10		1	8	9
Indianapolis.....	2	1				3
Parkersburg.....	1					1
Midwest region.....	49	21		6	14	50
Chicago.....	32	18		4	12	34
Milwaukee.....	2					2
Omaha.....	1					1
St. Louis.....	10	2		2	1	9
St. Paul.....	1	1			1	1
Springfield.....	3					3
Southwest region.....	27	32		2	19	38
Albuquerque.....	1	5			2	4
Austin.....	22	16		2	12	24
Dallas.....	1	1			1	1
Denver.....	2	4			1	5
Little Rock.....		1				1
New Orleans.....		5			3	2
Wichita.....	1					1
Western region.....	33	55	1	7	27	55
Honolulu.....		4				4
Los Angeles.....	5	22	1		18	10
Phoenix.....	5	12		1	5	11
Portland.....		5				5
Reno.....	4	2				6
Salt Lake City.....		1				1
San Francisco.....	13	5		6	3	9
Seattle.....	6	4			1	9
Total.....	237	283	13	26	186	321

MAY 17, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.

From: Assistant Commissioner (Compliance), CP:I:O.

Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
Progress Report for the Month of April, 1973.



## ADMINISTRATIVE

During April a meeting was held with the U.S. Customs Service to determine the use of the "Report of International Transportation of Currency or Monetary Instruments Form" for both agencies. The Customs Financial Investigative Unit has the responsibility for storing these forms. They anticipate that by the beginning of FY 74 they will have alphabetized printouts of all individuals detailed on the forms. This information will be furnished to the National Office for dissemination to the field. This should provide invaluable assistance in ongoing investigations as well as identifying new targets.

We now have Treasury Enforcement Communication System terminals in all of our Intelligence Regional Offices. Representatives of the Intelligence Division have met with Chief Counsel and Disclosure Staff and determined that we can input the NTP targets into TECS. Initially the data elements will be limited to: name, address, taxpayer account number (Social Security Number) and date of birth. In addition, it was determined that the above information could be input on Strike Force targets. Procedures are being implemented to protect against unauthorized disclosure of information from the system.

## TARGET SELECTION

The Target Selection Committee met on April 19, 1973 and selected 72 targets. Of these, 50 were designated as joint targets and 22 were selected for independent audit. To date, the Committee has selected 1245 joint targets and 259 Audit targets for a total of 1504. Of the Audit targets selected, 30 have been referred to the Intelligence Division for joint investigation. Of the joint targets, 541 have been closed, 702 cases are under active investigation and 32 are being retained in the National Office due to manpower shortages within the Intelligence Division.

## NARCOTICS PROJECT ASSESSMENTS

During the 22-month period ended April 30, 1973, total assessments proposed against selected targets amounted to \$62.0 million in additional taxes and penalties. Of the amount, assessments resulting from examinations accounted for \$44.6 million including jeopardy assessments of \$23.0 million. Termination of taxable period assessments against targets amounted to \$17.4 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$61.7 million. Thus, total assessments against target and non-target cases amounted to \$123.7 million. Seizures of cash and property amounted to \$20.1 million, of which \$16.1 million was in cash.

## OPERATIONS

During April, 53 joint investigations were completed, resulting in 25 prosecution and 28 nonprosecution recommendations. To date, the completion of 530 joint investigations has resulted in 223 prosecution recommendations.

One hundred and seven individuals have been indicted thus far, resulting in 38 convictions.

During the month of April, a Federal Grand Jury in San Francisco indicted eight individuals on charges ranging from income tax evasion and conspiracy to manufacturing and selling hallucinogenic drugs.

Three members of the conspiracy, including the "King of LSD", Augustus O. Stanley, III, were charged with evading taxes in excess of \$360,000.

This investigation was conducted throughout the United States, as well as in parts of Europe and Central America.

On Friday, April 13, 1973, a massive narcotic conspiracy investigation ended when sealed indictments were returned against 86 major heroin and cocaine dealers in metropolitan New York. Among those indicted were eight NTP targets including the two key figures in this conspiracy, John Capra and Herbert Sperling. A jeopardy assessment has been made against Sperling for approximately five million dollars, while a prosecution recommendation for income tax evasion is currently pending against Capra.

In addition, Anthony Passero, a heroin importer from Brooklyn, allegedly having syndicate connections, was sentenced to thirty months in prison on income tax charges.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, APR. 30, 1973

	Special agents assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases	Joint targets selected, held in national office <sup>1</sup>	Total Indict- ments	Con- victions <sup>2</sup>
North Atlantic region.....	67	230	30	78	6	122	0	14	4
Albany, N.Y.....	1	8	3	1	0	4	0	1	0
Augusta, Maine.....	1	1	0	0	0	1	0	0	0
Boston, Mass.....	7	20	4	2	0	14	0	3	1
Brooklyn, N.Y.....	20	59	6	24	0	33	0	5	2
Buffalo, N.Y.....	4	17	1	4	0	13	0	0	0
Burlington, Vt.....	0	0	0	0	0	0	0	0	0
Hartford, Conn.....	6	18	7	7	0	10	0	0	0
Manhattan, N.Y.....	24	96	15	37	0	39	0	5	1
Portsmouth, N.H.....	2	4	0	2	0	2	0	0	0
Providence, R.I.....	2	7	0	1	0	6	0	0	0
Mid-Atlantic region.....	54	223	41	50	1	134	5	20	10
Baltimore, Md.....	10	36	12	5	1	18	0	9	6
Newark, N.J.....	14	64	4	19	0	42	5	2	0
Philadelphia, Pa.....	12	48	7	15	0	27	0	3	1
Pittsburgh, Pa.....	11	42	11	4	0	27	0	3	3
Richmond, Va.....	6	30	7	6	0	18	0	3	0
Wilmington, Del.....	1	3	0	1	0	2	0	0	0
Southeast region.....	56	193	41	45	3	107	15	23	13
Atlanta, Ga.....	7	37	10	12	1	14	0	4	3
Birmingham, Ala.....	7	12	0	0	0	12	0	0	0
Columbia, S.C.....	3	7	2	1	0	4	0	2	2
Greensboro, N.C.....	5	16	3	1	0	12	0	2	1
Jackson, Miss.....	1	4	0	1	0	3	0	0	0
Jacksonville, Fla.....	26	105	23	30	2	56	15	15	7
Nashville, Tenn.....	7	9	3	0	0	6	0	0	0
Central region.....	51	146	23	16	0	108	3	13	5
Cincinnati, Ohio.....	10	19	2	2	0	15	2	0	0
Cleveland, Ohio.....	9	25	3	1	0	21	1	0	0
Detroit, Mich.....	18	79	14	12	0	54	0	11	3
Indianapolis, Ind.....	10	15	4	1	0	10	0	2	2
Louisville, Ky.....	3	7	0	0	0	7	0	0	0
Parkersburg, W. Va.....	1	1	0	0	0	1	0	0	0
Midwest region.....	45	105	19	22	0	71	3	8	2
Aberdeen, S. Dak.....	1	1	0	0	0	1	0	0	0
Chicago, Ill.....	17	52	8	18	0	30	0	2	0
Des Moines, Iowa.....	1	5	0	0	0	5	0	0	0
Fargo, N. Dak.....	1	0	0	0	0	0	0	0	0
Milwaukee, Wis.....	4	0	2	0	0	6	0	1	0
Omaha, Nebr.....	2	3	0	0	0	4	0	0	0
St. Louis, Mo.....	9	19	6	3	0	12	0	4	2
St. Paul, Minn.....	4	8	2	1	0	5	0	0	0
Springfield, Ill.....	6	9	1	0	0	8	3	1	0
Southwest region.....	40	115	15	36	0	66	0	5	0
Albuquerque, N. Mex.....	1	11	3	6	0	2	0	0	0
Austin, Tex.....	12	53	6	17	0	32	0	3	0
Cheyenne, Wyo.....	1	1	0	0	0	1	0	0	0
Dallas, Tex.....	6	11	2	1	0	8	0	1	0
Denver, Colo.....	5	12	1	5	0	6	0	0	0
Little Rock, Ark.....	1	3	0	1	0	2	0	0	0
New Orleans, La.....	8	20	3	5	0	12	0	1	0
Oklahoma City, Okla.....	4	3	0	1	0	2	0	0	0
Wichita, Kans.....	2	1	0	0	0	1	0	0	0
Western region.....	67	233	54	60	1	126	6	24	4
Anchorage, Alaska.....	0	1	1	0	0	0	0	0	0
Boise, Idaho.....	0	0	0	0	0	0	0	0	0
Helena, Mont.....	0	0	0	0	0	0	0	0	0
Honolulu, Hawaii.....	4	16	6	5	0	5	0	6	0
Los Angeles, Calif.....	20	52	11	22	1	18	0	2	1
Phoenix, Ariz.....	11	62	8	13	0	42	6	2	1
Portland, Oreg.....	8	22	5	5	0	12	0	0	0
Reno, Nev.....	3	9	0	2	0	7	0	0	0
Salt Lake City, Utah.....	2	9	0	2	0	7	0	0	0
San Francisco, Calif.....	14	38	17	6	0	21	0	10	2
Seattle, Wash.....	5	24	6	5	0	14	0	4	2
National office.....	4								
Total.....	384	1,245	223	307	11	734	32	107	38

<sup>1</sup> Because of "manpower shortages" these cases are being retained in the office of the program manager, intelligence, until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> This figure includes targets selected as audit targets which were subsequently referred to the Intelligence Division.

<sup>3</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>4</sup> In addition, 1 defendant was acquitted.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, APR. 30, 1973**

	Audit targets selected	Received from intelligence		Referrals accepted by intelligence	Closed	Open inventory
		W/D	Transfer			
<b>North Atlantic region</b>	<b>49</b>	<b>78</b>	<b>6</b>	<b>6</b>	<b>65</b>	<b>62</b>
Albany	7	1			2	8
Boston	4	1			2	3
Brooklyn	13	25		4	21	13
Buffalo	3	4		1	2	3
Hartford	1	7			2	6
Manhattan	21	37	6	1	35	28
Portsmouth		2			2	
Providence		1				1
<b>Mid-Atlantic region</b>	<b>48</b>	<b>49</b>	<b>2</b>	<b>5</b>	<b>30</b>	<b>64</b>
Baltimore	4	5	1		4	6
Newark	21	17	1	1	12	26
Philadelphia	18	16		3	11	20
Pittsburgh	1	4				5
Richmond	4	6		1	2	7
Wilmington		1			1	
<b>Southeast region</b>	<b>23</b>	<b>46</b>	<b>4</b>	<b>4</b>	<b>51</b>	<b>18</b>
Atlanta		12	1		10	3
Birmingham	1			1		
Columbia		1				1
Greensboro	3	1			1	3
Jackson	1	1				2
Jacksonville	15	31	3	3	40	6
Nashville	3					3
<b>Central region</b>	<b>19</b>	<b>16</b>		<b>1</b>	<b>11</b>	<b>23</b>
Cincinnati	1	2			2	1
Cleveland	7	1				8
Detroit	8	12		1	9	10
Indianapolis	2	1				3
Parkersburg	1					1
<b>Midwest region</b>	<b>50</b>	<b>24</b>		<b>6</b>	<b>15</b>	<b>53</b>
Chicago	32	20		4	13	35
Milwaukee	2					2
Omaha	1					1
St. Louis	10	3		2	1	10
St. Paul	2	1			1	2
Springfield	3					3
<b>Southwest region</b>	<b>31</b>	<b>36</b>		<b>2</b>	<b>21</b>	<b>44</b>
Albuquerque	1	6			2	5
Austin	26	17		2	13	28
Dallas	1	1			1	1
Denver	2	5			1	6
Little Rock		1				1
New Orleans		5			4	1
Wichita	1					1
Oklahoma City		1				1
<b>Western region</b>	<b>40</b>	<b>60</b>	<b>1</b>	<b>7</b>	<b>35</b>	<b>59</b>
Honolulu		5			1	4
Los Angeles	5	22	1		19	9
Phoenix	5	13		1	7	10
Portland		5			2	3
Reno	4	2				6
Salt Lake City		2				2
San Francisco	17	6		6	3	14
Seattle	9	5			3	11
<b>Total</b>	<b>260</b>	<b>309</b>	<b>13</b>	<b>31</b>	<b>228</b>	<b>323</b>

JUNE 18, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.

From: Assistant Commissioner (Compliance) CP:I:O.

Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
Progress Report for Month of May 1973.

#### ADMINISTRATION

A meeting of Narcotics Program Supervisors from both the Audit and Intelligence Divisions was held in Dallas, Texas, on May 22, 23, and 24, 1973. Personnel from the National Office, each Regional Office and representatives from the Office of the Assistant Secretary, BNDD, Customs and ODALE participated.

The main purpose of the meeting was to provide an exchange of ideas for the improvement of the program, together with the identification of problem areas. Some of the topics covered in the various sessions were: case development, effective use of confidential funds, effect of jeopardy and termination assessments on prosecution cases and guidelines for target selections. A memorandum detailing the meeting is being prepared and will be disseminated to all districts.

The apparent success of the meeting has generated interest in holding another similar gathering in the future, which would include some of those districts not in attendance in Dallas.

#### TARGET SELECTION

The Target Selection Committee did not meet during May. To date, there have been 1503 individuals selected, consisting of 1243 joint and 260 Audit targets. Of the joint targets selected, there are currently 684 cases active, of which 22 are being maintained in the National Office due to manpower shortages within the Intelligence Division.

Of the Audit targets selected, 34 have been referred to Intelligence for joint investigation.

#### NARCOTICS PROJECT ASSESSMENTS

During the 23-month period ended May 31, 1973, total assessments proposed against selected targets amounted to \$71.6 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$49.0 million including jeopardy assessments of \$24.4 million. Termination of taxable period assessments against targets amounted to \$22.6 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$68.0 million. Thus, total assessments against target and non-target cases amounted to \$139.6 million. Seizures of cash and property amounted to \$21.4 million of which \$16.7 million was in cash.

#### OPERATIONS

During the month, 35 joint investigations were completed. These resulted in 16 prosecution and 19 nonprosecution recommendations. As of May 31, 1973, the results of the program are as follows:

Joint investigations completed.....	579
Prosecutions recommended.....	240
Indictments.....	112
Convictions.....	45

During the month, William E. Turner, Baltimore, Maryland, was convicted of income tax evasion and of failure to file returns for each of the years 1970 and 1971.

Turner, described by the United States Attorney as "a danger to the community," is suspected of having smuggled heroin into the country in the cadavers of American servicemen being returned to the United States. Turner allegedly belongs to a massive narcotics organization which has upwards of 100 members. He faces a maximum of 12 years in prison on the tax charges.

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, MAY 31, 1973**

	Audit targets selected	Received from intelligence		Referrals accepted by intelligence	Closed	Open inventory
		W/D	Transfer			
<b>North Atlantic region</b>	<b>49</b>	<b>85</b>	<b>6</b>	<b>7</b>	<b>69</b>	<b>64</b>
Albany	7	1		1		7
Boston	4	2			2	4
Brooklyn	13	25		4	21	13
Buffalo	3	5		1	3	4
Hartford	1	7			5	3
Manhattan	21	42	6	1	36	32
Portsmouth		2			2	
Providence		1				1
<b>Mid-Atlantic region</b>	<b>48</b>	<b>58</b>	<b>2</b>	<b>5</b>	<b>38</b>	<b>65</b>
Baltimore	4	6	1		6	5
Newark	17	23	1	1	12	28
Philadelphia	18	16		3	14	17
Pittsburgh	5	5			1	9
Richmond	4	7		1	4	6
Wilmington		1			1	
<b>Southeast region</b>	<b>23</b>	<b>49</b>	<b>4</b>	<b>4</b>	<b>57</b>	<b>15</b>
Atlanta		12	1		10	3
Birmingham	1			1		
Columbia		3				3
Greensboro	3	1			3	1
Jackson	1	1				2
Jacksonville	15	32	3	3	44	3
Nashville	3					3
<b>Central region</b>	<b>19</b>	<b>17</b>		<b>1</b>	<b>11</b>	<b>24</b>
Cincinnati	1	2			2	1
Cleveland	7	2				9
Detroit	8	12		1	9	10
Indianapolis	2	1				3
Parkersburg	1					1
<b>Midwest region</b>	<b>50</b>	<b>28</b>		<b>6</b>	<b>16</b>	<b>56</b>
Chicago	32	22		4	14	36
Des Moines		1				1
Milwaukee	2					2
Omaha	1					1
St. Louis	10	3		2	1	10
St. Paul	2	2			1	3
Springfield	3					3
<b>Southwest region</b>	<b>31</b>	<b>38</b>		<b>2</b>	<b>26</b>	<b>41</b>
Albuquerque	1	6			3	4
Austin	26	18		2	14	28
Dallas	1				1	1
Denver	2	5			4	3
Little Rock		2				2
New Orleans		5			4	1
Wichita	1					1
Oklahoma City		1				1
<b>Western region</b>	<b>40</b>	<b>66</b>	<b>1</b>	<b>8</b>	<b>45</b>	<b>54</b>
Honolulu		5			1	4
Los Angeles	5	23	1		24	5
Phoenix	5	17		1	9	12
Portland		5			3	2
Reno	4	2				6
Salt Lake City		2				2
San Francisco		7		7		14
Seattle	17	5			5	9
<b>Total</b>	<b>260</b>	<b>341</b>	<b>13</b>	<b>33</b>	<b>262</b>	<b>319</b>

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, MAY 31, 1973

	Special agents assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases	Joint targets selected, held in national office <sup>1</sup>	Total indict- ments	Con- victions
North Atlantic region.....	67	228	36	85	6	107	0	16	4
Albany, N.Y.....	1	8	3	1	0	4	0	1	0
Augusta, Maine.....	1	1	0	0	0	1	0	0	0
Boston, Mass.....	7	20	4	3	0	13	0	3	1
Brooklyn, N.Y.....	18	59	7	24	0	32	0	6	2
Buffalo, N.Y.....	4	17	1	5	0	12	0	0	0
Burlington, Vt.....	0	0	0	0	0	0	0	0	0
Hartford, Conn.....	6	18	2	7	0	9	0	1	0
Manhattan, N.Y.....	25	94	19	42	6	28	0	5	1
Portsmouth, N.H.....	2	4	0	2	0	2	0	0	0
Providence, R.I.....	3	7	0	1	0	6	0	0	0
Mid-Atlantic region.....	53	223	42	59	2	123	1	21	11
Baltimore, Md.....	10	36	13	6	1	16	0	9	7
Newark, N.J.....	12	64	4	25	1	35	1	3	0
Philadelphia, Pa.....	13	48	7	15	0	27	0	3	2
Pittsburgh, Pa.....	11	42	11	5	0	26	0	3	1
Richmond, Va.....	6	30	7	7	0	17	0	3	0
Wilmington, Del.....	1	3	0	1	0	2	0	0	0
Southeast region.....	51	193	43	48	4	102	14	23	14
Atlanta, Ga.....	9	37	10	12	1	14	0	4	3
Birmingham, Ala.....	5	12	0	0	0	12	0	0	0
Columbus, S.C.....	1	7	2	3	0	2	0	2	2
Greensboro, N.C.....	5	16	3	1	0	12	0	2	1
Jackson, Miss.....	1	4	0	1	0	3	0	0	0
Jacksonville, Fla.....	25	108	24	31	3	54	14	15	8
Nashville, Tenn.....	4	9	4	0	0	5	0	0	0
Central region.....	49	146	26	17	0	104	1	13	5
Cincinnati, Ohio.....	9	19	4	2	0	13	0	0	0
Cleveland, Ohio.....	9	25	3	2	0	20	1	0	0
Detroit, Mich.....	17	79	15	12	0	53	0	11	3
Indianapolis, Ind.....	8	15	4	1	0	10	0	2	2
Louisville, Ky.....	5	7	0	0	0	7	0	0	0
Parkersburg, W. Va.....	1	1	0	0	0	1	0	0	0
Southwest region.....	43	105	19	26	0	69	0	8	6
Aberdeen, S. Dak.....	0	1	0	0	0	1	0	0	0
Chicago, Ill.....	17	52	8	20	0	30	0	2	1
Des Moines, Iowa.....	1	5	0	1	0	4	0	0	0
Fargo, N. Dak.....	0	0	0	0	0	0	0	0	0
Milwaukee, Wis.....	5	8	2	0	0	6	0	1	1
Omaha, Nebr.....	2	3	0	0	0	2	0	0	0
St. Louis, Mo.....	9	19	6	3	0	12	0	4	4
St. Paul, Minn.....	3	8	2	2	0	4	0	0	0
Springfield, Ill.....	6	9	1	0	0	8	0	1	0
Southwest region.....	37	116	15	38	0	55	0	6	1
Albuquerque, N. Mex.....	1	11	3	6	0	2	0	0	1
Austin, Tex.....	13	53	6	18	0	21	0	3	0
Cheyenne, Wyo.....	1	1	0	0	0	1	0	0	0
Dallas, Tex.....	5	12	2	1	0	9	0	1	0
Denver, Colo.....	5	12	1	5	0	6	0	1	0
Little Rock, Ark.....	1	3	0	2	0	1	0	0	0
New Orleans, La.....	8	20	3	5	0	12	0	1	0
Oklahoma City, Okla.....	1	3	0	1	0	2	0	0	0
Wichita, Kans.....	2	1	0	0	0	1	0	0	0
Western region.....	66	232	59	66	1	124	6	25	4
Anchorage, Alaska.....	1	1	1	0	0	0	0	0	0
Boise, Idaho.....	0	0	0	0	0	0	0	0	0
Helena, Mont.....	0	0	0	0	0	0	0	0	0
Honolulu, Hawaii.....	4	16	6	5	0	5	0	6	0
Los Angeles, Calif.....	21	51	11	23	1	26	0	2	1
Phoenix, Ariz.....	11	62	9	17	0	37	6	2	1
Portland, Oreg.....	7	22	6	5	0	11	0	0	0
Reno, Nev.....	3	9	0	2	0	7	0	0	0
Salt Lake City, Utah.....	1	3	0	2	0	7	0	0	0
San Francisco, Calif.....	13	38	20	7	0	18	0	10	0
Seattle, Wash.....	5	24	6	5	0	13	0	5	2
National office.....	6								
Total.....	372	1,242	240	339	13	684	22	112	45

<sup>1</sup> Because of "manpower shortages" these cases are being retained in the office of the program manager, Intelligence, until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> This figure includes targets selected as audit targets which were subsequently referred to the Intelligence Division.

<sup>3</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 1503. The Newark tax case is still open.

<sup>4</sup> In addition, 1 defendant was acquitted.

JULY 25, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
 From: Assistant Commissioner (Compliance) CP-I:O.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of June, 1973.

## ADMINISTRATION

During the month of June, legislation implementing the establishment of the Drug Enforcement Administration was passed. Simultaneously, the Bureau of Narcotics and Dangerous Drugs, the Office of National Narcotics Intelligence, the Office of Drug Abuse Law Enforcement and segments of the Bureau of Customs were merged into a single narcotics investigative agency.

Liaison between the Internal Revenue Service and ODALE was accordingly terminated as of July 1, 1973. However, each district was instructed to establish and maintain appropriate liaison with local DEA offices. In addition, effective liaison has been initiated at the National level.

## TARGET SELECTION

The Target Selection Committee met on June 6, 1973, at which time a total of 119 targets were selected. The 1622 targets selected to date consist of 1341 joint investigations and 281 independent Audits. Of the joint investigations initiated, there are 748 open cases of which 52 are being maintained in the National Office due to a manpower shortage.

There have been 41 Audit targets subsequently referred to and accepted by the Intelligence Division for joint investigation.

## NARCOTICS PROJECT ASSESSMENTS

During the 24-month period ended June 30, 1973, total assessments proposed against selected targets amounted to \$74.3 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$51.5 million including jeopardy assessments of \$25.1 million. Termination of taxable period assessments against targets amounted to \$22.8 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$74.4 million. Thus, total assessments against target and non-target cases amounted to \$148.7 million. Seizures of cash and property amounted to \$22.8 million, of which \$17.6 million was in cash.

## OPERATIONS

During the month of June, 54 joint investigations were completed. Prosecution was recommended in 31 instances, while 23 cases resulted in nonprosecution recommendations.

The results of the program as of June 30, 1973, are as follows:

Joint investigations completed .....	633
Prosecutions recommended .....	271
Indictments .....	119
Convictions .....	51

The attachment to this report is a geographical schedule which sets forth target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JUNE 30, 1973**

	Audit targets selected	Received from intelligence W/D	Transfer	Referrals accepted by intelligence	Closed	Open inventory
<b>North Atlantic region</b>	<b>50</b>	<b>88</b>	<b>6</b>	<b>7</b>	<b>77</b>	<b>60</b>
Albany	7	1		1		7
Boston	4	2			2	4
Brooklyn	13	25		4	27	7
Buffalo	3	5		1	3	4
Hartford	1	7			6	2
Manhattan	22	45	6	1	37	35
Portsmouth		2			2	
Providence		1				1
<b>Mid-Atlantic region</b>	<b>50</b>	<b>60</b>	<b>2</b>	<b>6</b>	<b>44</b>	<b>62</b>
Baltimore	4	6	1		6	5
Newark	19	25	1	2	13	30
Philadelphia	18	16		3	19	12
Pittsburgh	5	5			1	9
Richmond	4	7		1	4	6
Wilmington		1			1	
<b>Southeast region</b>	<b>24</b>	<b>53</b>	<b>4</b>	<b>4</b>	<b>59</b>	<b>18</b>
Atlanta		13	1		10	4
Birmingham	1			1		
Columbia		3				3
Greensboro	3	1			3	1
Jackson	1	1				2
Jacksonville	16	35	3	3	46	5
Nashville	3					3
<b>Central region</b>	<b>22</b>	<b>19</b>		<b>1</b>	<b>12</b>	<b>28</b>
Cincinnati	1	2			2	1
Cleveland	7	2				9
Detroit	11	14		1	10	14
Indianapolis	2	1				3
Parkersburg	1					1
<b>Midwest region</b>	<b>50</b>	<b>29</b>		<b>10</b>	<b>21</b>	<b>48</b>
Chicago	32	22		6	17	31
Des Moines		1				1
Milwaukee	2					2
Omaha	1	1		1		1
St. Louis	10	3		3	3	7
St. Paul	2	2			1	3
Springfield	3					3
<b>Southwest region</b>	<b>38</b>	<b>43</b>		<b>3</b>	<b>27</b>	<b>51</b>
Albuquerque	1	6			3	4
Austin	31	23		3	14	37
Dallas	1	1			1	1
Denver	2	5			5	2
Little Rock		2				2
New Orleans		5			4	1
Wichita	3					3
Oklahoma City		1				1
<b>Western region</b>	<b>47</b>	<b>71</b>	<b>1</b>	<b>10</b>	<b>52</b>	<b>57</b>
Honolulu		5			1	4
Los Angeles	5	23	1		25	4
Phoenix	5	19		1	12	11
Portland		6			4	2
Reno		3				7
Salt Lake City	4	2				2
San Francisco	22	7		8	3	18
Seattle	11	6		1	7	9
<b>Total</b>	<b>281</b>	<b>363</b>	<b>13</b>	<b>41</b>	<b>292</b>	<b>324</b>



## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES

	Special agents assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases	Joint targets selected held in national office <sup>1</sup>	Total indict- ments	Convic- tions
North Atlantic region.....	69	244	44	88	6	123	6	17	5
Albany, N.Y.....	1	8	3	1	0	2 5	0	1	0
Augusta, Maine.....	1	1	0	0	0	1	0	0	0
Boston, Mass.....	6	21	4	3	0	14	0	3	2
Brooklyn, N.Y.....	21	62	14	24	0	2 38	0	7	2
Buffalo, N.Y.....	5	18	1	5	0	2 13	0	0	0
Burlington, Vt.....	0	0	0	0	0	0	0	1	0
Hartford, Conn.....	6	19	2	7	0	10	0	1	0
Manhattan, N.Y.....	24	103	20	45	6	2 33	5	5	1
Portsmouth, N.H.....	2	5	0	2	0	3	1	0	0
Providence, R.I.....	3	7	0	1	0	6	0	0	0
Mid-Atlantic region.....	53	233	45	61	2	131	6	22	13
Baltimore, Md.....	10	38	13	6	1	18	0	10	7
Newark, N.J.....	12	68	4	27	1	2 38	6	3	0
Philadelphia, Pa.....	14	48	7	15	0	2 29	0	3	2
Pittsburgh, Pa.....	10	42	12	5	0	25	0	3	2
Richmond, Va.....	7	32	5	7	0	2 17	0	3	0
Wilmington, Del.....	0	5	0	1	0	4	0	0	0
Southeast region.....	55	210	47	52	4	113	19	23	16
Atlanta, Ga.....	8	39	10	13	1	15	0	4	4
Birmingham, Ala.....	3	13	3	0	0	2 11	0	0	0
Columbia, S.C.....	1	10	2	3	0	5	0	2	2
Greensboro, N.C.....	4	19	3	1	0	15	0	2	1
Jackson, Miss.....	1	5	0	1	0	4	0	0	0
Jacksonville, Fla.....	34	114	24	34	3	2 58	19	15	4 9
Nashville, Tenn.....	4	10	5	0	0	5	0	0	0
Central region.....	47	166	29	19	0	119	6	13	5
Cincinnati, Ohio.....	9	19	4	2	0	13	0	0	0
Cleveland, Ohio.....	13	31	3	2	0	26	6	0	0
Detroit, Mich.....	9	85	16	14	0	2 56	0	11	3
Indianapolis, Ind.....	9	20	5	1	0	14	0	2	2
Louisville, Ky.....	6	7	1	0	0	6	0	0	0
Parkersburg, W. Va.....	1	4	0	0	0	4	0	0	0
Midwest region.....	46	108	19	27	0	72	0	9	6
Aberdeen, S. Dak.....	0	1	0	0	0	1	0	0	0
Chicago, Ill.....	18	53	8	20	0	2 31	0	2	1
Des Moines, Iowa.....	2	5	0	1	0	4	0	0	0
Fargo, N. Dak.....	1	0	0	0	0	0	0	0	0
Milwaukee, Wis.....	5	9	2	0	0	7	0	2	1
Omaha, Nebr.....	2	3	0	1	0	2 3	0	0	0
St. Louis, Mo.....	8	20	6	3	0	2 14	0	4	4
St. Paul, Minn.....	3	8	2	2	0	4	0	0	0
Springfield, Ill.....	7	9	1	0	0	8	0	1	0
Southwest region.....	40	130	16	43	0	74	6	6	2
Albuquerque, N. Mex.....	2	15	3	6	0	6	3	0	0
Austin, Tex.....	13	55	6	23	0	2 29	0	3	1
Cheyenne, Wyo.....	1	2	0	0	2	2	0	0	0
Dallas, Tex.....	5	16	3	1	0	12	3	1	1
Denver, Colo.....	3	13	1	5	0	7	0	1	0
Little Rock, Ark.....	1	3	0	2	0	1	0	0	0
New Orleans, La.....	7	20	3	5	0	12	0	1	0
Oklahoma City, Okla.....	7	5	0	1	0	4	0	0	0
Wichita, Kans.....	1	1	0	0	0	1	0	0	0
Western region.....	53	250	71	72	1	118	9	29	4
Anchorage, Alaska.....	1	1	1	0	0	0	0	0	0
Boise, Idaho.....	0	0	0	0	0	0	0	0	0
Helena, Mont.....	4	16	0	0	0	5	0	0	0
Honolulu, Hawaii.....	0	0	0	0	0	0	0	6	0
Los Angeles, Calif.....	19	52	17	23	1	11	0	5	1
Phoenix, Ariz.....	11	67	11	20	0	2 37	0	3	1
Portland, Oreg.....	1	25	6	6	0	13	0	0	0
Reno, Nev.....	3	9	0	3	0	6	0	0	0
Salt Lake City, Utah.....	1	9	1	2	0	6	0	0	0
San Francisco, Calif.....	12	42	22	7	0	2 21	0	10	0
Seattle, Wash.....	6	29	7	6	0	2 17	0	5	2
National office.....	6								
Total.....	374	1,341	271	362	13	748	52	119	51

<sup>1</sup> Because of "manpower shortages" these cases are being retained in the office of the program manager, intelligence until such time as sufficient manpower to conduct the investigations becomes available.

<sup>2</sup> This figure includes targets selected as audit targets which were subsequently referred to the Intelligence Division.

<sup>3</sup> Includes 1 prosecution case on a Newark target. This case involves a violation of title 18, sec. 15C1, The Newark tax case is still open.

<sup>4</sup> In addition, 1 defendant was acquitted.

AUGUST 22, 1973.

Memorandum to: Deputy Assistant Secretary for Enforcement, Office of the Secretary.

From: Assistant Commissioner (Compliance) CP:I:O.

Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
Progress Report for Month of July, 1973.

#### ADMINISTRATION

During July liaison continued with the newly created Drug Enforcement Administration. Means to establish closer and more effective liaison will be predicated upon the finalization of the DEA reorganization plans.

At the National Office, the Operations Branch has assigned additional NTP duties to the functional Area Managers while the NTP Manager continues to be responsible for the overall administration of the program. The Area Managers will actively participate in the target screening process and will administer the confidential funds for the program.

#### TARGET SELECTION

The Target Selection Committee met on July 16, 1973, at which time a total of 59 targets were selected. The 1681 targets selected to date consist of 1392 joint investigation and 289 independent Audit examinations. Of the joint investigations initiated, there are 726 open cases of which 37 are being maintained in the National Office due to a shortage of investigative resources. The 37 cases held in the National Office represent a decrease of 15 cases from the previous month's total of 52 cases.

There have been 42 Audit targets subsequently referred to and accepted by the Intelligence Division for joint investigation.

#### NARCOTICS PROJECT ASSESSMENTS

During the 25-month period ended July 31, 1973, total assessments proposed against selected targets amounted to \$77.2 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$54.4 million including jeopardy assessments of \$25.6 million. Termination of taxable period assessments against targets amounted to \$22.8 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$77.9 million. Thus, total assessments against target and non-target cases amounted to \$155.1 million. Seizures of cash and property amounted to \$23.7 million, of which \$18.4 million was in cash.

#### OPERATIONS

During July, 48 joint investigations were completed. Prosecution was recommended in 23 instances, while 25 cases resulted in nonprosecution recommendations.

The results of the program as of July 31, 1973, are as follows:

Joint investigations completed.....	681
Prosecutions recommended.....	294
Indictments.....	128
Convictions.....	54

The attachment to this report is a geographical schedule which sets forth the target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JULY 31, 1973

	Special agents assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases <sup>1</sup>	Joint targets selected held in national office <sup>1</sup>	Total Indict- ments	Convic- tions
North Atlantic region.....	75	251	47	93	6	113	6	21	8
Albany, N.Y.....	1	9	3	1	0	5	0	1	0
Augusta, Maine.....	1	1	2	0	0	0	0	0	0
Boston, Mass.....	8	21	4	3	0	14	0	3	2
Brooklyn, N.Y.....	22	65	14	25	0	26	0	7	4
Buffalo, N.Y.....	6	18	1	8	0	9	0	0	0
Burlington, Vt.....	0	1	0	0	0	1	0	0	0
Hartford, Conn.....	7	20	2	7	0	11	0	1	0
Manhattan, N.Y.....	25	104	21	46	6	38	5	9	2
Portsmouth, N.H.....	2	5	0	2	0	3	1	0	0
Providence, R.I.....	3	7	0	1	0	6	0	0	0
Mid-Atlantic region.....	56	236	48	65	2	120	5	24	13
Baltimore, Md.....	11	38	13	8	1	16	0	10	7
Newark, N.J.....	13	69	6	28	1	34	5	3	0
Philadelphia, Pa.....	13	48	8	16	0	24	0	3	2
Pittsburgh, Pa.....	11	42	11	5	0	26	0	3	2
Richmond, Va.....	6	32	10	8	0	14	0	5	2
Wilmington, Del.....	2	7	0	1	0	6	0	0	0
Southeast region.....	53	212	57	55	4	99	3	25	16
Atlanta, Ga.....	7	40	10	13	1	16	0	4	4
Birmingham, Ala.....	4	13	3	3	0	7	0	0	0
Columbia, S.C.....	1	10	2	3	0	5	0	2	2
Greensboro, N.C.....	5	20	7	1	0	12	0	3	1
Jackson, Miss.....	1	5	0	1	0	4	0	0	0
Jacksonville, Fla.....	31	114	30	34	3	50	3	16	9
Nashville, Tenn.....	4	10	5	0	0	5	0	0	0
Central region.....	57	176	34	25	0	117	8	13	5
Cincinnati, Ohio.....	9	19	6	3	0	10	0	0	0
Cleveland, Ohio.....	10	35	3	4	0	28	8	0	0
Detroit, Mich.....	22	86	18	17	0	51	0	11	3
Indianapolis, Ind.....	9	21	5	1	0	15	0	2	2
Louisville, Ky.....	4	11	2	0	0	9	0	0	0
Parkersburg, W. Va.....	3	4	0	0	0	4	0	0	0
Midwest region.....	47	120	20	31	0	74	3	9	6
Aberdeen, S. Dak.....	0	1	0	0	0	1	0	0	0
Chicago, Ill.....	19	59	9	23	0	27	0	0	1
Des Moines, Iowa.....	2	6	0	1	0	5	0	0	0
Fargo, N. Dak.....	1	0	0	0	0	0	0	0	0
Milwaukee, Wis.....	5	11	2	0	0	9	0	2	1
Omaha, Nebr.....	2	3	0	1	0	3	0	0	0
St. Louis, Mo.....	7	20	6	3	0	14	0	4	4
St. Paul, Minn.....	4	8	2	2	0	5	0	0	0
Springfield, Ill.....	7	12	1	1	0	10	3	1	0
Southwest region.....	39	135	18	46	0	74	6	6	2
Albuquerque, N. Mex.....	2	15	3	6	0	6	3	0	0
Austin, Tex.....	13	59	8	25	0	29	0	3	1
Cheyenne, Wyo.....	1	2	0	0	0	2	0	0	0
Dallas, Tex.....	6	16	3	1	0	12	3	1	1
Denver, Colo.....	3	13	1	5	0	7	0	1	0
Little Rock, Ark.....	1	3	0	2	0	1	0	0	0
New Orleans, La.....	8	21	3	6	0	12	0	1	0
Oklahoma City, Okla.....	4	5	0	1	0	4	0	0	0
Wichita, Kans.....	1	1	0	0	0	1	0	0	0
Western region.....	65	262	70	71	1	129	6	30	4
Anchorage, Alaska.....	0	1	1	0	0	0	0	0	0
Boise, Idaho.....	0	2	0	0	0	2	0	0	0
Helena, Mont.....	0	0	0	0	0	0	0	0	0
Honolulu, Hawaii.....	4	16	6	5	0	5	0	6	0
Los Angeles, Calif.....	20	57	13	23	1	20	0	5	1
Phoenix, Ariz.....	11	68	12	19	0	37	6	3	1
Portland, Oreg.....	7	25	6	6	0	13	0	0	0
Reno, Nev.....	4	9	0	3	0	6	0	0	0
Salt Lake City, Utah.....	1	9	1	2	0	6	0	0	0
San Francisco, Calif.....	13	45	24	7	0	22	0	11	0
Seattle, Wash.....	5	30	7	6	0	18	0	5	0
National office.....	6								
Total.....	398	1,392	294	387	13	736	37	128	54

<sup>1</sup> Includes targets selected for independent audit examinations which were subsequently referred to the Intelligence Division, cases transferred in from other districts, and other adjustments to the district inventories.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JULY 31, 1973**

	Audit targets selected	Received from intelligence		Referrals accepted by intelligence	Closed	Open inventory
		W/D	Transfer			
North Atlantic region	50	95	6	7	88	56
Albany	7	1		1		7
Boston	4	2			2	4
Brooklyn	13	27		4	30	6
Buffalo	3	8		1	3	7
Hartford	1				6	3
Manhattan	22	46	6	1	44	29
Portsmouth		2			2	
Providence		1			1	
Mid-Atlantic region	50	66	2	6	47	65
Baltimore	4	8	1		6	7
Newark	19	26	1	2	15	29
Philadelphia	18	18		3	19	14
Pittsburgh	5	5			2	8
Richmond	4	8		1	4	7
Wilmington	1	1			1	
Southeast region	24	55	4	4	60	19
Atlanta		13	1		10	4
Birmingham	1	2		1		2
Columbia		3				3
Greensboro	3	1			4	
Jackson	1	1				2
Jacksonville	16	35	3	3	46	5
Nashville	3					3
Central region	23	25		1	12	35
Cincinnati	1	3			2	2
Cleveland	7	4				11
Detroit	12	17		1	10	18
Indianapolis	2	1				3
Parkersburg	1					1
Midwest region	55	33		11	23	54
Chicago	34	25		6	19	34
Des Moines		1				1
Milwaukee	3					3
Omaha	1	1		1		1
St. Louis	11	3		3	3	8
St. Paul	2	2		1	1	2
Springfield	4	1				5
Southwest region	38	46		3	27	54
Albuquerque	1	6			3	4
Austin	31	25		3	14	39
Dallas	1	1			1	1
Denver	2	5			5	2
Little Rock		2				2
New Orleans		6			4	2
Wichita	3					3
Oklahoma City		1				1
Western region	48	71	1	10	55	55
Honolulu		5			1	4
Los Angeles	5	23	1		28	1
Phoenix	6	19		1	12	12
Portland		6			4	2
Reno	4	3				7
Salt Lake City		2				2
San Francisco	22	7		8	3	18
Seattle	11	6		1	7	9
OIO	1					1
Total	289	391	13	42	312	339

OCTOBER 4, 1973.

Memorandum to: Director, Intelligence Division CP:I.

From: Chief, Operations Branch CP:I:O.

Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
Progress Report for Month of August, 1973.

## SIGNIFICANT EVENTS

William Edward (Dog) Turner was sentenced on August 15, 1973, to ten years imprisonment on federal tax evasion charges. Turner, a major Washington, D.C. drug dealer, was the principal distributor for an alleged conspiracy to smuggle heroin from Southeast Asia inside the remains of American servicemen. Officials described the conspiracy as one of the ten largest heroin smuggling operations in the world.

On September 14, 1973, Drug Enforcement Administration officials turned over to the Service \$967,430 seized in a narcotics case last year. The money was found in a suitcase on the back seat of a car in which NTP target Vincent C. Papa was a passenger. Papa is now serving a five year sentence in the Atlanta federal penitentiary after pleading guilty to tax evasion charges and possession of narcotics. Papa stated that he would not have pled guilty to the narcotics charges if it had not been for the tax evasion charges. Papa has been implicated in the theft of heroin valued at \$73 million. The heroin was stolen from the N.Y.C. Police Department evidence storage facilities. The heroin was originally seized in the "French Connection" case.

Close coordination with the Office of International Operations has resulted in the development of intelligence relating to the identification of middle and upper echelon narcotic dealers in the U.S. who are purchasing heroin cutting materials from a source in Puerto Rico. The source is currently facing federal criminal conspiracy charges and a jeopardy assessment totaling \$27,053.58 was made on July 19, 1973. The assessment was satisfied as a result of distraint action by the Collection and Taxpayer Service Division, OIO.

## ADMINISTRATIVE

We are studying the ways and means of administering the NTP confidential funds through either the Regional or district offices. The monitoring of the funds at the Regional level will allow Regional management to exercise its full responsibility in this important area.

Field managers are participating on the Target Selection Committee on an invitational basis. Managers from Philadelphia, Jacksonville, Manhattan and the Mid-Atlantic Regional Office have attended TSC meetings. Meaningful participation by field managers has resulted in better target submissions from those districts.

## TARGET SELECTION

The Target Selection Committee met on August 23, 1973, at which time a total of 49 targets were selected. The 1730 targets selected to date consist of 1422 joint investigations and 308 independent Audit examinations. Of the joint investigations initiated, there are 691 open cases in inventory of which 29 are being held in the National Office due to a shortage of investigative resources. The cases held in the National Office represent a decrease of 8 cases from the previous month's total of 37 cases.

Attached to this report is a statistical analysis of program operations and a geographical schedule showing other pertinent data.

LEVOY G. VENABLE.

## Statistical Analysis of Program Operations

I—NARCOTIC TRAFFICKERS PROGRAM TAX ASSESSMENTS; II—SEIZURES ATTRIBUTABLE TO THE NARCOTIC TRAFFICKERS PROGRAM; III—NARCOTIC TRAFFICKERS PROGRAM FIELD STATISTICS—AUG. 31, 1973

	Fiscal year—			Cumulative to date
	1972	1973	1974	
SCHEDULE I <sup>1</sup>				
NTP targets:				
Audit NTP assessments.....	4.4	22.0	4.7	31.1
Audit jeopardy assessments.....	9.2	15.9	.7	25.8
Total audit examination assessments.....	13.6	37.9	5.4	56.9
Termination of taxable periods (assessments against NTP targets).....	0	22.8	0	22.8
Total assessments against NTP targets.....	13.6	60.7	5.4	79.7
Non-NTP targets:				
Spontaneous assessments of arrested narcotic violators.....	40.6	33.8	7.4	81.8
Total assessments against target and nontarget cases.....	54.2	94.5	12.8	161.5
SCHEDULE II <sup>1</sup>				
Cash seized.....	7.2	10.4	1.6	19.2
Other real property seized.....	1.3	3.9	.2	5.4
Total amount of seizures.....	8.5	14.3	1.8	24.6
SCHEDULE III				
Joint investigations completed.....	134	499	100	733
Prosecutions recommended.....	56	215	52	323
Indictments.....	22	97	16	135
Convictions.....	7	44	9	60

<sup>1</sup> Figures in schedule I and II are in \$1,000,000 increments.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, AUG. 31, 1973

	Special agents assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases <sup>1</sup>	Joint targets selected, held in national office	Total indict- ments	Convic- tions
Atlantic region.....	72	257	58	103	6	98	2	21	8
Albany, N.Y.....	1	9	3	1	0	5	0	1	0
Augusta, Maine.....	0	1	2	0	0	0	0	0	0
Boston, Mass.....	10	22	5	3	0	14	1	3	2
Brooklyn, N.Y.....	22	69	18	31	0	20	0	7	4
Buffalo, N.Y.....	5	18	3	9	0	6	0	0	0
Burlington, Vt.....	1	2	0	0	0	2	0	0	0
Hartford, Conn.....	4	20	4	7	0	9	0	1	0
Manhattan, N.Y.....	24	104	23	49	6	33	0	9	2
Portsmouth, N.H.....	2	5	0	2	0	3	1	0	0
Providence, R.I.....	3	7	0	1	0	6	0	0	0
Mid-Atlantic region.....	62	239	55	79	2	109	6	25	16
Baltimore, Md.....	10	38	14	10	1	14	0	10	9
Newark, N.J.....	15	71	6	28	1	37	6	3	0
Philadelphia, Pa.....	16	48	13	24	0	11	0	4	2
Pittsburgh, Pa.....	11	42	12	8	0	26	0	3	3
Richmond, Va.....	8	33	10	8	0	15	0	5	2
Wilmington, Del.....	2	7	0	1	0	6	0	0	0
Southeast region.....	55	217	59	65	4	90	2	28	16
Atlanta, Ga.....	8	40	10	13	1	16	0	4	4
Birmingham, Ala.....	5	14	4	3	0	7	0	3	0
Columbia, S.C.....	0	10	2	3	0	5	0	2	2
Greensboro, N.C.....	5	20	7	6	0	7	0	3	1
Jackson, Miss.....	1	5	0	1	0	4	0	0	0
Jacksonville, Fla.....	32	118	31	38	3	47	2	16	9
Nashville, Tenn.....	4	10	5	1	0	4	0	0	0
Central region.....	54	180	37	38	0	103	4	14	6
Cincinnati, Ohio.....	10	20	6	4	0	10	0	1	0
Cleveland, Ohio.....	11	38	3	6	0	27	4	0	0
Detroit, Mich.....	20	85	20	27	0	39	0	11	4
Indianapolis, Ind.....	8	21	5	1	0	15	0	2	2
Louisville, Ky.....	3	111	3	0	0	8	0	0	0
Parkersburg, W. Va.....	2	4	0	0	0	4	0	0	0
Midwest region.....	56	121	23	34	0	669	3	9	6
Aberdeen, S. Dak.....	0	1	0	0	0	1	0	0	0
Chicago, Ill.....	26	63	10	25	0	28	0	2	1
Des Moines, Iowa.....	2	6	0	1	0	5	0	0	0
Fargo, N. Dak.....	1	0	0	0	0	0	0	0	0
Milwaukee, Wis.....	6	11	3	0	0	8	0	2	0
Omaha, Nebr.....	2	3	0	1	0	3	0	0	0
St. Louis, Mo.....	8	20	7	4	0	9	0	4	0
St. Paul, Minn.....	4	8	2	2	0	5	0	1	0
Springfield, Ill.....	7	12	1	1	0	10	3	1	0
Southwest region.....	36	137	18	50	0	71	6	6	3
Albuquerque, N. Mex.....	1	15	3	6	0	6	3	0	0
Austin, Tex.....	12	59	8	26	0	28	0	3	2
Cheyenne, Wyo.....	1	12	0	1	0	1	0	0	0
Dallas, Tex.....	3	17	3	1	0	12	3	1	0
Denver, Colo.....	4	13	1	6	0	6	0	1	0
Little Rock, Ark.....	1	3	0	2	0	1	0	0	0
New Orleans, La.....	9	22	3	6	0	13	0	1	0
Oklahoma City, Okla.....	4	5	0	1	0	4	0	0	0
Wichita, Kans.....	1	1	0	1	0	0	0	0	0
Western region.....	60	268	73	81	1	122	6	32	5
Anchorage, Alaska.....	0	2	1	0	0	0	0	0	0
Boise, Idaho.....	0	2	0	0	0	2	0	0	0
Helena, Mont.....	0	2	0	0	0	6	0	6	0
Honolulu, Hawaii.....	3	17	6	5	0	7	0	7	1
Los Angeles, Calif.....	20	57	14	24	1	20	0	3	1
Phoenix, Ariz.....	13	68	12	22	0	35	6	0	0
Portland, Oreg.....	5	26	6	7	0	13	0	0	0
Reno, Nev.....	2	9	0	4	0	5	0	0	0
Salt Lake City, Utah.....	1	9	1	2	0	6	0	0	0
San Francisco, Calif.....	13	45	26	9	0	16	0	11	1
Seattle, Wash.....	3	31	7	8	0	17	0	5	2
National office.....	1								
Totals.....	396	1,422	323	450	13	662	29	135	60

<sup>1</sup> Includes targets selected for independent audit examinations which were subsequently referred to the Intelligence Division, cases transferred in from other districts and other adjustments to the district inventories.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, AUG. 31, 1973**

	Audit target selected	Received from W/D	Intelligence Transfer	Referrals accepted by intelligence	Closed	Open inventory
<b>North Atlantic region</b>	<b>53</b>	<b>105</b>	<b>6</b>	<b>7</b>	<b>90</b>	<b>67</b>
Albany	8	1		1		8
Boston	4	2			2	4
Brooklyn	14	33		4	30	13
Buffalo	3	9			3	8
Burlington	1					1
Hartford	1	8			6	3
Manhattan	22	49	6	1	46	30
Portsmouth		2			2	
Providence		1			1	
<b>Mid-Atlantic region</b>	<b>55</b>	<b>78</b>	<b>2</b>	<b>6</b>	<b>51</b>	<b>78</b>
Baltimore	4	10	1		6	9
Newark	19	26	1	2	16	28
Philadelphia	18	25	1	3	21	19
Pittsburgh	10	8			3	15
Richmond	4	8		1	4	7
Wilmington		1			1	
<b>Southeast region</b>	<b>25</b>	<b>65</b>	<b>4</b>	<b>4</b>	<b>60</b>	<b>30</b>
Atlanta		13	1		10	4
Birmingham	1	2		1		2
Columbia		3			3	3
Greensboro	3	6			4	5
Jackson	1	1				2
Jacksonville	17	39	3	3	46	10
Nashville	3	1				4
<b>Central region</b>	<b>25</b>	<b>38</b>		<b>1</b>	<b>13</b>	<b>49</b>
Cincinnati	1	4			2	3
Cleveland	9	6		1	1	14
Detroit	12	27			10	28
Indianapolis	2	1				3
Parkersburg	1					1
<b>Midwest region</b>	<b>58</b>	<b>36</b>		<b>11</b>	<b>26</b>	<b>57</b>
Chicago	37	27		6	20	38
Des Moines		1			1	
Milwaukee	3					3
Omaha	1	1		1	1	
St. Louis	11	4		3	3	9
St. Paul	4	2		1	1	2
Springfield	4	1				5
<b>SouthWest region</b>	<b>39</b>	<b>50</b>		<b>3</b>	<b>27</b>	<b>59</b>
Albuquerque	1	6			3	4
Austin	31	26		3	14	40
Cheyenne	1	1				1
Dallas	1	1			1	1
Denver	2	6			5	3
Little Rock		2				2
New Orleans		6			4	2
Wichita	3	1				4
Oklahoma City	1	1				2
<b>Western region</b>	<b>53</b>	<b>81</b>	<b>1</b>	<b>10</b>	<b>55</b>	<b>70</b>
Honolulu		5			1	4
Los Angeles	5	24	1		28	2
Phoenix	6	22		1	12	15
Portland		7			4	3
Reno	5	4				3
Salt Lake City		2				2
San Francisco	25	9		8	3	23
Seattle	12	8		1	7	12
<b>OOO</b>	<b>1</b>					<b>1</b>
<b>Total</b>	<b>309</b>	<b>453</b>	<b>13</b>	<b>42</b>	<b>322</b>	<b>411</b>



MAY 10, 1974.

To: Assistant Secretary for Enforcement, Tariff and Trade Affairs, and operations.  
 From: Assistant Commissioner (Compliance) CP:I:O.  
 Subject: Progress Report—Internal Revenue Service Narcotics Traffickers Project (NTP) March, 1974.

## SIGNIFICANT EVENTS

On March 22, 1974 ten NYC police officers were selected for investigation under the Narcotics Traffickers Project. Five of the selected individuals have since become cooperating witnesses and the other five were indicted on April 19, 1974. The police officers are accused of evading taxes on more than \$300,000 seized during arrests of large scale narcotic traffickers and on income earned from the sale of stolen narcotics. The indicted officers are former members of the Special Investigative Unit, an elite and confidential investigative section of the New York City Police Department.

On April 18, 1974 Ralph (the General) Tutino, an alleged member of one of New York City's major organized crime families, was arrested by special agents of the Intelligence Division with the cooperation of agents of the Drug Enforcement Administration. Tutino was indicted on April 13, 1973 on charges of attempted income tax evasion and failure to file tax returns. Deficiencies and penalties totaled \$67,000. Tutino was also wanted by the New York City Police Department on charges of hindering prosecution and conspiracy in connection with the murder of Anthony Lombardi. Police theorized that the slaying apparently resulted from a dispute over a narcotic transaction. Bail on the tax charges was set at \$75,000. Tutino was subsequently turned over to New York City authorities.

Project Discovery is a pilot Drug Enforcement Administration—Internal Revenue Service joint intelligence effort initiated to identify significant narcotics traffickers and financiers operating throughout the United States. The Phoenix District was chosen as the pilot district since Arizona is a "corridor" state through which significant amounts of narcotics are smuggled into the United States from Central and South America through Mexico. It is conservatively estimated that one-half to two-thirds of all illegal drugs being used in the United States either originates or passes through Mexico. DEA is attempting to identify substantive narcotics cases while I&S is seeking information relating to internal revenue law violations.

## ADMINISTRATION

On March 27, 1974 Manual Supplement 94G-51, Narcotics Traffickers Project, was issued. The manual supplement realigned the functional responsibility of the project along established Service organizational lines. The Target Selection Committee (TSC) remains the responsibility of the Intelligence and Audit Division Directors at the National Office. All target recommendations are screened by the regional offices prior to submission to the TSC. As a result of this change an immediate improvement was noted in the quality of targets being submitted. The authority to close NTP cases has been delegated to district offices. The manual supplement contains criteria for the selection of NTO cases. The method of disbursing and monitoring confidential funds has been streamlined and the regional offices are closely monitoring such expenditures and reporting unusual expenditures and problems directly to the Director, Intelligence.

An Information Notice on Termination Assessments was approved by the Director, Audit Division for distribution to all Audit technical personnel. The document emphasizes strict adherence to Manual procedures on spontaneous assessments and includes Audit guidelines for the revenue agents. Issuance of the Notice is expected this month.

## TARGET SELECTION

The TSC now meets twice monthly in order to expedite the case selection process. The following tabulation shows the number of targets selected since the inception of the project and the total selected in Fiscal Year 1974 (cumulative to March 31, 1974):

JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF CASE WORKLOADS AND CASE DISPOSITIONS, FISCAL YEAR 1974 CUMULATIVE TO MAR. 30, 1974—Continued

	Fiscal year 1974	Since inception
Intelligence joint cases.....	266	1,607
Audit.....	71	352
Total.....	337	1,959

Of the joint investigations initiated there are 566 open cases in inventory, down 182 cases from the 748 cases in inventory as of June 30, 1973. The Jacksonville District's inventory of 53 cases represents the largest inventory of any single district.

Proposed assessments against selected target cases for the 33-month period ended March 31, 1974 amounted to \$76.5 million. Spontaneous assessments for the same cumulative period amounted to \$134.1 million—\$23.5 million assessed against target cases and \$110.6 assessed against non-target cases. Thus, total assessments under the program amounted to \$210.6 million.

The amount of property and cash seized on the spontaneous assessments was \$29.4 million.

Attached to this report is a statistical analysis of project operations and a geographical schedule showing other pertinent data.

JOHN F. HANLON.

Attachments.

JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF CASE WORKLOADS AND CASE DISPOSITIONS, FISCAL YEAR 1974 CUMULATIVE TO MAR. 30, 1974

	Special agent man- days <sup>1</sup>	Joint targets selection	Investi- gations initiated	Prosecu- tions	W/D	Open joint cases <sup>2</sup>	Total indict- ments	Convic- tions
North Atlantic region.....	1,137	64	59	36	33	91	4	13
Albany, N.Y.....	39	1	1	0	1	5	0	1
Augusta, Maine.....	7	0	0	0	1	0	0	0
Boston, Mass.....	115	4	2	1	1	16	0	2
Brooklyn, N.Y.....	459	31	31	20	3	24	0	3
Buffalo, N.Y.....	58	0	0	4	5	5	1	0
Burlington, Vt.....	28	2	4	0	0	4	0	0
Hartford, Conn.....	81	1	0	3	2	6	2	1
Manhattan, N.Y.....	312	25	20	8	17	24	1	6
Portsmouth, N.H.....	9	0	1	0	1	2	0	0
Providence, R.I.....	29	0	0	0	2	5	0	0
Mid-Atlantic region.....	650	23	34	24	56	73	8	11
Baltimore, Md.....	120	5	6	2	8	14	0	5
Newark, N.J.....	189	5	12	5	9	28	1	1
Philadelphia, Pa.....	200	8	12	9	15	15	6	3
Pittsburgh, Pa.....	109	0	0	2	14	10	0	0
Richmond, Va.....	42	3	3	4	9	6	1	2
Wilmington, Del.....	0	2	1	2	1	0	0	0
Southeast region.....	605	43	46	22	43	80	10	12
Atlanta, Ga.....	76	11	5	7	6	9	3	3
Birmingham, Ala.....	14	1	1	4	6	3	3	4
Columbia, S.C.....	14	0	2	0	2	5	0	0
Greensboro, N.C.....	52	1	2	2	4	4	3	0
Jackson, Miss.....	0	0	0	0	3	2	0	0
Jacksonville, Fla.....	412	28	35	8	18	53	0	5
Nashville, Tenn.....	38	2	1	1	4	4	1	0
Central region.....	676	24	34	26	56	69	9	4
Cincinnati, Ohio.....	25	2	3	6	6	4	1	0
Cleveland, Ohio.....	159	8	12	6	10	17	3	0
Detroit, Mich.....	323	5	14	10	26	30	2	2
Indianapolis, Ind.....	94	3	2	2	9	10	1	0
Louisville, Ky.....	57	6	3	2	3	5	2	2
Parkersburg, W. Va.....	18	0	0	0	2	3	0	0

JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF CASE WORKLOADS AND CASE DISPOSITIONS, FISCAL YEAR  
1974 CUMULATIVE TO MAR. 30, 1974—Continued

	Special agent main- tenance days <sup>1</sup>	Joint targets selection	Investi- gations initiated	Prosecu- tions	W/D	Open joint cases <sup>2</sup>	Total indict- ments	Convic- tions
Midwest region.....	787	35	50	13	20	95	3	4
Aberdeen, S. Dak.....	0	1	1	0	0	2	0	0
Chicago, Ill.....	338	24	31	7	11	46	0	0
Des Moines, Iowa.....	2	1	1	1	0	5	0	0
Fargo, N. Dak.....	6	0	0	0	0	1	0	0
Milwaukee, Wis.....	98	3	5	3	0	10	1	2
Omaha, Nebr.....	2	0	0	0	4	1	0	0
St. Louis, Mo.....	242	0	4	0	3	17	2	2
St. Paul, Minn.....	39	2	2	2	1	3	0	0
Springfield, Ill.....	60	4	6	0	1	10	0	0
Southwest region.....	293	11	23	16	28	51	4	9
Albuquerque, N. Mex.....	10	1	1	1	0	3	0	0
Austin, Tex.....	96	5	8	6	11	18	2	5
Cheyenne, Wyo.....	15	0	0	0	1	2	0	0
Dallas, Tex.....	81	2	3	3	3	8	2	3
Denver, Colo.....	21	0	1	1	4	3	0	1
Little Rock, Ark.....	9	1	1	0	0	3	0	0
New Orleans, La.....	35	2	5	5	7	5	0	0
Oklahoma City, Okla.....	7	0	2	0	1	5	0	0
Wichita, Kans.....	19	0	2	0	1	4	0	0
Western region.....	906	56	63	17	58	107	10	9
Anchorage, Alaska.....	0	1	1	0	0	2	0	0
Boise, Idaho.....	12	2	3	0	2	2	0	0
Helena, Mont.....	4	2	2	0	0	3	0	0
Honolulu, Hawaii.....	18	1	0	0	2	4	0	0
Los Angeles, Calif.....	310	18	15	6	6	18	4	2
Phoenix, Ariz.....	164	6	15	2	22	19	1	1
Portland, Oreg.....	139	2	2	0	6	10	0	0
Reno, Nev.....	43	1	0	1	0	3	0	0
Salt Lake City, Utah.....	16	1	0	1	2	4	1	0
San Francisco, Calif.....	125	13	16	5	7	27	2	5
Seattle, Wash.....	75	9	9	2	11	15	2	1
Prior period adjustments.....		10						
Total.....	5,065	266	309	154	294	566	48	62

<sup>1</sup> 4 weeks ending Mar. 30, 1974.

<sup>2</sup> Includes targets selected for independent audit examinations which were subsequently referred to the Intelligence Division, cases transferred in from other districts and other adjustments to the district inventories.

AUDIT DIVISION, NARCOTICS TRAFFICKERS PROGRAM: SUMMARY OF TAX ASSESSMENTS

(In millions of dollars)

	Fiscal year—			Cumulative
	1972	1973	1974 (9 mo)	
Proposed assessments: Target examinations.....	23.2	28.4	24.9	76.5
Spontaneous assessments:				
Target terminations.....	7.7	15.0	.8	23.5
Nontarget:				
Terminations.....	22.5	46.9	35.0	104.4
Jeopardy.....	.8	4.2	1.2	6.2
Total spontaneous amounts.....	31.0	66.1	37.0	134.1
Total assessments.....	54.2	94.5	61.9	210.6
Seizures (cash and property).....	8.5	14.3	6.6	29.4

**NARCOTICS TRAFFICKERS PROJECT**  
**[Key statistics by quarter since inception]**

	Fiscal year 1972				Fiscal year 1973				Fiscal year 1974				Total
	1	2	3	4	1	2	3	4	1	2	3		
Investigations completed.....	2	9	43	89	87	101	145	170	130	147	171	1,094	
Prosecution recommendations.....	2	4	17	31	39	47	57	74	42	44	68	425	
Withdrawals.....	0	5	26	58	48	54	88	96	88	103	103	669	
Indictments/informations.....	1	4	7	11	20	23	20	33	9	12	27	167	
Convictions.....	0	1	2	3	9	6	14	16	24	17	21	113	
Cases in inventory.....	(1)	289	390	558	662	681	732	748	736	680	566	-----	
Targets selected (intelligence and audit).....	109	214	207	261	220	165	253	193	139	89	109	1,959	

<sup>1</sup> Not available.

AUGUST 22, 1973.

To: Deputy Assistant Secretary for Enforcement, Office of the Secretary.  
 From: Assistant Commissioner (Compliance) CP:I:O.  
 Subject: Presidential Program for Tax Investigations of Narcotics Traffickers  
 Progress Report for Month of July, 1973.

**ADMINISTRATION**

During July liaison continued with the newly created Drug Enforcement Administration. Means to establish closer and more effective liaison will be predicated upon the finalization of the DEA reorganization plans.

At the National Office, the Operations Branch has assigned additional NTP duties to the functional area managers while the NTP manager continues to be responsible for the overall administration of the program. The area managers will actively participate in the target screening process and will administer the confidential funds for the program.

**TARGET SELECTION**

The Target Selection Committee met on July 16, 1973, at which time a total of 59 targets were selected. The 1,681 targets selected to date consist of 1,392 joint investigations and 289 independent audit examinations. Of the joint investigations initiated, there are 726 open cases of which 37 are being maintained in the national office due to a shortage of investigative resources. The 37 cases held in the national office represent a decrease of 15 cases from the previous month's total of 52 cases.

There have been 42 audit targets subsequently referred to and accepted by the Intelligence Division for joint investigation.

**NARCOTICS PROJECT ASSESSMENTS**

During the 25-month period ended July 31, 1973, total assessments proposed against selected targets amounted to \$77.2 million in additional taxes and penalties. Of this amount, assessments resulting from examinations accounted for \$54.4 million including jeopardy assessments of \$25.6 million. Termination of taxable period assessments against targets amounted to \$22.8 million. Spontaneous assessments involving arrested narcotics violators who are not targets of this program totaled \$77.9 million. Thus, total assessments against target and non-target cases amounted to \$155.1 million. Seizures of cash and property amounted to \$23.7 million, of which \$18.4 million was in cash.

**OPERATIONS**

During July, 48 joint investigations were completed. Prosecution was recommended in 23 instances, while 25 cases resulted in nonprosecution recommendations.

The results of the program as of July 31, 1973, are as follows:

Joint investigations completed.....	681
Prosecutions recommended.....	294
Indictments.....	128
Convictions.....	54

The attachment to this report is a geographical schedule which sets forth the target selections, case dispositions and current inventories.

JOHN F. HANLON.

Attachment.

## JOINT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS, CASE DISPOSITIONS, AND DISTRICT INVENTORIES, JULY 31, 1973

	Special agents assigned	Joint target selection	Prose- cutions	W/D	Trans- fer to audit	Open joint cases <sup>1</sup>	Joint targets selected held in national office	Total indict- ments	Convic- tions
North Atlantic region.....	75	251	47	93	6	113	6	21	8
Albany, N.Y.....	1	9	3	1	0	5	0	1	0
Augusta, Maine.....	1	1	2	0	0	0	0	0	0
Boston, Mass.....	2	21	4	25	0	14	0	3	2
Brooklyn, N.Y.....	22	65	14	25	0	26	0	7	4
Buffalo, N.Y.....	6	18	1	8	0	9	0	0	0
Burlington, Vt.....	7	1	0	0	0	1	0	0	0
Hartford, Conn.....	7	20	2	7	0	11	0	1	0
Manhattan, N.Y.....	25	104	21	46	6	33	5	9	2
Portsmouth, N.H.....	2	5	0	2	0	3	1	0	0
Providence, R.I.....	3	7	0	1	0	6	0	0	0
Mid-Atlantic region.....	56	236	48	66	2	120	5	24	13
Baltimore, Md.....	11	38	13	8	1	16	0	10	7
Newark, N.J.....	13	69	6	28	1	34	5	3	0
Philadelphia, Pa.....	13	48	8	16	0	24	0	3	2
Pittsburgh, Pa.....	11	42	11	8	0	26	0	3	2
Richmond, Va.....	6	32	10	8	0	14	0	5	2
Wilmington, Del.....	2	7	0	1	0	6	0	0	0
Southeast region.....	53	212	57	55	4	99	3	25	16
Atlanta, Ga.....	7	40	10	13	1	16	0	4	4
Birmingham, Ala.....	4	13	3	3	0	7	0	0	0
Columbia, S.C.....	1	10	2	3	0	5	0	2	2
Greensboro, N.C.....	5	20	7	1	0	12	0	3	1
Jackson, Miss.....	1	5	0	1	0	4	0	0	0
Jacksonville, Fla.....	31	114	30	34	3	50	3	16	9
Nashville, Tenn.....	4	10	5	0	0	5	0	0	0
Central region.....	57	176	34	25	0	117	8	13	5
Cincinnati, Ohio.....	9	19	6	3	0	10	0	0	0
Cleveland, Ohio.....	10	35	3	4	0	23	3	0	0
Detroit, Mich.....	22	86	18	17	0	51	0	11	3
Indianapolis, Ind.....	9	21	5	1	0	15	0	2	2
Louisville, Ky.....	4	11	2	0	0	9	0	0	0
Parkersburg, W. Va.....	3	4	0	0	0	4	0	0	0
Midwest region.....	47	120	20	31	0	74	3	9	6
Aberdeen, S. Dak.....	0	1	0	0	0	1	0	0	0
Chicago, Ill.....	19	59	9	23	0	27	0	2	1
Des Moines, Iowa.....	2	6	0	1	0	5	0	0	0
Fargo, N. Dak.....	1	0	0	0	0	0	0	0	0
Milwaukee, Wis.....	5	11	2	0	0	9	0	2	1
Omaha, Nebr.....	2	3	0	1	0	3	0	0	0
St. Louis, Mo.....	7	20	6	3	0	14	0	4	4
St. Paul, Minn.....	4	8	2	2	0	5	0	0	0
Springfield, Ill.....	7	12	1	1	0	10	3	1	0
Southwest region.....	39	135	18	46	0	74	6	6	2
Albuquerque, N. Mex.....	2	15	3	6	0	6	3	0	0
Austin, Tex.....	13	59	8	25	0	29	0	3	1
Cheyenne, Wyo.....	1	2	0	0	0	2	0	0	0
Dallas, Tex.....	6	16	3	1	0	12	3	1	1
Denver, Colo.....	3	13	1	5	0	7	0	1	0
Little Rock, Ark.....	1	3	0	2	0	1	0	0	0
New Orleans, La.....	8	21	3	6	0	12	0	1	0
Oklahoma City, Okla.....	4	5	0	1	0	4	0	0	0
Wichita, Kans.....	1	1	0	0	0	1	0	0	0
Western region.....	65	262	70	71	1	129	6	30	4
Anchorage, Alaska.....	0	1	1	0	0	0	0	0	0
Boise, Idaho.....	0	2	0	0	0	2	0	0	0
Helena, Mont.....	0	0	0	0	0	0	0	0	0
Honolulu, Hawaii.....	4	16	6	5	0	5	0	6	0
Los Angeles, Calif.....	20	57	13	23	1	20	0	5	1
Phoenix, Ariz.....	11	68	12	19	0	37	6	3	1
Portland, Oreg.....	7	25	6	6	0	13	0	0	0
Reno, Nev.....	4	9	0	3	0	6	0	0	0
Salt Lake City, Utah.....	1	4	1	2	0	6	0	0	0
San Francisco, Calif.....	13	45	24	7	0	22	0	11	0
Seattle, Wash.....	5	30	7	6	0	18	0	5	2
National office.....	6								
Total.....	398	1,392	294	387	13	726	37	128	54

<sup>1</sup> Includes targets selected for independent audit examinations which were subsequently referred to the Intelligence Division, cases transferred in from other districts and other adjustments to the district inventories.

**AUDIT TARGETS—GEOGRAPHIC DISTRIBUTION OF TARGET SELECTIONS CASE DISPOSITIONS AND DISTRICT INVENTORIES, JULY 31, 1973**

	Audit targets selected	Received from W/D	intelligence Transfer	Referrals accepted by intelligence	Closed	Open inventory
<b>North Atlantic region</b>	<b>50</b>	<b>95</b>	<b>6</b>	<b>7</b>	<b>88</b>	<b>56</b>
Albany	7	1		1		7
Boston	4	2			2	4
Brooklyn	13	27		4	30	6
Buffalo	3	8		1	3	7
Hartford	1	8			6	3
Manhattan	22	46	6	1	44	29
Portsmouth		2			2	
Providence		1			1	
<b>Mid-Atlantic region</b>	<b>50</b>	<b>66</b>	<b>2</b>	<b>6</b>	<b>47</b>	<b>65</b>
Baltimore	4	8	1		6	7
Newark	19	26	1	2	15	29
Philadelphia	18	18		3	19	14
Pittsburgh	5	5			2	3
Richmond	4	8		1	4	7
Wilmington		1			1	
<b>Southeast region</b>	<b>24</b>	<b>55</b>	<b>4</b>	<b>4</b>	<b>60</b>	<b>19</b>
Atlanta		13	1		10	4
Birmingham	1	2		1		2
Columbia		3				3
Greensboro	3	1			4	
Jackson	1	1				2
Jacksonville	16	35	3	3	46	5
Nashville	3					3
<b>Central region</b>	<b>23</b>	<b>25</b>		<b>1</b>	<b>12</b>	<b>35</b>
Cincinnati	1	3			2	2
Cleveland	7	4				11
Detroit	12	17		1	10	18
Indianapolis	2	1				3
Parkburg	1					1
<b>Midwest region</b>	<b>55</b>	<b>33</b>		<b>11</b>	<b>23</b>	<b>54</b>
Chicago	34	25		6	19	34
Des Moines		1				1
Milwaukee	3					3
Omaha	1	1		1		1
St. Louis	11	3		3	3	8
St. Paul	2	2		1	1	2
Springfield	4	1				5
<b>Southwest region</b>	<b>38</b>	<b>46</b>		<b>3</b>	<b>27</b>	<b>54</b>
Albuquerque	1	6			3	4
Austin	31	25		3	14	39
Dallas	1	1			1	1
Denver	2	5			5	2
Little Rock		2				2
New Orleans		6			4	2
Wichita	3					3
Oklahoma City		1				1
<b>Western region</b>	<b>48</b>	<b>71</b>	<b>1</b>	<b>10</b>	<b>55</b>	<b>55</b>
Honolulu		5			1	4
Los Angeles	5	23	1		28	1
Phoenix	6	19		1	12	12
Portland		6			4	2
Reno	4	3				7
Salt Lake City		2				2
San Francisco	22	7		8	3	18
Seattle	11	6		1	7	
<b>OIO</b>	<b>1</b>					<b>1</b>
<b>Total</b>	<b>289</b>	<b>391</b>	<b>13</b>	<b>42</b>	<b>312</b>	<b>339</b>

Memorandum to: Assistant Secretary for Enforcement, Tariff and Trade Affairs, and Operations.

From: Assistant Commissioner (Compliance) CP:I:O.

Subject: Progress Report—Internal Revenue Service Narcotics Traffickers Project (NTP).

Attached are NTP statistical summaries for Fiscal Year 1974 and a comparison of pertinent NTP statistics with prior years operations. Similar reports showing project accomplishments will be submitted on a quarterly basis.

JOHN F. HANLON.

Attachments.

NARCOTICS TRAFFICKERS PROGRAM (NTP)—SUMMARY OF TAX ASSESSMENTS

[Dollar amounts in millions]

	Fiscal year 1972		Fiscal year 1973		Fiscal year 1974		Cumulative	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Proposed assessments:								
Selected NTP cases.....	76	\$23.2	455	\$26.6	570	\$32.4	1,101	\$82.2
Related cases.....	4		60	1.7	56	2.5	120	4.2
Total.....	80	23.2	515	28.3	626	34.9	1,221	86.4
Jeopardy assessments (included above).....	35	18.8	53	6.3	22	9.0	110	34.1
Spontaneous assessments:								
Selected NTP cases: Terminations.....	36	7.7	24	15.0	7	.9	67	23.6
Nonselected NTP cases:								
Terminations.....	542	22.5	1,780	46.9	1,362	38.5	3,684	107.9
Jeopardy.....	34	.8	100	4.2	35	1.3	169	6.3
Total.....	612	31.0	1,904	66.1	1,404	40.7	3,920	137.8
Total assessments.....	689	54.2	2,419	94.4	2,030	75.6	5,138	224.2
Seizures (cash and property).....		8.5		14.3		8.1		30.9
Amounts actually collected.....		7.1		10.9		16.5		24.5
Estimated value of assets under levy and seizure as of June 30, 1974.....								3.6

JOINT CASES—GEOGRAPHIC DISTRIBUTION OF CASE WORKLOADS AND CASE DISPOSITION, FISCAL YEAR 1974

Region	Joint cases selected	Investigations initiated	Prosecution recommended	Withdrawal recommended	Open joint cases <sup>1</sup>	Total indicted	Total convicted
North-Atlantic.....	82	90	58	55	78	14	17
Mid-Atlantic.....	39	42	29	81	52	16	20
Southeast.....	57	64	40	57	68	13	19
Central.....	35	46	36	74	54	15	6
Midwest.....	42	54	25	36	73	8	5
Southwest.....	21	25	25	35	38	8	10
Western.....	69	91	32	80	99	12	11
Total.....	345	412	245	418	462	86	88

<sup>1</sup> As of June 22, 1974.

MAY 12, 1975.

To: Assistant Secretary (Enforcement, Operations and Tariff Affairs).

From: Assistant Commissioner (Compliance) CP:I:O.

Subject: Progress Report—Internal Revenue Service Narcotics Traffickers Project (NTP).

Attached are NTP statistics for the period July 1, 1974 to March 31, 1975.

S. B. WOLFE.

Attachment.

**NARCOTICS TRAFFICKERS PROJECT—INTELLIGENCE DIVISION, GEOGRAPHIC DISTRIBUTION OF CASE WORKLOADS  
AND CASE DISPOSITION, JULY 1, 1974 TO MAR. 31, 1975**

Region	Cases selected	Investiga- tions initiated	Prosecu- tion recom- mended	With- drawal recom- mended	Open cases	Total indicted	Total convicted
Central.....	17	25	15	30	30	9	6
Mid-Atlantic.....	10	19	9	23	39	4	8
Midwest.....	21	25	15	21	52	2	4
North-Atlantic.....	25	33	26	33	48	12	12
Southeast.....	24	15	12	27	31	10	10
Southwest.....	10	16	5	29	15	3	3
Western.....	39	41	16	37	75	7	7
Total.....	146	174	98	200	290	47	50

**NARCOTICS TRAFFICKERS PROGRAM (NTP)—SUMMARY OF TAX ASSESSMENTS**

[Dollar amounts in millions]

	Prior periods		Fiscal year 1974		Fiscal year 1975 (3d quarter)		Cumulative	
	Cases	Amounts	Cases	Amounts	Cases	Amounts	Cases	Amounts
Proposed assessments:								
Selected NTP cases.....	528	\$49.8	570	\$26.3	216	\$8.4	1,314	\$84.5
Related cases.....	64	1.7	56	2.5	35	1.0	155	5.2
Total.....	592	51.5	6.6	28.8	251	9.4	1,469	89.7
Jeopardy assessments (included above).....	88	25.1	22	9.0	3	.2	113	34.3
Spontaneous assessments:								
Selected NEP cases: Terminations.....	60	22.7	7	.9	2	.1	69	23.7
Nonselected NTP cases:								
Terminations.....	2,322	69.4	1,362	38.5	188	3.6	3,872	111.5
Jeopardy.....	134	5.0	35	1.3	11	.2	180	6.5
Total.....	2,516	97.1	1,404	40.7	201	3.9	4,121	141.7
Total assessments.....	3,108	148.6	2,030	69.5	452	13.3	5,590	231.4
Seizures (cash and property).....		22.8		9.1		1.8		32.7
Amounts actually collected.....		18.0		16.5		(*)		34.5
Estimated value of assets under levy and seizure as of.....								

<sup>1</sup> Amount previously reported (\$32.4) adjusted to eliminate duplicated assessments.

<sup>2</sup> Not available.

**NARCOTICS TRAFFICKERS PROJECT—INTELLIGENCE DIVISION, GEOGRAPHIC DISTRIBUTION OF CASE WORKLOADS  
AND CASE DISPOSITION, JULY 1, 1974 TO MAR. 31, 1975**

Region	Cases selected	Investi- gations initiated	Prosecution recom- mended	Withdrawal recom- mended	Open cases	Total indicted	Total convicted
Central.....	17	25	15	30	30	9	6
Mid-Atlantic.....	10	19	9	23	39	4	8
Midwest.....	21	25	15	21	52	2	4
North-Atlantic.....	25	33	26	33	48	12	12
Southeast.....	24	15	12	27	31	10	10
Southwest.....	10	16	5	29	15	3	3
Western.....	39	41	16	37	75	7	7
Total.....	146	174	98	200	290	47	50

<sup>1</sup> The National Narcotics Case Selection Committee was discontinued as of the February meeting.



JULY 16, 1976.

To: Deputy Secretary George Dixon.  
 From: Commissioner of Internal Revenue.  
 Subject: Investigations of Alleged Narcotics Traffickers.

## JUNE 30, 1976 STATUS

1. A recent review of the Service activity in the area of criminal investigations and prosecutions of allowed narcotics traffickers for tax violations revealed the following data.

In the fiscal year ending June 30, 1976, the Intelligence Division initiated 171 new cases in this area. At the end of the fiscal year the Division had 205 cases in active investigative status. This figure is a combination of cases opened in FY 1976 and cases initiated in previous years which were still open. In addition to these active investigations, there was a total of 258 cases on which prosecution had been recommended and which were being reviewed at either Regional Counsel, the Department of Justice or the United States Attorney level. I should point out that not all of these cases were recommended for prosecution in FY 1976. In FY 1976 the Service obtained 49 indictments and 41 alleged narcotics traffickers were convicted for income tax violations.

## SIGNIFICANT CASES

2. The following are short summaries of some more noteworthy and significant cases which have either been completed or are presently under investigation. You will see in these examples the type of individuals we have encountered in this area and the schemes used by them.

## WILFORD K. PULAWA—HONOLULU DISTRICT

Pulawa has long been considered to be the head of all organized crime on the Hawaiian Islands. He had been investigated a number of times by local, state and federal agencies for many different charges including murder, white slavery, extortion and narcotics trafficking. He was convicted on three counts of tax evasion and three counts of subscribing to false returns. On May 20, 1975, Federal District Court Judge Samuel P. King sentenced Pulawa to a total of 74 years in prison. The judge had previously ordered Pulawa incarcerated immediately after his conviction. This was the longest sentence ever handed down in a tax case. On March 25, 1976 the 9th Circuit Court of Appeals ruled that Judge King had erred in sentencing Pulawa on the false return counts. The court reduced the sentence to 15 years which was still, of course, an extremely long sentence.

## MANHATTAN DISTRICT

The Manhattan District recently submitted a report to Regional Counsel recommending prosecution against a major narcotics trafficker and nineteen employees of a major New York bank. The taxpayer is charged with subscribing to false income tax returns for the years 1970, 1971 and 1972; and failure to file, together with income tax evasion for the years 1973 and 1974. The nineteen bank employees are charged with conspiracy in aiding the taxpayer in his attempt to defraud the U.S. Government by exchanging small denomination bills for large denomination bills (washing money). Each of the bank employees received fees for services rendered and withhold submission of required reports as to large currency transactions. In the Special Agent's report the taxpayer is charged with omitting income in excess of \$780,000 for the years involved.

## AUSTIN DISTRICT

The district received information from the Drug Enforcement Administration in early 1975 indicating the existence of a large "community" of narcotics smugglers and traffickers near the Mexican-Texas border who were showing sudden dramatic increases in wealth. There were instances of individuals who were penniless a few years before who are now buying \$40,000 trucks and building \$100,000 homes. The district conducted some information gathering in the area and was able to substantiate the DEA reports. By the end of the third quarter of FY 1976 the Intelligence Division was able to initiate 16 investigations of individuals suspected of being high-level traffickers and/or financiers. There

was also a group of more than 70 cases which our Audit and Collection Divisions began examining for civil violations with the good possibility that a number of these could be referred to the Intelligence Division in the future for criminal investigation. Some of those under investigation include corporate officers, bank officials and nightclub owners. There are well-founded indications that a number of public officials in the area, including judges and police officials, may be profiting from the illegal narcotics traffic.

#### CLEVELAND DISTRICT

The district recently recommended prosecution against a prominent attorney who is a known associate of individuals involved in the trafficking of narcotics in the Midwest. The taxpayer owns and operates a money exchange which is allegedly used to launder narcotics profits in that area. Estimated additional taxes based on the unreported income by the taxpayer and his business are approximately \$224,000.

#### PROCEDURES FOR EFFECTIVE USE OF DEA INFORMATION

3. In connection with the renewed emphasis in this program as expressed recently by the President, the Intelligence Division will be receiving copies of the Drug Enforcement Administration's Class I Violators list on a regular basis. The Division has established a procedure for handling the names on the lists as they are received. When the list comes in the names will be disseminated immediately through the appropriate channels to the district having jurisdiction over the area where the taxpayer filed or should have filed a return. Each name will immediately be made into an information item and given priority attention. The Chief, Intelligence Division in the District will evaluate each item and take one of three possible actions:

- (a) He will make the taxpayer the subject of an active investigation.
- (b) He will initiate an information gathering assignment as prescribed in existing Service procedures. This will help him determine if the item has sufficient potential to warrant an active investigation by Intelligence.
- (c) If the item has no prosecution potential and, therefore, cannot be made the subject of an Intelligence Division investigation, he will remove it from information item status. He will do this by either closing the matter to the Division files or by referring it to the Audit or Collection Division in the event that there appears to be a civil violation under their jurisdiction.

In every instance where the District Chief, Intelligence has determined that an individual should not be made the subject of an Intelligence Division investigation he will notify the Director, Intelligence Division of that decision. This notification will be in the form of a written report showing what disposition was made of the information item and will include sufficient data to adequately explain why the individual was not placed under active Intelligence investigation.

I look forward to discussing these matters with you Saturday morning.

Memorandum to: Deputy Secretary George Dixon.

From: Commissioner of the Internal Revenue.

Subject: High-Level Drug Leaders Tax Enforcement Project—July Report.

#### INTELLIGENCE STATISTICS AS OF JULY 31, 1976

The Intelligence statistics for July were obtained by telephone from our field personnel. As of June 30, 1976, we advised you that we had 205 cases in open investigative status. Our open inventory on June 30, 1976 was actually 204 cases due to an inadvertent error in the compilation of the data. During the month of July 1976, we opened a total of 24 new cases in the Intelligence Division. Also during July, we closed 12 cases leaving us with a total inventory of 216 cases in active investigative status as of July 31, 1976.

#### AUDIT STATISTICS AS OF JULY 31, 1976

The following is a statistical summary of all returns in inventory and returns closed in July having an illegal narcotics trafficking feature.

Region	Returns in progress, as of July 31, 1976	Returns closed during July	Related tax deficiency
Central.....	135	8	88,205
Mid-Atlantic <sup>1</sup> .....	66	1	48,600
Midwest.....	164	1	780
North Atlantic.....	63	10	725,325
Southeast.....	56	2	105,194
Southwest.....	66	15	77,284
Western.....	117	26	227,459
Total.....	672	63	1,272,251

<sup>1</sup> The mid-Atlantic region had 10 returns in process which were identified as DEA class I violators from the group of DEA items which they received as a result of the interagency agreement.

#### FUTURE REPORTING

The Audit and Intelligence management information systems cannot produce accurate statistical data for FY 76 on narcotics traffickers. Therefore, the statistical data for the June report dated July 16, 1976 and, this report, have been determined by physical counts from the field offices. However, the Intelligence Division has established a computer program and reporting system for the High-Level Drug Traffickers Project which will provide a complete monthly statistical breakdown including, on a district, regional and national basis, such information as number of cases initiated, prosecution recommendations, cases closed, cases in inventory, staff-days applied to investigations, amount of tax and penalties recommended on prosecution cases and progress of cases through Regional Counsel and the Department of Justice. Under the processing cycle at the Data Center, this information is normally available on the 25th of each following month. Therefore, as of September 30th, we should be able to generate a comprehensive statistical report for the month of August. The Audit Division has also developed similar procedures for a computer program and reporting system. However, Audit is in the process of converting to a completely new computer system. The completion of the conversion is expected within the next three months. Manual reporting has been established as an interim procedure.

#### NEW NARCOTICS PROJECT

Shortly after the signing of the Memorandum of Understanding by the Service and the Drug Enforcement Administration on July 27, we received an updated list of 375 Class I violators from DEA. We had received a list earlier from that agency but since it contained inaccuracies which were discovered after the list had been delivered, we were provided with a corrected list. After the list was received it was broken down by district and forwarded to the Service Centers in two groups. The first group of 209 items was mailed out on August 4 along with a set of interim guidelines to be followed in processing the information. A second group of 166 items was mailed out on August 10.

Service Center personnel were instructed to process the items, secure all pertinent tax returns and transcripts of account and forward them to the appropriate districts for evaluation and action. A number of these items have already reached the Chiefs, Intelligence at the district level. A breakdown of the items as they were sent to the Service Centers is as follows:

Service center	Number of items
Andover.....	19
Atlanta.....	38
Austin.....	49
Brookhaven.....	37
Cincinnati.....	30
Fresno.....	79
Kansas City.....	25
Memphis.....	16
Ogden.....	37
Philadelphia.....	45
Total.....	375

The geographic allocation of the DEA items on a regional basis is as follows:

<i>Region</i>	<i>Items</i>
North Atlantic-----	44
Mid-Atlantic-----	51
Central-----	36
Southeast-----	46
Midwest-----	28
Southwest-----	62
Western-----	100
OIO-----	8
Total-----	375

The Intelligence Division guidelines that were issued to the field on August 4 instructed the Service Centers to handle the processing of the DEA items as a priority matter. In addition the Chiefs, Intelligence at the district level, were instructed to give the evaluation of these items top priority status. On August, 6, 1976, procedures for identifying all Audit Division narcotics cases and for reporting time applications by type of narcotics cases were issued to the field, effective immediately.

Joint interdivisional meetings, coordinated by the Assistant Commissioner (Compliance) staff, were held throughout the month and resulted in procedures for the reporting that will be implemented for the tracking of DEA Class I violators. The Audit Division reporting will be fully implemented after the nationwide conversion to the new computer system.

On August 16, a teletype was sent to all Assistant Regional Commissioners (Intelligence) and all District Directors from the Director, Intelligence Division, concerning the classification of cases on individuals in the illegal narcotics business. The field was instructed that in addition to any cases in inventory or initiated on identified DEA Class I violators, all cases in inventory and subsequently initiated involving high-level drug leaders and financiers which meet the case classification criteria for SEP-1 (Racketeer) or SEP-3a (Strike Force), "should immediately be reclassified as within the High-Level Drug Leaders Tax Enforcement Project." National Office Project Number 21 has been assigned to the High-Level Drug Leaders Tax Enforcement Project.

When all of the reclassification has been completed, the districts will input this information into the Intelligence Division's Management Information System. From the time that this information is in the computer, we will be able to obtain accurate statistics on the status of the project. On August 17, 1976, procedures for the interim manual reporting of Audit Division narcotics returns inventories and case closing results on a monthly basis were issued to the field.

On August 20, 1976, the Audit & Intelligence Divisions participated in a meeting of numerous agencies in the Chicago DEA office involving the concept of a field integrated exchange group for coordinating activities against illegal narcotics traffickers. It was decided to set up test exercises for bringing together enforcement agencies (federal, state and local) to work on one subject and determine an adequate plan. It was decided to pick an organization that DEA has not been successful against, and one which would have an impact on drug traffic. Chicago and Miami were selected as trial cities for the new program. Follow-up meetings will be held at the field level.

On August 25th the Acting Director, Intelligence Division, and the Director, Criminal Tax Division, Chief Counsel, jointly issued a teletype to all Regional Counsels, all Assistant Regional Commissioners (Intelligence) and all District Directors regarding the policy to be followed in dual prosecution cases. This teletype stated in part: "The office of Chief Counsel (IRS) and the Tax Division, Department of Justice, have agreed to entertain prosecution recommendations involving taxpayers included in the High-Level Drug Leaders Tax Enforcement Project previously convicted and sentenced to terms of imprisonment of up to five years." The policy is meant to be applied primarily to cases involving identified DEA Class I violators and is to be applied only on a case-by-case basis. However, the teletype does advise that Regional Counsel will be available to discuss any other cases in the project which the district feels should be included under that policy.

In addition to these documents, the Service is drafting a manual supplement that lays out in more detail how the project is to be administered and stresses that these cases will have the highest priority. We have set a target date of September 30 for issuance of that supplement.

## SIGNIFICANT CASES

The following are short summaries of some of the more noteworthy and significant cases or activities which were completed or under investigation during the month of July.

*Austin District*

As we reported in June, the district is conducting a large scale project on suspected narcotics smugglers and traffickers along the Texas-Mexican border. Although there were no singularly significant items which occurred during July, the district reports that all the cases in Intelligence, Audit and Collection are proceeding smoothly and additional targets are still being uncovered. The district has been working with the Drug Enforcement Administration since the inception of the project and they advise that the relationship has been both harmonious and effective.

*Baltimore District*

On July 29, 1976, special agents of the Intelligence Division arrested Suwan and Rebecca Ratana, naturalized United States citizens, on one count of filing a false federal income tax return for 1975. The district had been conducting an investigation of the couple which covered a number of tax years. However, when it became apparent that the couple was planning on leaving the country a complaint was filed and an arrest warrant obtained. Ratana is considered to be a large-scale heroin dealer in the Washington, D.C. area and, at the time of his arrest, was listed as a Class I violator by the Drug Enforcement Administration. For the one year included in the complaint, 1975, the couple claimed gross income of \$14,000 when they had made bank deposits of \$669,000 in that year. The couple had deposited over \$750,000 in the first six months of 1976. They were also suspected of using foreign bank accounts and at the time of the arrest only \$60,000 remained in their bank account in Washington. Ratana was held in \$250,000 cash bond. His wife was released on her own recognizance. The investigation is still continuing on the other tax years involved.

*Brooklyn District*

In July, a case worked by the Brooklyn District was forwarded to the Brooklyn Strike Force Attorney from the Criminal Tax Division of the Department of Justice which concurred in the Intelligence Division prosecution recommendation. The taxpayer is considered to be an associate of the Gambino organized crime family and is alleged to be heavily involved in international drug traffic. The investigation uncovered over \$100,000 in unreported income for the years 1970 and 1971.

SEPTEMBER 17, 1976.

To: Deputy Secretary George Dixon.

From: Commissioner of the Internal Revenue.

Subject: High-Level Drug Leaders Tax Enforcement Project—August 31, 1976 Report

Our last report dated September 2, 1976 set forth statistical data through July 31, 1976. It also reported significant developments under the project through the last week of August. Therefore, this report contains updated statistical data for August and should be reviewed in conjunction with the July report.

## INTELLIGENCE DIVISION

*Project Statistics*

On August 16 the field was instructed that in addition to cases on DEA Class I violators, all cases in inventory and subsequently initiated involving high-level drug leaders and financiers which meet the classification criteria for SEP-1 (Racketeer) or SEP-3a (Strike Force) should be reclassified as within the narcotics project.

The following summary represents those cases reclassified under the guidelines of the High-Level Drug Leaders Tax Enforcement Project:

Region	Total project cases	Classification		
		DEA-Class I	SEP-1	SEP-3a
North Atlantic.....	21	0	0	21
Mid-Atlantic.....	30	0	23	7
Central.....	17	0	17	0
Southeast.....	24	3	0	21
Midwest.....	24	0	21	3
Southwest.....	42	0	35	7
Western.....	48	0	46	2
Total.....	206	3	142	61

As pointed out in our July report, the lists of DEA Class I violators were sent to the Service Centers in two groups; 209 on August 4 and 166 on August 10. The Service Centers were to secure all pertinent tax returns, research and obtain transcripts of account, and forward the packages to the appropriate districts for evaluation. The Service Centers have processed those items on a priority basis. Many of these items have reached the districts and most are under preliminary evaluation to determine criminal potential. The districts have established liaison with local DEA officials and are obtaining additional information at that level.

#### *Non-Project "Pipeline" Cases*

All cases on identified narcotics traffickers as of June 30, 1976, which were in review above the district level, are not included in the High-Level Drug Leaders Tax Enforcement Project. However, our management information system will be able to track these cases monthly, starting with the September report.

The following sets forth the status of these "pipeline" cases as of June 30, 1976:

	Number of cases
Regional counsel.....	79
Department of Justice.....	68
U.S. Attorney.....	148
Total.....	295

Our June report reflected 258 cases in this category. This was due to an inadvertent error in the compilation of the data.

#### AUDIT DIVISION

The Audit Division's closing process has been delayed in a number of districts because of the nationwide conversion to a new computerized inventory control system. The statistics reflected for August 31, 1976 are the best obtainable during this conversion. The conversion process will continue to affect various districts through the end of November.

NOVEMBER 2, 1976.

To: Deputy Secretary George Dixon.

From: Commissioner of Internal Revenue.

Subject: High-Level Drug Leaders Tax Enforcement Project—September 30, 1976 Report.

#### INTELLIGENCE DIVISION

#### *Project Statistics*

The following summary represents all project cases in inventory as of September 30, 1976:

Open investigations	DEA class I	Other	Total cases
Beginning of period.....	3	203	206
Initiated.....	26	12	38
Completed.....		17	17
End of period.....	29	198	227

Of the 17 cases completed, 10 were forwarded to Regional Counsel with recommendations for prosecution.

Intelligence statistics are extracted from a computer tape generated at our Detroit Data Center which is received at our National Office around the 25th of the month. Audit Division civil statistics are obtained manually by contacting our districts. Allowing time to extract narcotics case data from the computer tape and assembling the statistics in schedule form, it is anticipated that our monthly activity report on narcotics cases will be ready at the end of each month for the proceeding month. A Manual Supplement relating to the High-Level Drug Leaders Enforcement Project is in the process of final review. When approved and fully implemented, the Service will have the capability of furnishing comprehensive statistics, including assessments and collection data on a more timely basis.

The following summary reflects the status of the 375 Class I violators provided to us by DEA:

Total received to date.....	375
Closed to:	
Criminal investigation.....	29
Audit division.....	51
Collection division.....	5
Files.....	19

In process as of Sept. 30, 1976.....	271
--------------------------------------	-----

As shown, 75 of the 375 Information Items processed were referred to Audit or Collection or closed to the files after evaluation as having no criminal potential. The Briefs, Intelligence Division, will furnish reports to the Director, Intelligence Division, explaining why subjects classified as DEA Class I violators were not selected for criminal investigation. These reports will be reviewed on a case-by-case basis in order to: (1) evaluate the quality of the information being received from DEA and; (2) establish a more meaningful basis for discussion with DEA headquarters on the type of cases they are selecting in order to improve their selection criteria for the DEA. In our subsequent reports we will summarize the results of these reviews.

#### *Non-Project "Pipeline" Cases*

All cases on identified narcotics traffickers as of June 30, 1976, which were in review above the district level are not included in the High-Level Drug Leaders Tax Enforcement Project. The following sets forth the status of these "pipeline" cases as of September 30, 1976:

Regional counsel:	
Beginning of period.....	79
Declined.....	6
Forwarded.....	15
End of period.....	58
Department of Justice:	
Beginning of period.....	68
Received.....	15
Declined.....	2
Forwarded.....	9
End of period.....	72
U.S. Attorney:	
Beginning of period.....	148
Received.....	9
Declined.....	4
Completed.....	
Acquittal.....	3
Dismissal.....	1
Sentence.....	9
Other.....	1
End of period.....	139

#### *Significant Developments*

At the request of DEA, we will be providing training in the area of financial investigations. It is anticipated that DEA will provide us with necessary training relative to statute provisions under their jurisdiction.

In addition to our close liaison with DEA, we have been receiving excellent cooperation from the U.S. Customs Service. Customs recently began providing to us information on all monetary seizures in excess of \$5,000 and has tentatively agreed to provide information on all seizures of narcotics and other contraband exceeding \$10,000 in value. Additionally, the exchange of Currency Transaction Reports (Forms 4789) and Reports of International Transportation of Currency or Monetary Instruments (Forms 4790) between us and the Customs Service has been initiated.

As stated in previous reports, field intelligence exchange groups (FIEG) have been implemented for coordinating activities against illegal narcotics traffickers. On September 22 and 24, meetings of the FIEG were held in Chicago and Miami respectively. The Chicago meeting was held to discuss the progress of the Chicago pilot project. The Miami meeting was held to establish the second pilot project.

An impending problem involves the effectiveness of our summons authority after provisions of the Tax Reform Act of 1976 become effective on February 28, 1977. At that time, after issuance of a summons to a third party record keeper the Service is required to mail the taxpayer a notice of the summons within 3 days after its issuance, and to defer examination of the records summoned for 14 days, during which time the taxpayer has the right to notify the third party record keeper (and the Service) that the summons should not be complied with. Thereafter it becomes incumbent upon the Service to pursue summons enforcement proceedings in the courts and the taxpayer is given standing to intervene in such proceedings.

We estimate that 70% of the 36,000 summonses issued yearly by special agents are directed to third party record keepers. Because most taxpayers avail themselves of counsel when placed under criminal investigation, it is expected that at least 50% of these summonses will be subject to intervention.

Whereas it is estimated that 50% of third party record keeper summonses will be subjected to intervention, it can be anticipated that a much higher percentage of such summonses involving narcotics traffickers (and other racketeers) will be subjected to intervention. Defense attorneys will certainly use this legal maneuver affectively to prolong and frustrate ongoing criminal tax investigations.

#### AUDIT DIVISION

Attached are the Audit Division's statistics relative to the narcotics project for the period ending September 30, 1976.

Attachment.

#### NARCOTICS PROGRAM AUDIT DIVISION STATISTICAL DATA AS OF SEPT. 30, 1976

Regional offices	Returns in process as of Sept. 30, 1976	Returns closed from audit for month ended Sept. 30, 1976	Proposed deficiencies for month ended Sept. 30, 1976	Returns closed from audit since July 1, 1976	Proposed deficiencies since July 1, 1976
Central.....	167	0	0	9	96,833
Mid-Atlantic.....	86	3	20,015	5	68,015
Midwest.....	118	13	9,078	18	20,018
North Atlantic.....	129	2	3,551	23	1,484,817
Southeast.....	66	6	124,120	19	371,560
Southwest.....	65	13	29,569	35	140,044
Western.....	359	6	24,192	39	349,761
Total.....	990	43	210,525	148	2,531,048

Question 3. You mentioned in your testimony that IRS requested a supplemental appropriation of \$20.6 million which was turned down by OMB on June 15, 1976, which would have provided the resources which you require to adequately fulfill your responsibility to implement the President's recent message on narcotics. Of the 982 positions which it would have funded, how many of the slots would have been specifically devoted to the NTTP? Is it true that in previous years you were able to transfer resources from the NTTP to other special enforcement programs and thus OMB did not feel that there was any guarantee that the fund which you requested would be used for the programs which the President and the OMB advocated in both the White Paper and the message to the Congress?



In addition, you mentioned that last year the IRS special agent corps was reduced by 10 percent, roughly 200 agents. How many of these agents were involved in work related to NTTP?

The \$20.6 million fiscal year 1977 Budget Amendment, which OMB turned down on June 15, 1976, basically was an appeal by the Service to have its fiscal year 1976 staffing levels restored. This step was necessary to restore balanced coverage within the Service's general tax administration program because Service support of the President's initiatives combatting both high-level drug trafficking and sophisticated corporate fraud required substantial diversions of already thinly-spread General Program staffing. This Amendment would have funded 982 average positions service-wide and 387 average positions in Intelligence, a figure which included 200 special agent/criminal investigator average positions.

Of the 982 positions which would have been funded, the Service, based on an estimated annual program level of 500 investigations and historical experience data on staffing applied to narcotics traffickers investigations, estimated that 890 average positions, at a cost of \$20.1 million, would be applied to the NTTP. Without this supplemental appropriation we will provide resources to investigate the 500 cases but as a diversion from the general enforcement program.

In disapproving this Budget Amendment, OMB repeated the same rationale which was used to justify their reduction of the Service's original fiscal year 1977 budget request. The OMB reductions, which significantly impacted upon the Intelligence Division, were rationalized as follows:

- (1) The Narcotics Traffickers Program had been discontinued;
- (2) Productivity increases were anticipated; and
- (3) The Information Returns Program matching percentage was reduced.

The Service, however, has consistently maintained that criminal and civil tax enforcement against major narcotic traffickers was not eliminated. Even though the Service did restrict the "street" level aspects of the fiscal year 1975 and subsequent programs to eliminate potential abuses of taxpayers' constitutional and procedural rights and to comply with changes in jeopardy and termination assessment procedures mandated by court decisions, the Service has continued to devote significant resources to attacking high level narcotics traffickers as shown by the following tabulation:

	Fiscal year—				
	1972	1973	1974	1975	1976
Resources earmarked in budget for narcotics program:					
Average positions (includes technical and nontechnical positions).....	250	739	779		
Dollars (millions).....	\$7.5	\$18.9	\$19.7		
Estimated resources applied to narcotics program:					
Average positions.....	495	878	939	601	512
Dollars (millions).....	\$10.5	\$19.8	\$22.4	\$13.0	\$12.1

Funds earmarked for NTP were not only fully utilized every year, but additional funding was also diverted from other Service programs. Although the Service's budget submissions for Fiscal Years 1975 and 1976 did not specifically earmark funds for NTP, resources were still committed and significant results were obtained as shown below:

Particulars	Fiscal year—	
	1975	1976
Investigations completed.....	398	1 326
Prosecutions recommended.....	136	111
Indictments.....	81	56
Convictions.....	83	51

<sup>1</sup> Includes 9 cases closed for lack of resources.

Finally, the special agent staffing reduction of approximately 200 staff years relates to Fiscal Year 1977. If the Service's fiscal year 1977 Supplemental Budget Request, which is currently pending at OMB, is not granted, the reduction of 200 special agent staff years will be met through attrition. Because our commitment to effective criminal tax enforcement against narcotics traffickers will be continued to the extent possible, a further diversion of scarce General Program resources will result.

To summarize:

(1) The 982 average positions requested in the Service's fiscal year 1977 Budget Amendment, rejected by OMB, were necessary to replace staffing diverted from the Service's general tax enforcement programs.

(2) The Service has not transferred earmarked NTP funding to other program areas. To the contrary, additional General Program resources were committed prior to the required revision of the "street" level portion of NTP in fiscal year 1975.

(3) If the fiscal year 1977 Supplemental Budget Request is not granted, the Service will divert General Program staffing, to the extent possible, in order to mount an effective, continuing campaign against high level narcotic traffickers/tax evaders.

**Question 4.** Can you summarize for the Committee the commitment in resources to the NTTP program for the years 1972 through present, and the return to the Treasury of funds which were products of NTTP cases? Specifically, what are the figures for assessments and collections under NTTP from 1971 to present? I realize that some of the information may be similar to that included in your response to question 2, but the Committee is particularly interested in how many investigations were undertaken, where the names which were investigated came from, what level trafficker these individuals were, and what disposition their cases received. You have stated that you were concerned with the abuse of the IRS role by those who directed that it be used for improper purposes.

You specifically were concerned over using the IRS "to get the cash off the streets" which resulted in the pursuit of low level dealers and traffickers. What percent of the cases currently in the investigative and prosecution pipeline are Class I offenders? How often has the IRS used the Administrative summons by year? What is the current policy of the IRS with respect to invoking jeopardy assessments, tax year terminations and Administrative summons? Does the IRS feel that it is capable of intervening in a case when invited by DEA or other enforcement agencies when a suspect is arrested and has in his possession a large sum of cash? What policy guidelines were issued as a result of the *Laing* and *Hall* decisions by the Supreme Court, and by the passage of Section 1205 of the Tax Reform Act of 1976, PL 94-455?

**Response.** The Narcotics Traffickers Project (NTP) was established in July 1971 with the creation of the NTP Case Selection Committee (CSC). Separate reporting of NTP statistics was ended when the NTP was continued as part of the regular Service programs as of July 1, 1975. We have reconstructed the statistics on fiscal year 1976 criminal prosecutions, but have not undertaken the effort needed to develop FY 1976 statistics on recommended assessments and collections. Our new reporting system will capture these statistics for fiscal year 1977 and future year.

#### TECHNICAL STAFF YEARS INCURRED UNDER NTP—FISCAL YEARS 1972-75

Division	Technical staff years	Total costs (million)
Intelligence.....	1,131	\$39.8
Audit.....	801	24.5
Collection.....	68	1.4
Total.....	2,000	65.7

*Summary of recommended assessments and revenues collected under NTP\* in fiscal years 1972 and 1975*

	<i>Million</i>
1. Recommended assessments by Audit Division:	
1972 to 1975.....	\$246.4
1972.....	54.2
1973.....	94.4
1974.....	69.5
1975.....	28.3
2. Revenues actually collected:	
1972 to 1975.....	38.3
1972.....	7.1
1973.....	10.9
1974.....	16.5
1975.....	3.8

\*The above statistics do not include cases which are pending in the prosecution pipeline or other cases which are pending civil action.

SUMMARY OF INTELLIGENCE DIVISION ACTIVITY UNDER NTP—FISCAL YEARS 1972-76

	Fiscal year—				
	1972	1973	1974	1975	1976
Narcotics trafficker cases selected.....	791	831	421	1 225	1 237
Investigations completed.....	143	503	663	398	326
Prosecution recommendations.....	56	215	245	136	111
Indictments.....	23	96	86	81	56
Convictions.....	7	44	88	83	51

<sup>1</sup> The National Office NTP Case Selection Committee was disbanded on Feb. 4, 1975. All of the NTP cases investigated during fiscal year 1972-74 were identified and selected by the CSC. Of the 225 cases selected during fiscal year 1975, 99 were selected by the CSC. None of the 237 cases selected during fiscal year 1976 were selected by the CSC.

<sup>2</sup> Includes 9 cases closed for lack of resources (before existing guidelines relative to cases closed for lack of resources).

Under the NTP, both "upper level and mid-level" traffickers met the criteria for investigation. In addition, less important narcotics traffickers were included as NTP targets when it could be shown that they may not have complied with the internal revenue laws, and the proposed investigative activity would be part of a specific plan to identify and investigate individuals meeting the "mid and upper-level" criteria. However, once these individuals became the subject of investigation they lost their identity in our Management Information System (MIS) as to their level of involvement.

As to where the names came from for consideration by the CSC, many originated with DEA. But many also came from the initiative of our field agents through their liaison with local law enforcement authorities. Again, once an individual was selected for investigation under the NTP, our MIS no longer differentiated the original purpose for selection.

Our concern with the former NTP specifically dealt with the application of our powers to terminate a taxpayer's tax year and to seize a delinquent taxpayer's property to satisfy an assessment. We know that in the past there were applications of these powers in the pursuit of narcotics traffickers without adequate evidence of tax liability. The use of our termination powers met with strong judicial and public criticism in some cases. As a result, the Service has revised its policy and procedures in curtailing the use of these powers.

The judicial criticism culminated in the recent Supreme Court decisions in *Laing* and *Hall*. The court said that a taxpayer suspected of being a narcotics trafficker and who was subject to a termination, is entitled to certain procedural safeguards which include the right to petition the Tax Court for a redetermination of the tax liability. These decisions have brought about recent revisions in our policy statements dealing with spontaneous assessments. These new policy statements (attachments to Response 1) will again be receiving some technical changes as a result of the Tax Reform Act of 1976. Their formulation will be completed prior to the effective date of the new law (3/1/77).

It must be pointed out that the judicial criticism was launched at those instances where there was little, if any, substantiation of the assessment. Therefore, most of the abuses were a result of those termination assessments on individuals involved in narcotics but not individuals targeted by the CSC for Intelligence Division investigations. The following figures reflect the relatively few instances where terminations were applied to targeted NTP cases:

	Number of cases	Recommended assessments (million)
Termination assessments:		
Target cases.....	69	\$23.7
Nontarget cases.....	3,930	114.2

We are in favor of an amendment to 21 U.S.C. 881 which would provide for the forfeiture of cash derived and used in the illegal drug business. To compliment this provision, we could utilize our termination procedures in cases where the tax liability can be calculated with a reasonable degree of accuracy.

Under the Tax Reform Act of 1976 (effective 3/1/77), when we issue a summons to a third party record keeper, the Service is required to mail the taxpayer a notice of the summons within 3 days after its issuance. We are to defer examination of the records summoned for 14 days, during which time the taxpayer has the right to notify the third party record keeper (and the Service) that the summons should not be complied with. In those instances where the right is exercised, it is incumbent upon the Service to pursue summons enforcement proceedings in the courts and the taxpayer is given standing to intervene in such proceedings.

We estimate that 70 percent of the 36,000 summonses issued yearly by special agents are directed to third party record keepers. It is expected that at least 50 percent of these summonses will be subject to intervention. However, it is anticipated that a much higher percentage of such summonses involving narcotics traffickers (and other racketeers) will be subjected to intervention. Defense attorneys will most certainly use this legal maneuver to prolong and frustrate ongoing criminal tax investigations.

As of September 30, 1976, there were 227 Intelligence Division cases under the High-Level Drug Leaders Tax Enforcement Project of which 29 are Class I violators. It should be noted that we are still evaluating 271 Class I violators for possible inclusion under our tax enforcement project.

*Question 5.* You have stated that in those regions where there is a significant NTP case load you have a special unit with personnel assigned. What regions have a special unit and what level of resources in personnel are assigned to these special offices? In 1971 when the NTP program was established, special personnel were selected for the program and were given special training. Do the people whom you consider involved in the NTP either in a special unit or within the special enforcement division, receive special training? How would the creation of a special unit which could be identified as NTP or in your words, Drug Leaders Tax Enforcement Project, do violence to the overall work of IRS? Could the abuses of the past not be corrected through administrative orders? Without a special unit within IRS, how is the Congress able to make the priority decision for IRS and determine what level of resources should be assigned to NTP?

*Response.* The following districts have an identifiable group working narcotics cases:

- |                                |               |
|--------------------------------|---------------|
| 1. Detroit                     | 8. Manhattan  |
| 2. Los Angeles                 | 9. Brooklyn   |
| 3. San Francisco               | 10. Chicago   |
| 4. Baltimore                   | 11. Milwaukee |
| 5. Newark                      | 12. St. Louis |
| 6. Philadelphia                | 13. St. Paul  |
| 7. Jacksonville (Miami office) |               |

The typical group is composed of a Group Manager, grade 13/14 and from 10 to 12 special agents, with an average GS 12 grade and has access to the Audit and Chief Counsel offices for assistance. These groups handle all narcotics cases in inventory, but they also work Strike Force (where appropriate) and other Special

Enforcement cases. (IRS "Special Enforcement" cases include all persons engaged in organized crime (racketeering and Strike Force activities under the Joint Agency Strike Force Program), high-level drug trafficking, and gambling as well as Department of Justice interest cases.) However, as our efforts in the High-Level Drug Leaders Program expand, we feel certain that there will be some district groups investigating exclusively high-level drug leader cases.

In the former Narcotics Traffickers Program, experienced high grade special agents were initially identified for assignment to NTP groups. As the program progressed, a team leader concept was used in some districts with extensive workload. The leader was an experienced agent who would coordinate and direct the investigations. Eventually, the staffing and grade structure of the NTP group was commensurate with general program groups.

The "special training" referred to for agents involved in the former Narcotics Traffickers Program consisted of a three-day seminar on the guidelines and procedures for implementing this program. Other subjects included how cases would be selected by the NTP Target Selection Committee, and the urgency of the program. Approximately 200 IRS agents attended these sessions. At that time, there may have been a need for this type of orientation training because the Narcotics Traffickers Program was newly established. Our present program is a continuation and expansion of the criminal investigative and audit examination aspects of the prior program (i.e. those aspects aimed at high-level drug violators which were not judicially or legislatively barred). Accordingly, many IRS special agents have gained additional experience by investigating criminal tax violations by high-level drug leaders, racketeers, and strike force subjects. Therefore, they have the requisite financial investigative expertise for investigating high-level drug leaders with complicated, intricate operations devised to conceal income. Special agents also receive training that provides them with knowledge of the concept and application of the use of indirect methods for establishing income. This training consists of Basic Income Tax Course, Treasury Law Enforcement School and Special Agents Basic School (SABS).

A substantial part of this six week SABS training includes instructions in the "net-worth" method of proving unreported income by tracing the flow of cash and unreported income and developing documentary evidence (more details on the net-worth technique are included in the attached Manual Supplement MT 9900-26). This indirect method of reconstructing income is especially applicable to cases involving high-level drug leaders who generally deal in substantial amounts of cash and have no books or records or a permanent base of operations. The net worth method of reconstructing income can also be appropriately applied to general fraud program investigations of taxpayers with inadequate or no books and records. In conducting criminal investigations of high-level drug leaders, special agents are joined by high-grade experienced revenue agents, examining officers (from the IRS Audit Division) with expertise in accounting skills, in tracing and uncovering unreported income from illegal drug trafficking or other illegal sources. Because of the above factors, at this time we do not feel that there is any need for IRS agents to receive "special training" like the three day seminar referred to above, for investigating cases. Of course, to the extent that any need for additional training becomes apparent, we would arrange for the necessary training.

With respect to whether there should be a special National Office Unit to run this program the Service does not believe that such a unit is necessary to permit the Service to carry out a program aimed at high-level drug leaders. The Internal Revenue Service has established a High-Level Drug Leaders Tax Enforcement Program and developed interim guidelines and procedures for implementing this program (interim until the IRS Manual Supplement, now in preparation, spelling out more details, is issued). In addition, the IRS and Drug Enforcement Administration (DEA) have entered into an agreement, known as a Memorandum of Understanding, that delineates and clarifies the responsibilities of these two agencies participating in this joint effort. These actions by the National Office will ensure that our field offices recognize the importance and significance of this program.

IRS is basically a decentralized organization (an organizational chart of the Service is attached). This means that field officials are responsible for the conduct of investigations. In difficult investigations, such as those involved in this program, close cooperation between functions (i.e. between audit, collection and intelligence) at the district level is essential to efficient and expeditious processing of criminal cases. In addition, district directors can best cope with the conduct of criminal

tax violations of individuals involved in the High-Level Drug Leaders Tax Enforcement Program because they are in the best position to establish close working relationships with DEA Regional Directors within their jurisdictions. Furthermore, control of resources, personnel, techniques, etc., requires authority and accountability and responsibility, which are in the province of the district directors.

In this connection, the IRS National Office gives overall direction and controls the overall resources committed to the High-Level Drug Leaders Tax Enforcement Program, but the specific assignment of resources to this program is under the control of the districts.

The National Office also has the responsibility of maintaining liaison with the Drug Enforcement Administration, Department of Justice, Treasury and other interested Federal agencies. Notwithstanding the Service's decentralized organization, the National Office will continue to closely monitor the progress of the high-level drug leaders cases to ensure proper emphasis is being given by all concerned.

Although the Service does not have a special National Office unit concerned solely with the High-Level Drug Leaders Tax Enforcement Program, the Service does have project coordinators assigned to assist management in monitoring the progress of the High-Level Drug Leaders Tax Enforcement Program. The project coordinator for the IRS Intelligence Division is a special agent experienced in the conduct of criminal tax investigations of high-level drug leaders. Similarly, the Audit Division project coordinator is a revenue agent experienced in conducting civil examinations of high-level drug leaders. It should be noted that those project coordinators are primarily involved only with Special Enforcement Program type projects and are not concerned with general fraud type of investigations.

We think that the present IRS structure for implementing the High-Level Drug Leaders Tax Enforcement Program can produce a more effective enforcement program and avoid the possible abuses that could arise from the creation of special units for this project. We also believe that Congress will be able to make the priority decision for IRS and determine what level of resources should be applied to this program.

To accomplish this, the Service has established a separate project number to be assigned to all high-level drug leader cases—Class I DEA and High-Level Drug Leaders identified by IRS—falling within this program. In this manner, the resources applied to the High-Level Drug Leaders Tax Enforcement Program can be determined. All program activity can be tracked through this comprehensive multi-functional system—starting with identification of high-level drug leaders for inclusion in this project, through the initiation and completion of criminal investigations, results of prosecutive action and of court action and sentencing. This system has the capability of providing information on the investigative or prosecutive status of any specified high-level drug leader included in this project. This system also tracks the resources applied by revenue agents of IRS Audit Division participating in joint criminal investigations with special agents of the IRS Intelligence Division and civil examinations of all high-level drug leaders included in this program.

In particular, the following Servicewide activities on the High-Level Drug Leaders Tax Enforcement Program are included in this comprehensive multi-functional system developed for monitoring the progress of IRS efforts in this area:

1. *Resources applied (for Class I DEA cases and High-Level Drug Leaders IRS cases, separately and combined).*—These resources include: (a) special agent staff years applied in the conduct of criminal investigations of tax violations and revenue agent staff years applied in the conduct of joint criminal investigations (with the IRS Intelligence Division) and civil examinations and (b) non-technical staff years (clerical, management, and administrative).

2. *Criminal Tax Fraud Operations and Results (for Class I DEA cases and High-Level Drug Leader IRS cases, separately and combined).*—Results of criminal tax fraud operations from the receipt of an information item, through the investigation and prosecution process, to court action and sentencing.

3. *Civil Tax Case Results (for Class I DEA cases and High-Level Drug Leaders IRS cases, separately and combined).*—Results of civil examinations of returns closed by examiners, District Conferees (within the Audit Division), and Appellate Conferees and cases tried in the Tax Court. Results also include the taxes and penalties initially recommended and sustained at the level the case was closed, and amounts of tax and penalties assessed and collected.

4. *Results of Jeopardy and Termination Assessments.*—Jeopardy and Termination of Tax Year Assessments are tools available to the Service when collection of the tax is in jeopardy. These are powerful tools which are used only in exceptional circumstances and always with discretion in strict accordance with the tax law and regulations.

Jeopardy and Termination of Tax Year Assessments usually occur during and not at the close of an examination. Results include initial assessment determinations and final assessment determinations made after the cases are closed by the IRS Audit Division.

5. *Inventory of Criminal Tax Cases (for Class 1 DEA cases and High-Level Drug Leader IRS cases, separately and combined).*—Inventory of criminal investigations at the IRS Intelligence Division level, and inventory of cases recommended for prosecution at the IRS Regional Counsel, Department of Justice, and U.S. Attorney levels.

6. *Inventory of Civil Tax Cases in process.*—Inventory of tax returns in the examination and administration and administrative appeals process from examiner level through District Conference (within the Audit Division), Appellate and in the Tax Court. Civil tax matters will normally be suspended until disposition of the matter; therefore, the inventory will indicate the number of returns held in suspense pending criminal actions.

Although the Service's position that a special National Office unit is unnecessary is based primarily on the Service's present organizational structure and the belief that the program can be carried out quite effectively within that structure, it should be noted that when the Service altered this structure in the past, significant problems have arisen. The creation of a special unit of this type for this program could seriously hamper the effective tax enforcement against high-level drug leaders. Some of these problems arose as a result of the formation of the NTP Target Selection Committee, which was made up of representatives from the IRS National Office as well as from several participating agencies. The district offices submitted their recommendations for the identification of targets to the Committee and the Committee deliberated on these recommendations. However, narcotics traffickers identified by the Committee for investigation were not always as significant as those that could have been identified by the districts themselves without going through the Committee for necessary action.

To summarize the IRS response to this question, the IRS believes that the problems that could be engendered by the establishment of a special National Office unit for the High-Level Drug Leaders Tax Enforcement Program on balance outweigh the advantages of such units. The Service believes that the guidelines and procedures developed for implementing this program will accomplish the following objectives:

(a) provide an effective enforcement program through appropriate criminal tax investigations and civil examinations.

(b) monitor the progress of this project through the development of a comprehensive multi-functional system that provides data on Servicewide resources applied and results of criminal investigations and civil examination made on individuals included in this project.

(c) ensure efficient use of IRS resources employed in this project.

(d) ensure that IRS resources will be employed in cases concerning tax violations which are within the enforcement jurisdiction of the Service; and

(e) maintain proper control in the IRS over the use of its resources in the High-Level Drug Leaders Tax Enforcement Program.

Of course, the Service continues to evaluate its performance in this high priority program and will make appropriate changes needed to accomplish a more effective enforcement program against high-level drug leaders.

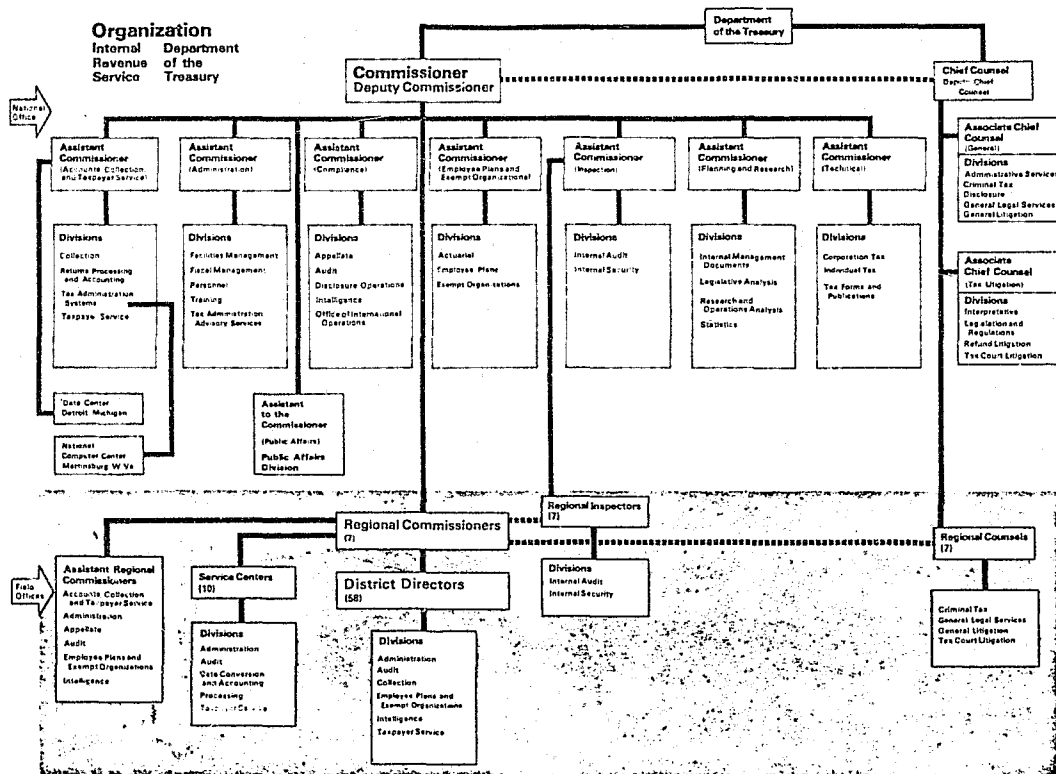


EXHIBIT 112-1. ORGANIZATION AND FUNCTIONS OF THE  
INTERNAL REVENUE SERVICE



## Tax Cases (Evidence and Procedure)

## 322

## Distinguishing Between Accounting Systems, Accounting Methods, and Methods of Proving Income—Cont.

system," "accounting methods," and "methods of proving or determining income." It is not unusual to hear reference made to the net worth and expenditures method as a method of accounting when in fact it is a method of proving income by circumstantial or indirect evidence.<sup>1</sup>

(2) There are two *basic* accounting systems, the *single* entry and the *double* entry system, but there are *various methods of accounting*, such as cash, accrual, hybrid, installment, and long-term or completed contract methods. The usual *methods of determining or proving income* are specific items, net worth, expenditures, bank deposits, and percentage methods.

(3) Taxable income must be computed, for purposes of criminal prosecution, under the accounting method by which the taxpayer regularly computes his income.<sup>2</sup> The reason for this is given in the Morrison case (note 2):

"In this criminal proceeding it was necessary to establish not only that the tax liabilities here were understated, but that the understatement was attributable, at least in part, to the fact that the taxpayer's returns were not honestly prepared. Proof of the latter fact could only be accomplished by adopting and consistently applying the taxpayer's own method of accounting."

(4) If no method of accounting has been regularly employed or if the method employed does not clearly reflect income, the computation shall be made in accordance with such method as, in the opinion of the Commissioner, does clearly reflect income.<sup>3</sup>

## 323

## Specific Item Method of Proving Income

(1) In a specific item case, the Government tries to prove that the specific transactions in which the taxpayer engaged during the year were not completely or accurately reflected in his income tax return, with the result that his income tax liability was understated, and that such understatement was willfully made. This method offers the most direct method of proving unreported income. It is easier than other methods to present in court and is readily understood by jurors.

(2) Omitted income, fictitious deductions, false expenditures, or false tax credits in their broadest concept are the means whereby taxes may be evaded.

(3) Omitted income results from failure to report any of the numerous items of taxable income expressed and implied in the Internal Revenue Code. In the examination of merchant taxpayers the item of omitted income most frequently encountered is sales revenue and, in the

case of individuals, salaries, dividends, commissions, gains from the sale of property, and fees.

(4) Usually a deduction which is considered fraudulent takes the guise of a fictitious purchase of merchandise or a fictitious expense. However, it could be any fictitious deduction or exemption fraudulently claimed as allowable under the authority of the Internal Revenue Code.

## 324

## Net Worth Method of Proving Income

## 324.1

## Introduction

Next to the specific item method, the net worth method is probably the most frequently used way of proving taxable income in civil and criminal income tax cases. There is nothing complex in the theory of the method. It involves a determination of the taxpayer's net worth (assets less liabilities) at the beginning and end of a taxable year, computing the increase or decrease in net worth, and then adjusting this amount for nondeductible and nontaxable items. The amount resulting from application of this theory is taxable income. By comparing it with income reported, the special agent may determine whether taxable income has been correctly reported.

## 324.2

## Authority for Net Worth Method

There is no statutory provision defining the net worth method and specifically authorizing its use by the Commissioner. However, in numerous cases courts have approved the use of this method. Perhaps the leading case in this respect is *Holland v. United States*<sup>1</sup> handed down in 1954 by the Supreme Court along with three companion cases,<sup>2</sup> wherein is outlined the broad principles governing the trial and review of cases based on the net worth method of proving income. With reference to the use of the net worth technique, the court stated that:

"To protect the revenue from those who do not 'render true accounts,' the Government must be free to use all legal evidence available to it in determining whether the story told by the taxpayer's books accurately reflect his financial history."

## 324.3

## When and How Net Worth Method Used

(1) The net worth method is most often used when one or more of the following conditions prevail:

- (a) Taxpayer maintains no books and records.
- (b) Taxpayer's books and records are not available.
- (c) Taxpayer's books and records are inadequate.<sup>3</sup>

## Sec. 324

<sup>1</sup> *Holland v. U.S.*, supra (subsection 321, note 1).

<sup>2</sup> *Smith v. U.S.*, supra (subsection 321, note 1), *Friedberg v. U.S.*, supra (subsection 321, note 1), *U.S. v. Calderon*, supra (subsection 321, note 1).

<sup>3</sup> *Holland v. U.S.*, supra (subsection 321, note 1).

## Sec. 322

<sup>1</sup> *Holland v. U.S.*, supra (section 321, note 1).

<sup>2</sup> *Morrison v. U.S.*, 279 F.2d 1 (CA-4), 59-1 USTC ¶937.

<sup>3</sup> 26 USC 444.

## Tax Cases (Evidence and Procedure)

324.3

## When and How Net Worth Method Used—Cont.

(d) Taxpayer withholds books and records.

(2) The fact that the taxpayer's books and records accurately reflect the figures on his return does not prevent the use of the net worth theory of proof. The Government can look beyond the "self serving declarations" in the taxpayer's books and records and use any evidence available to contravene their accuracy.<sup>4</sup>

(3) In addition to being used as a primary method of proving taxable income in civil and criminal income tax cases, it has been relied upon:

(a) To corroborate other methods of proving income.<sup>5</sup>

(b) To test-check accuracy of reported taxable income.

324.4

## Establishing the Starting Point

(1) In the Holland case<sup>6</sup> the Supreme Court said that an essential condition in a net worth determination of income is the establishment, "with reasonable certainty," of an opening net worth, to serve as a starting point from which to calculate future increases in the taxpayer's net worth. The wisdom of this statement is apparent since an inaccurate beginning net worth will affect the accuracy of the determination of income subsequent to the base point. For instance, if a taxpayer's beginning net worth is understated, taxable income for the period under consideration will be overstated.

(2) Proof of visible assets and liabilities comprising beginning net worth is usually easily established by such means as bank records; county real estate records; brokerage records; Bureau of Public Debt records; Federal and State income, inheritance, and gift tax returns and records; and books and records of the taxpayer. To establish a firm starting point, it is necessary to show that the defendant had no large sum of cash for which he was not given credit. This is usually done by offering evidence which negates the existence of a cash hoard, for example:

(a) Written or oral admissions of the taxpayer to the investigating officers concerning his net worth.<sup>7</sup> Examples are: Signed net worth statement, oral statement as to cash on hand.

(b) Failure by defendant to file returns for years prior to indictment period.<sup>8</sup>

(c) Returns filed by the taxpayer for years prior to prosecution years reflecting income reported<sup>9</sup> that is in-

consistent with existence of a cash hoard. This would also apply to copies retained by the taxpayer.

(d) Low earnings for years prior to prosecution years as shown by records of the Social Security Administration and former employers.

(e) Net worth as established by books and records of the taxpayer.<sup>10</sup>

(f) Certificate of Assessments and Payments showing tax assessed for years prior to the prosecution period.<sup>11</sup> With this information and tables showing tax rates and the amount allowed for exemptions and dependents, it may be possible to calculate income reported by a taxpayer for the years in question. The certificate will not show amount of withholding, capital gains or nontaxable income.

(g) Financial statement presented for credit or other purposes at a time prior to or during the prosecution period.<sup>12</sup> Banks, loan companies, bonding companies, and Internal Revenue Service (offers in compromise) are some of the better sources from which to obtain this type of document.

(h) Bankruptcy prior to prosecution periods.<sup>13</sup>

(i) Prior indebtedness, compromise of overdue debts, avoidance of bankruptcy.<sup>14</sup>

(j) Installment buying.<sup>15</sup>

(k) History of prior low earnings and expenditures, and checks returned for insufficient funds.<sup>16</sup>

(l) Loss of furniture and business because of financial reasons.<sup>17</sup>

324.5

## Taxable Source of Income

(1) In order for income to be taxable, it must come from a taxable source.<sup>18</sup> In the Holland case,<sup>19</sup> the Supreme Court said: "Increase in net worth, standing alone, can not be assumed to be attributable to currently taxable income. But proof of a likely source, from which the jury could reasonably find that the net worth increases sprang, is sufficient. . . ."

(2) On the basis of the Holland decision, it appeared to many that proof of a likely source was necessary in every net worth case. This was clarified by the Massei case<sup>20</sup> in which the Supreme Court said: "In Holland we held that proof of a likely source was 'sufficient' to convict in a net worth case where the Government did

<sup>4</sup> Holland v. U.S., supra (subsection 321, note 1).

<sup>5</sup> Eggleston v. U.S., 227 F.2d 403 (CA-6), 56-1 USTC ¶106, cert. denied 352, U.S. 826, 77 S. Ct. 58, Corroboration of specific item case.

<sup>6</sup> Holland v. U.S., supra (subsection 321, note 1).

<sup>7</sup> U.S. v. Calderon, supra (subsection 321, note 1). During investigation respondent made an oral admission as to amount (\$500) of cash on hand at the starting point. He also signed a written statement containing the overall net worth computation, including the \$500, relied upon by the Government at the trial.

<sup>8</sup> Smith v. U.S., supra (subsection 321, note 1).

<sup>9</sup> Ibid.

<sup>10</sup> U.S. v. Chapman, 168 F.2d 927 (CA-7), 45-1 USTC ¶9312, cert. denied 335 U.S. 853, 69 S. Ct. 82.

<sup>11</sup> Violett v. U.S., 210 F.2d 782 (CA-5), 55-1 USTC ¶9262.

<sup>12</sup> Friedberg v. U.S., supra (subsection 321, note 1).

<sup>13</sup> U.S. v. Vazacillo, 181 F.2d 1006 (CA-3), 50-1 USTC ¶9200.

<sup>14</sup> Holland v. U.S., supra (subsection 321, note 1).

<sup>15</sup> Barcott v. U.S., 109 F.2d 929 (CA-9), 45-2 USTC ¶9377, cert. denied 336 U.S. 912, 69 S. Ct. 610.

<sup>16</sup> McFee v. U.S., 206 F.2d 872 (CA-9), 53-2 USTC ¶9549.

<sup>17</sup> Holland v. U.S., supra (subsection 321, note 1).

<sup>18</sup> Commissioner v. Glenshaw Glass Co., 348 U.S. 426, 75 S. Ct. 478, 55-1 USTC ¶9308. The term "taxable source" is used to mean all those

sources which are not expressly exempted by the Internal Revenue Code.

<sup>19</sup> Holland v. U.S., supra (subsection 321, note 1).

<sup>20</sup> U.S. v. Massei, 356 U.S. 565, 78 S. Ct. 455, 58-1 USTC ¶9325.

## Tax Cases (Evidence and Procedure)

## 324.5

## Taxable Source of Income—Cont.

not negative all the possible non-taxable sources of the alleged net worth increases. This was not intended to imply that proof of a likely source was necessary in every case. On the contrary, should all possible sources of non-taxable income be negated, there would be no necessity for proof of a likely source.<sup>21</sup>

(3) In view of the two decisions cited above, it appears that the Government must either prove a likely source of taxable income, or negate all nontaxable sources of income. In cases where the Government resorts to the latter type of proof, it is even more important than otherwise to establish a firm starting point, particularly with reference to cash on hand.

(4) Proof of a likely taxable source of income has been found sufficient in a number of criminal income tax cases by:

(a) Showing that defendant did not report certain income on his tax returns.<sup>22</sup>

(b) Showing that defendant did not report certain income for years prior to indictment period.<sup>23</sup>

(c) Comparison of business operations and profits of defendant for indictment years with profits or prior operations for a comparable period. In the Holland case<sup>24</sup> the Supreme Court pointed out that the business of the defendant, a hotel, apparently increased during the years in question, whereas the reported profits fell to approximately one quarter of the amount declared by the previous management in a comparable period.

(d) Effectively contradicting defendant's assertions as to nontaxable sources. In *United States v. Adonis*,<sup>25</sup> the salaried defendant had asserted in a prior unrelated judicial proceeding that the \$44,000 he used to purchase a house had come from loans and gifts. The Government proved that the alleged donor was supported by her family, that the supposed creditors were dummies or of such financial condition as to imply that they had no available assets to loan. The court considered the conduct of the defendant "an effort to conceal . . . the real sources of taxable gain."

(e) Opportunities of defendant to receive graft. In *United States v. Bryan Ford*,<sup>26</sup> the taxpayer was a policeman and a member of the vice squad. The Court held that evidence admitted to show opportunity to receive graft, not the actual receipt of graft, was sufficient to show a possible source of income. (The Supreme Court remanded the case to the District Court to vacate judgment and dismiss the indictment on account of the death of the taxpayer.) However, in *Fred M. Ford v. United States*,<sup>27</sup> the court said: "The evidence suf-

ficiently disclosed that in the defendant's office of Chief of Police, he had opportunities of receiving income from graft, payoffs or other illegal sources. There can, of course, be no presumption that the defendant was guilty of such gross misconduct as to be the recipient of such ill gotten gains. The presumption is to the contrary . . . the testimony of this woman as to payoffs with which the defendant was not shown to be connected was both erroneous and highly prejudicial." Upon retrial,<sup>28</sup> a conviction was sustained after the same witness testified that the defendant had acknowledged the receipt of graft payments.

(f) The character of the business has the capacity to produce income in amounts determined by the net worth method.<sup>29</sup>

(5) A likely source is established in most net worth cases by showing that the source reported by the taxpayer had the potentiality of producing income substantially in excess of that reported.

(6) Negating nontaxable sources of income may be accomplished by providing nonreceipt of loans, gifts, and inheritances by taxpayer's admissions, Federal gift tax returns filed by alleged donor, or probate records of deceased relatives' estates. If the taxpayer advances a specific explanation of the sources of funds expended, the Government does not have to pursue possible nontaxable sources when the one given is proven false.<sup>30</sup>

## 324.6

## Corroboration of Extra-Judicial Admissions

(1) During the course of many income tax investigations involving the net worth method of proof, the taxpayer will make admissions which the Government will use in evidence against him during trial of the case. Admissions may relate to all facets of a case, although in many instances they pertain to the starting point, items of living expenses, source of income, and willfulness.

(2) Admissions after the commission of the crime must be corroborated, if they embrace an element vital to the Government case.<sup>31</sup>

(3) The degree and types of corroboration, along with other aspects of the subject of admissions, are discussed in 245.

## 324.7

## Investigation of Leads

When a taxpayer offers leads or information during a net worth investigation which, if true, would establish his innocence, the special agent must investigate the leads if they are reasonably susceptible of being

<sup>21</sup> *U.S. v. Chapman*, supra (note 10). The income omitted was from over-riding payments for meat.

<sup>22</sup> *U.S. v. Skidmore*, 123 F.2d 604 (CA-7), 41-2 USTC ¶710, cert. denied 315 U.S. 850, 62 S. Ct. 626.

<sup>23</sup> *Holland v. U.S.*, supra (subsection 321, note 1).

<sup>24</sup> *U.S. v. Adonis*, 221 F.2d 717 (CA-3), 56-1 USTC ¶9310.

<sup>25</sup> 237 F.2d 57 (CA-3), 56-2 USTC ¶9323.

<sup>26</sup> 219 F.2d 213 (CA-5), 54-1 USTC ¶2333.

<sup>27</sup> 239 F.2d 88 (CA-5), 56-1 USTC ¶473, cert. denied 352 U.S. 835, 77 S. Ct. 49.

<sup>28</sup> *Costello v. U.S.*, 221 F.2d 668 (CA-2), 65-1 USTC ¶542. The court noted that "gambling is an occupation with indeterminate possibilities."

<sup>29</sup> *Felchmeier v. U.S.*, 389 F.2d 498 (CA-9), 66-1 USTC ¶2171; *U.S. v. Holowachka*, 314 F.2d 245 (CA-7), 63-1 USTC ¶2291, cert. denied 374 U.S. 809.

<sup>30</sup> *Daniel Smith v. U.S.*, supra (subsection 321, note 1).

*Question 6.* In your testimony you placed great weight upon the recent memo of understanding dealing with NTTP. What substantive changes will this cause or has it already caused in the way that IRS pursues narcotics traffickers who have failed to meet their tax liability or are suspected of income tax improprieties. Did IRS receive any names from DEA before the signing of the memo of understanding? If not, when did they stop sending names to IRS for investigation? How does the relation of IRS to Customs change in light of the memo of understanding? What is the current role of Customs in NTTP, specifically as it relates to target selection and intelligence sharing?

Response. The submissions to Question 1 in part reflect some of the substantive changes under our new narcotics tax enforcement initiative.

On August 20, 1976, the Audit and Intelligence Divisions participated in a meeting of numerous agencies in the Chicago DEA office involving the concept of a field intelligence exchange group (FIEG) for coordinating activities against illegal narcotics traffickers. It was decided to set up test exercises for bringing together enforcement agencies (federal, state and local) to work on one subject. At this meeting, a Chicago target was selected for investigation. Further FIEG meetings were held on September 22 and 24 in Chicago and Miami, respectively. The Chicago meeting was held to discuss the progress of the Chicago pilot project and the Miami meeting established a second pilot project.

The U.S. Customs Service recently began providing to us information on all monetary seizures in excess of \$5,000 and has tentatively agreed to provide information on all seizures of narcotics and other contraband in excess of \$10,000 in value. Additionally, the exchange of Currency Transaction Reports (Forms 4789) and Reports of International Transportation of Currency or Monetary Instruments (Forms 4790) between the IRS and Customs has been initiated.

As a direct result of the Memorandum of Understanding, DEA has provided to us 375 Class I violators for possible inclusion in our narcotics tax enforcement project. Once these have been thoroughly evaluated, we will be requesting additional names.

Under the old NTP, we were provided with Class I violators by DEA. However, the Case Selection Committee was disbanded on February 4, 1975, as a result of good local liaison and effective case development which identified good potential cases for IRS without the necessity of processing targets through a National Case Selection Committee.

*Question 7.* The President has stated in the White Paper on Drug Abuse, in his message to the Congress on Drug Abuse and through the Executive Director of the Domestic Council in testimony before this Committee and in a speech to the IACP in Miami on September 27, 1976, that he "directed the IRS to develop a tax enforcement program aimed at high-level traffickers". What substantive steps have been taken by IRS to modify previous operations and implement the President's directive? Was the administration supportive of the phasing out of a separate, identifiable NTTP program? What were and are your reasons for recommending that there not be a separate NTTP? When did it cease to be a separate program within IRS? You stated that the NTTP program has been merged into one of the general divisions of IRS and consider it an integral part of the special enforcement programs. How has the funding for the intelligence division, special enforcement and any other division which impacts upon NTTP changed over the last three years and in the proposed budget? What would be an adequate level of funding in your mind for IRS to carry out 600 investigations under the High-level Drug Traffickers Tax Enforcement Project?

The Service has taken the following substantive steps to modify previous operations and implement the President's directive:

1. We entered into an effective agreement with the Drug Enforcement Administration (DEA). With the assistance of information supplied by DEA and other law enforcement agencies, IRS will be able to identify high echelon traffickers and financiers, and will learn of their financial transactions that may indicate tax evasion. This information exchange will reduce the wasteful duplication of investigative efforts and will increase the quality, and potential tax and penalties, of the cases that are worked.

2. We have established a separate program, the High-level Drug Leaders Tax Enforcement Project, to which we have assigned a high priority.

3. In keeping with the IRS/DEA Memorandum of Understanding, DEA has furnished the Service the names of 375 selected Class I violators. We have forwarded these names to the IRS service centers. The service centers have been instructed to process the items on a priority basis, secure pertinent tax returns

and transcripts of account, and forward the data to the appropriate IRS district offices for evaluation and appropriate enforcement action. Many of these items have reached the district offices and are being evaluated, on a priority basis, to determine criminal potential. IRS field officials are establishing liaison with local DEA officials and will obtain from DEA available financial information concerning these individuals.

The former NTP was merged into other Service programs primarily for two reasons. First, the NTP raised significant operational issues. Because of the special nature of NTP cases, the Service had been called upon to make disproportionate use of termination and jeopardy assessments, powerful enforcement measures originally intended for extreme exigencies under the normal revenue collection process. Upon detailed full year follow-up examinations, such assessments often resulted in substantial reductions and refunds. This had an adverse effect on the effectiveness of our NTP program. Second, the former NTP was determined to be deficient as a tax-related activity in that it had not proven cost effective based on the revenue yield. Although the project had been reasonably successful in obtaining criminal convictions, it had been very disappointing in terms of its revenue results when compared with our general enforcement programs. Scarce IRS resources were being used on cases, involving street-level traffickers, that could not compete effectively for those resources against other cases with a high revenue yield and greater impact on tax law compliance.

A summary of Service-wide funding for, and staff years actually applied to NTP is contained in our answer to Question 3. Within Intelligence, 361 special agent staff years were applied to NTP in fiscal year 1974; 213 in fiscal year 1975; and 156 in fiscal year 1976. If the pending fiscal year 1977 Supplemental Budget Request is not granted, Intelligence plans to divert 300 special agent staff years, mostly from the General Program, to conduct criminal tax investigations against approximately 500 high-level narcotics traffickers.

To carry out 600 investigations, a minimum of 360 special agent staff years would be required.

*Question 8.* Will you please submit the paper which you discussed in your testimony on the use of legitimate businesses as a cover for illegal funds obtained in narcotics trafficking. Have any of your domestic or overseas personnel come across examples of legitimate businesses being used to launder illegal profits from any venture, not only narcotics? Which countries are currently used as havens for the hiding of funds? What is the status of cooperative agreements which would enable your agents to uncover the funds which are needed in your investigations? Has the State Department been cooperative in pressing for the establishment of these agreements? Have there been any cases where your agents have been able to complement a narcotics prosecution by another agency with a tax evasion case? Furthermore, how many net worth cases have been made by your agency in each of the last five years? How many of these were cases involving suspected narcotics law violators?

*Response.* The Internal Revenue Service has never conducted a study of the prevalence of narcotics monies flowing into legitimate business enterprises, the reason being the difficulty of proving the taxpayers involvement in illicit narcotics trafficking. Generally speaking, most criminal tax investigations of alleged narcotics traffickers relate to individuals on whom other enforcement agencies have been unable to prove narcotics activities. And, even an in-depth tax investigation seldom proves more than the taxpayer's violation of the internal revenue laws. We can only speculate as to the source of unreported income.

What we can report are examples of known investments made by putative narcotics traffickers who were diverting their illicit and untaxed profits to legitimate business enterprises. These examples deal primarily with continuing investigations and were recently provided by our field offices. So as not to jeopardize any investigation, our references must be of a general nature:

1. Investments in homes valued at \$100,000 and higher.
2. Investments in nightclubs.
3. Investments in produce brokerage firms.
4. Investments in bars, motels and restaurants.
5. Investment of 4.5 million dollars (controlling interest) in a savings and loan association.
6. Investment in a 700 acre real estate development. Corporation through which the development is being financed is a front for laundering money.
7. Investments in service stations and clothing stores.
8. Investment of approximately \$100,000 in a glass manufacturing corporation.
9. Investment of approximately \$166,000 in a horse farm.

10. Investments in cattle ranches in Mexico, a thoroughbred horse racing stable and a chain of boutiques.

11. Investments in a cement contracting firm and an equipment leasing firm.

12. Investment to finance a motion picture for national distribution.

13. Investment in a semi-professional basketball team.

14. Investment to promote entertainment events.

15. Investment in a domestic corporation involved in inventor-patent activities.

16. Investments in real estate in Jamaica and Spain.

17. Investments in a dental laboratory.

Often these legitimate businesses are used to launder illegal profits from narcotics.

The Bahamas and Mexico are two known tax haven countries. Also, by utilizing the banking systems of the Bahamas, Mexico, Costa Rica, Panama and Switzerland, individuals can take advantage of the bank secrecy laws to conceal untaxed profits.

The only substantive agreement to date is the Mutual Assistance Treaty with Switzerland which will become effective January 1, 1977. It provides for assistance in locating witnesses, obtaining statements and testimony of witnesses, and production and authentication of business records in matters relating to treaty recognized offenses. We are attempting to negotiate cooperative exchange agreements with Mexico and the Bahamas.

The Memorandum of Understanding specifically calls for cooperation between DEA and IRS in attempting to secure simultaneous indictments. This becomes particularly important when an individual is indicted for both tax evasion and 21 U.S.C. 848 (continuing criminal enterprise). An important element of proof under Section 848 is a substantial profiting from illicit narcotics trafficking. Therefore, the two offenses will tend to compliment each other both during the investigation and at the subsequent trial.

Statistics regarding the method of computation used in cases investigated prior to fiscal year 1974 are not available. Our records indicate that we used indirect methods (which includes net worth, non-deductible expenditures, and bank deposits) of computing taxable income in 619 cases in fiscal year 74, 563 cases in fiscal year 75, and 531 cases in fiscal year 76. These are prosecution recommendations only. Of these cases, 182 cases in fiscal year 74, 104 cases in fiscal year 75, and 87 cases in fiscal year 76 involved suspected narcotics traffickers.

*Question 9.* How long on the average does it take for your agency to complete an investigation under the NTTP? How long does it take for the completed investigation to be analyzed by the prosecuting authorities so that a decision is made to either prosecute or turn down prosecution? Are there any regions where the prosecuting authorities have turned down a high proportion of your investigations because of their heavy case load or for other reasons? What other avenues does your agency have if prosecution declines to pursue the investigation which your agency completes on a suspected narcotics violator?

During the Fiscal Years 1974, 1975 and 1976, it took an average of 13 months to complete investigations involving narcotics case subjects.

After a completed investigation left the Internal Revenue Service, it took an average of approximately 23 months in fiscal year 1974 and 30 months in fiscal year 1975 before a determination was made as to whether prosecution should or should not be made. Due to the reclassification in fiscal year 1976 of the narcotics traffickers project into other programs, the figure for this year is not readily available, and would require extensive time to determine.

Regarding the proportion of investigations turned down by prosecuting authorities, there does not appear to be any large disparities between regions. This is indicated by the attached chart (which covers the Fiscal Years 1974 through 1976 and includes an average total for the three-year period) which shows that the average percentage of investigations declined by prosecuting authorities ranged from 10.3 to 14.8 percent.

When prosecuting attorneys in the Department of Justice decline to pursue criminal action in an investigation in which we have recommended prosecution, they notify Regional Counsel (IRS) attorneys of their pending action and indicate reasons for their anticipated declination of the case. Regional Counsel has 30 days in which to send a letter to the Department of Justice asking for reconsideration. If Regional Counsel can convince the Department of Justice attorneys that they were wrong in their reasoning, or can provide additional evidence that the taxpayer should be prosecuted, the Department of Justice will pursue prosecution action. Otherwise, there are no further avenues of appeal.

## DECLINATIONS--NUMBER AND PERCENT DECLINED BY DEPARTMENT OF JUSTICE AND U.S. ATTORNEY

	Fiscal year 1974			Fiscal year 1975			Fiscal year 1976			Fiscal years 1974-76		
	Reviewed	Declined	Percent declined	Reviewed	Declined	Percent declined	Reviewed	Declined	Percent declined	Reviewed	Declined	Percent declined
North Atlantic.....	634	65	10.3	640	71	11.1	594	69	11.6	1,868	205	11.0
Mid-Atlantic.....	411	71	17.3	494	54	10.9	530	66	12.5	1,435	191	13.3
Southeast.....	454	52	11.5	428	32	7.5	385	46	11.9	1,267	130	10.3
Central.....	395	37	9.4	307	40	13.0	424	56	13.2	1,126	133	11.8
Midwest.....	413	35	8.5	450	58	12.9	401	82	20.4	1,264	175	13.8
Southwest.....	305	23	7.5	275	40	14.5	413	66	16.0	993	129	13.0
Western.....	450	48	10.7	442	90	20.4	524	71	13.5	1,416	209	14.8
Total.....	3,062	331	10.8	3,036	385	12.7	13,273	456	13.9	19,371	1,172	12.5

<sup>1</sup> Includes 2 OIO cases.





U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., October 14, 1976.

Hon. PETER B. BENSINGER,  
*Administrator, Drug Enforcement Administration,*  
*Washington, D.C.*

DEAR MR. BENSINGER: In your appearance before the Select Committee on September 23, 1976, which was greatly appreciated, several significant matters were raised to which the Committee would appreciate your further written response, at your earliest convenience:

1. In your testimony before the Select Committee you testified that: "the level of heroin purity is . . . the most important indicator . . . to measure the abuse of that drug in the United States." Later you addressed the issue of "lag time" as it relates to the reduction of the addict population. How does DEA reconcile its reliance on purity reduction as a major agency objective, when statistical evidence demonstrates neither a reduction in property crime nor an increase in treatment populations over periods of major purity reductions?

2. Please provide a full explanation of current methods of establishing street purity levels. What other agencies, law enforcement or health oriented, are providing input to these statistics?

3. Please detail by country current opiate production and current estimates as to their representation on the American market. By what method are current interdiction statistics now correlated at 10 percent? Would you expand upon the significant reduction in the interdiction rates referred to by Commissioner Acree, in which he stated that prior to Reorganization Plan #2 interdiction rates stood at approximately 50 percent at the borders?

4. Your testimony indicated the high priority of working relationships with other nations in the effort of DEA to control narcotics trafficking. Would you provide to the Committee specific information as to the working relationships in which you participate with the Soviet Union and other aligned and non-aligned nations? The Committee would be pleased to arrange for Executive Sessions in order to deal with the sensitivity of your response to this inquiry at a later time. Please respond as best you are able to, without disclosure of classified information at this time. The JANUS program referred to in your testimony indicated only 3 convictions for 1975 of Mexican nationals in 1975 and only 5 cases pending thus far in 1976. Considering these relatively minor statistics why do you consider such results significant? Are other such JANUS projects being considered with other foreign governments? Specifically indicate what assistance DEA has provided the Treasury and State Department in negotiating financial treaties with other nations particularly those governments of the Bahamas, Cayman Islands and Mexico utilized by drug traffickers to evade U.S. taxation and to be able to deal in cash.

5. Your testimony indicates increased cooperation and sharing of intelligence between IRS, Customs and the State Department. Please outline specifically the working arrangements that are currently operable between DEA and these agencies and your recommendations, if any, to improve the effectiveness of these operations. In the Committee's review of the 22,000 cases provided DEA by Customs in fiscal year 1976 only 1 percent or less of the cases were in the class 1 category. Please provide to the Committee the dispositions of these cases accepted and/or passed on to other agencies by DEA. Similarly, Mr. Fehl of the F.B.I. stated that as early as April of 1976, 33 cases were turned over to DEA involving major heroin traffickers. Can you provide the disposition of these cases to the Committee? Please explain the case management system utilized by DEA in monitoring cases turned over to Justice and other agencies, as well as those cases referred by outside agencies to DEA.

6. In your testimony you stated that much of the interagency cooperation in the field of narcotics law enforcement cannot be documented. Please provide to the Committee a general outline of information exchange for the agencies which are participating in this data flow. For example, what field intelligence or clear- inghouse exists to provide information on Customs seizures, IRS investigations

and Justice Department prosecutions? Does such a network need to be established if none exists?

7. Since the Cabinet Committee on International Narcotics Control has not met since 1973 what direction, or policies are followed in international opium interdiction? From where do these policies emanate? What input does DEA have in the establishment of policy, treaty negotiations, and to the Secretary of State in regard to State Department responsibility in the production and trafficking of narcotics?

8. In your testimony you stated that the current number of high level trafficking fugitives exceeds 2,600. Please provide to the Committee the amount of bail forfeiture that this figure represents. Please provide an analysis of the local, state and federal court narcotics fugitives as of this time. Please discuss the area in which a majority of bond reductions took place for these fugitives and as to whether it is at magistrate level or at the Federal Judge level. Can you provide any insight on why bail for these high level drug traffickers are so drastically reduced? Please elaborate on the problems of overcrowding in the Court system as it relates to bail reduction and failure to acquire convictions on these individuals.

9. Please provide to the Committee a summary of the comparison of the New York narcotic laws and the proposed Federal sentencing system as stated in your testimony. In addition, please provide the information referred to in the testimony of the 499 "free time" DEA arrestees.

10. In referring to the newly formed Domestic Law Enforcement Cabinet Committee, what current liaison exists between LEAA, NIDA and this body? You stated in your testimony that Dr. DuPont is an ex-officio member of this body. How many times have you met with Dr. DuPont over what period and what has been the substance of your discussions? What specific programs and projects have you agreed to undertake together? How do you explain the obvious contradiction in the minor linkage between crime and drug abuse in the Shellow report with the recent President's statement of April 27 in which he states that over 50% of all crime is drug related? Please provide to the Committee a review of the activity of the Domestic Law Enforcement Committee and the information concerning the 595 persons in Mexico turned over to the Attorney General there, particularly as it relates to their citizenship and bail set in this country.

11. Please provide to the Committee the Standard Operating Procedures produced by your department on July 30, 1976 concerning the general compliance with the Mansfield Amendment. At this time would you furnish any preliminary findings as to the adverse effect you feel this amendment might play in the international narcotics effort, and indicate in what manner your guidelines might overcome any such possible adverse effects.

We realize we have given you a tall order. However, you will appreciate that the mandate given to our Committee by the House of Representatives is broad, and by its very nature requires us to study and inquire into every substantive facet of our overwhelming drug abuse and control problem. Thank you for your continued cooperation and that of your associates.

Very truly yours,

JOSEPH L. NELLIS, *Chief Counsel.*

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U.S. DEPARTMENT OF JUSTICE,  
DRUG ENFORCEMENT ADMINISTRATION.  
*Washington, D.C. Nov. 10, 1976.*

Mr. JOSEPH L. NELLIS,  
*Chief Counsel, Select Committee on Narcotics Abuse and Control, Washington, D.C.*

DEAR MR. NELLIS: The attached is in response to your letter of October 14, 1976. The review of the referrals from the U.S. Customs Service is in its finalization and will be forwarded to you within the next couple of days.

If you have any further inquiry, please do not hesitate to let me know.

Sincerely,

PETER B. BENSINGER, *Administrator.*

Attachments.

*Question 1.* How does DEA reconcile its reliance on purity reduction as a major agency objective, when statistical evidence demonstrates neither a reduction in property crime nor an increase in treatment populations over periods of major purity reductions?

It is a major DEA objective to reduce the availability of heroin. Research studies and our own experiences with addiction trends have indicated that in times in which heroin is readily available, addiction is likely to spread. By contrast, fewer persons initiate heroin use when heroin is in short supply. DEA's reliance on heroin purity reduction as a major objective is, in reality, an attempt to reduce availability, with purity viewed as an indicator of availability.

It is expected that as a result of long-range reductions in availability, the amount of heroin related crime will decrease because the addict population will decline. However, this does not necessarily guarantee that the overall property crime rate will decrease. Many other factors, such as social conditions, economic trends, and the functioning of the criminal justice system also have profound influence on the crime rate. In other words, the causes of crime are so complex that fluctuations in the crime rate are rarely dependent on a single factor.

Concerning the treatment issue, it is difficult to relate heroin treatment admissions to periodic declines in heroin purity. Treatment statistics thus far developed are not comprehensive or sensitive enough to be correlated with purity indicators. Also, there was no reliable method to gauge admission on a national scale prior to 1974, when brown heroin availability was beginning to have a national impact, offsetting previous shortages. In short, we are currently lacking historical or present data to truly gauge the impact of low purities on treatment admissions.

A closing point should also be made. Research has shown that when heroin is in short supply an addict may quit his habit voluntarily; he also may substitute for heroin or supplement heroin use by taking other drugs. There is no assurance that a majority of addicts will enter treatment when heroin is in short supply.

Additional factors such as accessibility of treatment centers, addict age, availability of substitutes and court policies in sentencing addicts for involuntary treatment all play a major role in influencing treatment admissions.

*Question 2.* Please provide a full explanation of current methods of establishing street purity levels. What other agencies, law enforcement or health oriented, are providing input to these statistics?

DEA utilizes all heroin evidence purchases, analyzed in DEA laboratories, as the data base for computing the retail heroin purity index. This data base is subjected to carefully defined criteria, which selects for computation, only those samples which are clearly defined as typical of the retail, "street" level of the illicit traffic.

The retail index excludes samples above 14 percent purity which are also less than 14 grams gross weight, as these are usually purchased samples leading to future wholesale purchases. Also excluded are samples above 14 grams gross weight, as these are considered low level wholesale purchases. Also excluded are samples below 14 grams gross weight and 14 percent purity which cost more than \$5 per milligram, as these are considered "burns" or fraudulent transactions.

At present, the retail heroin samples utilized for these data are composed entirely of DEA and Task Force purchases. Plans are currently being implemented, which will include as data inputs "street" purchases from 25 urban police departments within the U.S., thereby improving the quality and distribution of the data base.

*Question 3a.* Please detail by country current opiate production and current estimates as to their representation on the American market?

A. Detail by country of current opiate production\*

Mexico (metric tons)-----	100
Southeast Asia (Golden Triangle) (metric tons)-----	500
Burma (tons)-----	390
Thailand (tons)-----	60
Laos (tons)-----	50
Pakistan (1975) (metric tons)-----	100
Afghanistan (1975) (metric tons)-----	100-200

The opium is converted into heroin at a ratio of 10 to 1. Estimates of the percentage of heroin in the U.S., by source country, follow.

B. Estimates of foreign sourced opiates on the American market.

On the basis of our various laboratory analysis systems when merged with our intelligence information concerning the recent Heroin/B operation, and the continuing strong Mexican enforcement and eradication program, we estimate that the illicit heroin in the United States is of the following sources: 75-80%

\*Figures relate only to estimates of illicit production.

of the heroin exhibits are of the brown variety associated with Mexican origin; 15-20% from the Golden Triangle (Thailand, Burma, Laos); 4% from Hong Kong, Malaysia, Cambodia and Vietnam; 0.5% from Turkey; 0.5% from Lebanon/Syria.

The estimates are not absolute figures, but are within an approximate range. The patterns have changed drastically since the days of the Turkish/French Connection and we are confident that present programs are having an effect on the pattern of the past three years.

*Question 3b.* By what method are current interdiction statistics now correlated at 10 percent?

DEA is unaware of the origin of the estimate that 10 percent of the drugs smuggled into the United States is interdicted. The figure has been around for a number of years and its legitimacy is highly suspect. It intimates a precision of knowledge concerning several factors which we believe avail themselves only to gross estimates.

*Question 3c.* Would you expand upon the significant reduction in the interdiction rates referred to by Commissioner Acree, in which he stated that prior to Reorganization Plan No. 2, interdiction rates stood at approximately 50 percent at the borders?

Our record of Commissioner Acree's testimony indicates that he stated that Customs' seizures prior to the reorganization were accounting for approximately 50 percent of all the heroin seized by Federal efforts. We do not construe his testimony to be that Customs was seizing 50 percent of all the heroin being smuggled into the United States during that period. Our record of the heroin removals in the United States by Federal efforts is as follows for the fiscal years of 1971, 1972, and 1973.

#### HEROIN REMOVALS

	Fiscal year 1971		Fiscal year 1972		Fiscal year 1973	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
DEA (BNDD).....	226	19	955	61	309	40
Task forces.....					206	27
Customs.....	937	81	620	38	212	28
INS.....			15	1	41	5
Total.....	1,163	100	1,630	100	768	100

*Question 4a.* Would you provide to the Committee specific information as to the working relationships in which you participate with the Soviet Union and other aligned and non-aligned nations?

DEA conducts periodic liaison visits to Bulgaria, Yugoslavia, Romania and Hungary and to a lesser extent to East Germany and Czechoslovakia. These liaison meetings are arranged with the clearance and authorization of the appropriate American Embassies. This liaison program was established several years ago when morphine base was routed from Turkey through these countries to the laboratories in France. While this problem is not in evidence today, DEA continues the visits to engage in discussion with counterpart enforcement authorities regarding general trafficking trends. Several high-level officials of these countries have participated in our Executive Observation Program in the United States.

Our liaison with the Soviet Union is of a more limited nature and is generally restricted to the provision of information and intelligence on specific ongoing investigations. DEA is currently exploring through the American Embassy in Moscow the possibility of DEA officials visiting Moscow regarding a recent seizure of heroin involving American citizens.

*Question 4b.* The JANUS program referred to in your testimony indicated only three convictions for 1975 of Mexican nationals in 1975 and only five cases pending thus far in 1976. Considering these relatively minor statistics, why do you consider such results significant? Are other such JANUS projects being considered with other foreign governments?

On October 26, 1976, the United States/Mexican Government program of joint prosecution listed 62 cases. These cases involve the prosecution of Mexican nationals, U.S. fugitives and third-country nationals for violation of Mexican narcotics laws. This program remains one of the most important efforts aimed at those sources of supply that continue to flood the U.S. with Mexican narcotics.

In the 17 months that this program has been in operation, DEA and the Mexican Government have jointly initiated 62 cases involving: 132 defendants in Mexico; 404 defendants in the U.S.; 55 cases with Class I violators; and 5 cases with Class II violators.

Four convictions have been reported by the Government of Mexico.

The majority of the 62 cases were presented to the Mexican Government within the last 14 months (from July 1975 to October 1, 1976).

The average life span of a Mexican narcotic case, from arrest to disposition, is 8-12 months. This traditional time period involves routine cases of arrest and seizures.

The JANUS type cases require additional factors that necessitate further delays. These delays are based on judicial/diplomatic requirements. Each case must be reviewed and cleared by the Office of the Mexican Attorney General and Mexican State Department. Further, the case must then be reviewed and accepted by the Mexican Federal Judge in the area where jurisdiction is required. Finally, the proper and careful execution of the arrest warrant requires additional time.

The Government of Mexico has accepted 48 of the 62 cases and 46 of the 132 defendants have been arrested in Mexico: 1 case has been completed with four convictions; 6 cases have been presented to the Mexican Federal Courts for final disposition; 15 cases are in various stages of preparation by Mexican Federal Attorneys for presentation to the Federal Courts; and 26 cases were recently accepted by Mexican Federal Attorneys in Chicago.

The remainder of the 14 cases in JANUS include: 1 case dropped for lack of evidence, 2 cases which are being held in abeyance and 10 cases that are being reviewed by DEA domestic field personnel for presentation to Mexican Federal Attorneys.

An understanding of the Mexican Federal Prosecution system will determine that the current statistics reported by the GOM on cases involving joint prosecution are most significant. The GOM is prepared to accept as many cases as can be properly developed. They are proceeding in due and proper course. The arrest of the identified suspects is being conducted by the Mexican Federal Police with proper care and excellent results.

DEA's fugitive programs should benefit from the joint prosecution concept. In a recent effort in Chicago, Illinois, DEA submitted 26 cases involving 18 fugitives from United States Justice.

The Governments of Colombia and Chile are currently considering similar programs involving extra-territorial prosecutions. Colombian authorities along with U.S. Judicial/Enforcement officials have reviewed three cases for prosecution based on evidence and information submitted by the United States Government. Chile is presently considering a similar program, but has not yet submitted any case to its Federal Courts.

*Question 4c.* Specifically indicate what assistance DEA has provided the Treasury and State Department in negotiating financial treaties with other nations particularly those governments of the Bahamas, Cayman Islands and Mexico utilized by drug traffickers to evade U.S. taxation and to be able to deal in cash?

In anticipation of requesting assistance from the Bahamian Government on the financial aspects of the narcotics traffic, DEA has been monitoring efforts to conclude a treaty with the Bahamas. Discussions on this subject were held in July 1976, between the DEA financial intelligence project staff and that of the Assistant Secretary of the Treasury for Law Enforcement. A comprehensive treaty was drafted by Tax Division of Main Justice, with input by the Internal Revenue Service. It has recently been reviewed by DEA's Office of the Chief Counsel and returned to Justice. When revision is complete, the draft will be coordinated with the Department of State for the final negotiation process.

Although DEA is currently planning approaches to the governments of Mexico and the Cayman Islands to assist in financial investigation of certain specified traffickers, this agency has had no input in any interagency planning for such treaty demarches. With its renewed emphasis on the financial aspects of the traffic, however, DEA is strongly in favor of comprehensive mutual assistance treaties being brought into force; the model in this regard is between the United States and Switzerland, which takes effect late in December.

*Question 5a.* Your testimony indicates increased cooperation and sharing of intelligence between IRS, Customs and the State Department. Please outline specifically the working arrangements that are currently operable between DEA

and these agencies and your recommendations, if any, to improve the effectiveness of these operations?

An agreement designed to place renewed emphasis on cooperation between DEA and Internal Revenue Service in the Narcotics Trafficker Tax Program was signed on July 27, 1976. A copy of this agreement is attached, and contains references to problems of disclosure of IRS information to DEA; these problem areas are having a somewhat adverse effect on field relationships between investigators of both agencies. Resolution of these problems is the subject of an ongoing series of discussions involving the headquarters intelligence and legal staffs of the two agencies. From these meetings, a request for legislative relief may emerge. DEA field agents clearly have no need for tax return information on target traffickers; however, investigative information passage and consultation on the general criminal activity of a joint target should properly be shared by DEA and IRS investigators. Based on this distinction, the Narcotics Trafficker Tax Program can achieve an impact on upper echelons of the narcotics traffic, without risk to the privacy under law of taxpayer information.

Working through the Office of Ambassador Vance, DEA's International Intelligence Division staff and the Office of Strategic Intelligence (IGR) have established close working relations between analysts and country desk officers at the State Department. Routine and frequent contact between State and DEA analysts is maintained in the selection of and production of articles for DEA's Weekly Digest on Narcotics Intelligence and DEA's Quarterly Intelligence Trends. State Department analysts provide invaluable judgements on political matters involving narcotics in foreign countries. This in turn, allows DEA to produce narcotics intelligence with a broader viewpoint than would otherwise be possible. All intelligence publications are provided to State Department.

Recently, at State Department request, 103 Narcotics Coordinators at U.S. embassies overseas were added to the hard copy distribution list of DEA's Quarterly Intelligence Trends and 13 Narcotics Coordinators at selected U.S. embassies were added to the cable version of DEA's Weekly Digest of Narcotics Intelligence.

As a result of the implementation of Reorganization Plan No. 2 of 1973, the Drug Enforcement Administration (DEA) is charged with primary responsibility for the collection of intelligence, as well as the associated investigative and law enforcement responsibilities, which relate to the suppression of importation and trafficking in illicit drugs. The U.S. Customs Service, on the other hand, retains the responsibility for searches and seizures of contraband, including illicit drugs, and/or the apprehension/detention of individuals in connection with smuggling activities at ports of entry or along the land/water borders of the United States.

These interlocking responsibilities require that DEA and Customs elements work together in a mutually supportive partnership. Customs, to be most effective in discharge of its responsibilities, is highly dependent upon DEA assets and capabilities for basic and operational intelligence.

Since July 1973, a large amount of information/intelligence has been exchanged on a more or less informal basis between DEA and Customs; however, until recently DEA had no established procedure for quantifying the nature and types of information which was provided to Customs. Neither was there any coordinated mechanism of insuring that requests from Customs were answered in an expeditious and satisfactory manner. In early July 1975, to correct this deficiency, a special liaison activity was created within DEA's Office of Intelligence. It is the responsibility of this activity to see that Customs is provided with any and all DEA-acquired and/or processed intelligence which might be of value in the conduct of port and border interdiction functions. It is also the responsibility of this activity to keep an accurate record of the quantities and categories of intelligence provided to Customs. A report of this information/intelligence exchange is provided on a monthly basis to the Commissioner of Customs.

To assist DEA in the accomplishment of its support functions, Customs has provided a statement of its information/intelligence requirements and DEA field elements have been instructed to broaden the scope of informant and defendant debriefings to obtain information responsible to Customs expressed needs.

Customs has also designated a counterpart liaison activity so that each agency now has a single point of contact to monitor, coordinate and quantify the intelligence exchange. The development also provides a capability for effecting mutually satisfactory resolutions of operational and policy problems affecting these exchanges.

On December 11, 1975, in a further effort to guarantee effective cooperation and coordination between DEA and Customs, the heads of both agencies signed a Memorandum of Understanding establishing guidelines under which both agencies agreed to cooperate.

On December 16, 1975, DEA field elements were notified by electrical message of the signing of this Memorandum of Understanding. This message instructed all Regional Directors to direct and ensure that every employee read the memorandum.

On February 9, 1976, the Administrator of DEA and the Commissioner of Customs met, along with members of their senior staffs, to clarify and resolve any issues which might have been raised through individual interpretations of the guidelines.

On March 5, 1976, the Administrator published a memorandum addressed to all DEA Regional Directors, Laboratory Directors and Headquarters Office Heads affirming his unqualified support of the Memorandum of Understanding and voicing his expectation that the agreement would be implemented fully and adhered to.

On January 30, 1976, in a move to improve handling and quantification procedures, all DEA Regional and District Offices were notified that all requests for subject, vehicle, aircraft and vessel lookouts would henceforth be processed through El Paso Intelligence Center (EPIC) for entry into the Customs alert systems. A subsequent instruction informed the same recipients that EPIC is also responsible for taking initiative action to establish alerts with Customs based on review of incoming reports where such imports were not specifically requested.

In the Summer of 1976, DEA and Customs agreed to additional procedures whereby Customs was authorized to debrief violators in whom DEA evidenced no further enforcement and/or operational interest. Information pertinent to narcotics enforcement concerns obtained during these debriefings is to be passed immediately to the appropriate DEA element.

During the first six months of CY1976, DEA referred a total of 3,113 individual subjects; 851 suspect vehicles; 211 suspect aircraft; and 183 suspect vessels for entry into Customs alert systems. The total figures for FY1976 and TQ 1976 are 6,062; 1,806; 544 and 465 respectively. All of these figures reflect a general constant increase in information/intelligence provided to Customs; a trend expected to continue during the coming year.

In addition, NADDIS data consisting of 68,548 records created or updated was provided in computer tape format to Customs during the period cited above.

#### MEMORANDUM OF UNDERSTANDING BETWEEN THE INTERNAL REVENUE SERVICE AND THE DRUG ENFORCEMENT ADMINISTRATION

The following is an excerpt from the President's message to the Congress dated April 27, 1976:

"I am directing the Secretary of the Treasury to work with the Commissioner of the Internal Revenue, in consultation with the Attorney General and Administrator of the Drug Abuse Enforcement Administration, to develop a tax enforcement program aimed at high-level drug trafficking. We know that many of the biggest drug leaders do not pay income taxes on the enormous profits they make on this criminal activity. I am confident that a responsible program can be designed which will promote effective enforcement of the tax laws against these individuals who are currently violating these laws with impunity."

In order to carry out the President's program aimed at high-level drug trafficking and to promote effective enforcement of the tax laws against those individuals who are violating these laws with impunity, the Internal Revenue Service (IRS) and the Drug Enforcement Administration (DEA) have agreed to the following:

I. Primary liaison between IRS and DEA will be maintained at the National Office level of IRS, and at the Headquarters level of DEA. The Assistant Administrator, Office of Intelligence, DEA, and the Assistant Commissioner (Compliance), IRS, are designated Senior Coordinating Officials responsible for implementing the provisions of this Memorandum of Understanding and are responsible for monitoring the progress of the program within their respective agencies.

II. The responsibility for the investigation of substantive narcotics violations will remain with DEA. The responsibility of IRS is to conduct appropriate civil examinations and criminal investigations of high-level drug leaders and financiers who IRS determines to have violated the internal revenue laws using its established standards.

To assist IRS in identifying high-level drug leaders and financiers, DEA will provide IRS information about individuals identified by DEA as Class I violators.

III. IRS will furnish information involving substantive narcotics violations either direct to DEA or to the Assistant Attorney General, Criminal Division, Department of Justice, in accordance with the disclosure laws and regulations. DEA will furnish to IRS, on a continuing basis, financial information and documents obtained by DEA relevant to the possibility of tax violations by all individuals involved in narcotics trafficking, regardless of their level of involvement. However, only those individuals who meet DEA Class I criteria will be considered for inclusion in this program.

The exchange of information between DEA and IRS will be subject to all procedures established under, and will be accounted for in accordance with the Privacy Act of 1974.

IV. The primary responsibility for gathering information relating to and the identification of major narcotics leaders remains with DEA. DEA will furnish periodically to the IRS, National Office, an updated list of selected Class I violators together with information relating to the individual's involvement in narcotics and whatever financial information DEA may have for IRS to determine the individual's compliance with the tax laws. The IRS, National Office, will distribute this information to the appropriate IRS regional offices for further evaluation and dissemination to the IRS district offices. The IRS district offices will supplement the information by contacting the local DEA office and by independently developing additional tax-related information in accordance with normal IRS procedures.

V. DEA Class I violators are generally given investigative priority by DEA. Therefore, to avoid compromising DEA investigations and endangering DEA personnel and cooperating individuals, IRS will ordinarily honor DEA requests to temporarily suspend or limit specific IRS investigative acts involving such cases. For example, IRS will ordinarily honor a DEA request to temporarily suspend any IRS activity which would expose or hinder the activities of DEA undercover personnel; however, other IRS investigative and examination activities related to the case would proceed. All such requests from DEA Regional Directors should be in writing and should state the specific activities to be temporarily limited and the period of time for which the suspension is requested.

VI. Appendix One is a list of IRS district offices and posts of duty cross referenced to DEA offices having jurisdictional responsibility within the district. The Chief, Intelligence Division, IRS, in each of the districts designated, is the responsible official for implementing an effective liaison program with all DEA offices located within the IRS district.

VII. The statutory authority of IRS is clearly limited to those matters falling within the purview of the Internal Revenue Code. Appropriate IRS officials at the district level shall make the final determination as to which cases shall be subject to either an audit examination or a criminal investigation. The investigation and prosecution of substantive narcotic violations by DEA will generally take precedence over the investigation and prosecution of tax violations. However, in those instances where the tax investigations have either been completed or substantially completed, DEA and IRS will cooperate in attempting to secure simultaneous indictments.

VIII. Jeopardy assessments and terminations of taxable years, which are measures provided in the Internal Revenue Code to protect the tax revenues when collection is believed to be in doubt, will be made only in accordance with the provisions of the Code, as interpreted by the U.S. Supreme Court. Appendix Two contains the text of Sections 6851 and 6861 of the Internal Revenue Code and the Syllabus of the recent decision of the U.S. Supreme Court in *Laing v. United States*, which relate to jeopardy assessments and terminations of taxable years. The IRS will assist the DEA in a program to inform DEA field personnel of the judicial and proposed legislative limitations of the Internal Revenue Service's Jeopardy and Termination Assessment powers to minimize any friction that might result if DEA agents' expectations as to the use of these powers are frustrated by such limitations.

IX. To further an understanding of the jurisdictional responsibilities of DEA and IRS, personnel of the respective agencies are authorized to participate in training programs conducted by the other agency. Such participation shall be limited to the exchange of qualified instructors to participate on a temporary basis as guest lecturers. This cross-training can best be coordinated and accomplished at the district level.



X. IRS personnel are not authorized to participate in arrests, raids and similar activities with DEA personnel.

XI. In emergency situations where the safety of DEA or IRS personnel is in jeopardy, all necessary assistance will be rendered without delay by personnel of the other agency.

XII. Central Tactical (CENTAC) Units are created by DEA to direct investigative activities at key individuals who, under varied positions of power in drug trafficking organizations, are insulated from normal investigative efforts. CENTAC Units are conspiracy oriented and are specially designed to investigate drug networks that cut across local, state, regional, national, and international borders. Each unit has direct control of the investigation as it develops. They are highly mobile, having authority to pursue an investigation wherever it may lead. The CENTAC Unit collects documents, organizes and corroborates testimony and other evidence to be presented to grand juries sitting in judicial districts where violations have occurred.

With the approval of both Senior Coordinating Officials, IRS may detail, on a temporary basis, IRS personnel to provide specialized assistance to CENTAC Units. IRS personnel will at all times remain under the direct control and supervision of IRS management and their duties in this liaison capacity shall be limited to reviewing and evaluating tax-related information obtained by DEA CENTAC Units.

XIII. Tax-related books, records and other documents seized by DEA personnel as a result of the execution and return of search and arrest warrants may be examined by IRS personnel to determine whether the individuals involved had complied with the internal revenue laws.

XIV. IRS and DEA personnel will not discourage potential sources of information from furnishing information to the other agency; and will not compete for informants or information. This cooperation should be made known to potential sources of information in order to discourage informants from "agency shopping."

XV. The debriefing of informants by DEA personnel will include an inquiry about financial information and potential tax violations. If the informant appears knowledgeable about these matters, DEA personnel will, if appropriate, encourage the informant to meet directly with IRS personnel. If the informant declines, DEA personnel will debrief the informant of any financial information and information relating to potential tax violations, and will transmit such information to IRS in accordance with DEA procedures. When it appears that an IRS informant is knowledgeable concerning potential narcotics violations, IRS will encourage the informant to meet directly with DEA personnel. If the informant declines, IRS personnel will debrief the informant of the information relating to potential narcotics violations and will transmit such information either direct to DEA or to the Assistant Attorney General, Criminal Division, Department of Justice, in accordance with the disclosure laws and regulations. IRS will be responsible for evaluating and, where appropriate, making payment for financial information concerning potential tax violations; and DEA will be responsible for evaluating and, where appropriate, making payment for information relating to potential narcotics violations. IRS and DEA will coordinate to the extent necessary to prevent duplicate or excessive payments for the same information.

XVI. DEA shall furnish IRS with strategic information and studies relating to the domestic and international flow of funds used in narcotics trafficking. To the extent this strategic information, unrelated to tax matters, is further developed by IRS, the additional information will be furnished to DEA. DEA and IRS Senior Coordinating Officials may authorize joint studies that would benefit both agencies.

PETER BENSINGER,  
*Administrator, Drug Enforcement Administration.*  
DONALD C. ALEXANDER,  
*Commissioner of Internal Revenue.*

#### DISCLOSURE AND EXCHANGE OF INFORMATION

.01 The disclosure of tax information from Internal Revenue Service files will be governed by Sections 6103 and 7213 of the Internal Revenue Code of 1954, 18 U.S.C. 1905 and Treasury Regulations Sections 301.6103(a)-1(f) and (g).

.02 Disclosures initiated by the Internal Revenue Service concerning information related to tax returns or obtained in the course of tax investigations, but involving nontax Federal violations, must be made as follows: the Service will notify the Assistant Attorney General, Criminal Division, that the Service has

obtained information concerning the possible violation of Federal narcotics statutes. If the Assistant Attorney General submits a request for the information, under the provisions of 26 CFR 301.6103(a)-1(g), disclosure of information specifically concerning the violation will be authorized.

.03 Facts or information, relating to the commission of nontax, Federal criminal acts or violations of nontax Federal criminal laws, not directly or indirectly related to a tax return or a tax investigation, may be disclosed by IRS employees directly to DEA in emergency situations or through their supervisors when circumstances permit.

.04 Disclosures requests initiated by the DEA concerning matters under investigation by that agency, as distinct from matters under investigation by Department of Justice attorneys and within their jurisdiction, must be in accordance with the provisions of 26 CFR 301.6103(a)-1(f) and be signed by the Attorney General. Requests for access by Department of Justice attorneys for use in matters under that agency's consideration involving narcotics violations must be in compliance with 26 CFR 301.6103(a)-1(g). Such request should be in writing and addressed to the Commissioner of Internal Revenue, Washington, D.C. 20224, with a copy addressed to the District Director or Service Center Director having custody of the information. Such applications must show:

- (1) The name and address of the person or entity of concern;
- (2) The kind of tax involved;
- (3) The taxable period covered;
- (4) The reason why inspection is desired, which must include the manner in which the information will be used; and
- (5) In the case of requests made pursuant to 26 CFR 301.6103(a)-1(f), the name and the official designation of the person by whom the inspection is to be made.

The application must specify the authority for the request and should indicate whether inspection or copies of the tax information is desired.

If applicable, the application should also request that Service officials who conducted investigations concerning the named taxpayer be permitted to discuss the details of their investigation with authorized representatives of the Department of Justice.

Any documents furnished in response to a DEA request must be returned to the office furnishing them after they have served the purpose for which they were requested.

Any questions concerning applications made on behalf of DEA should be directed to the Director, Disclosure Operations Division at 964-3908, 4263, and 4847.

## [APPENDIX 2]

### INTERNAL REVENUE CODE

#### SECTION 6851. TERMINATION OF TAXABLE YEAR

##### (a) *Income Tax in Jeopardy*

(1) *In general.*—If the Secretary or his delegate finds that a taxpayer designs quickly to depart from the United States or to remove his property therefrom, or to conceal himself or his property therein, or to do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect the income tax for the current or the preceding taxable year unless such proceedings be brought without delay, the Secretary or his delegate shall declare the taxable period for such taxpayer immediately terminated, and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable. In any proceeding in court brought to enforce payment of taxes made due and payable by virtue of the provisions of this section, the finding of the Secretary or his delegate, made as herein provided, whether made after notice to the taxpayer or not, shall be for all purposes presumptive evidence of jeopardy.

(2) *Corporation in liquidation.*—If the Secretary or his delegate finds that the collection of the income tax of a corporation for the current or the preceding taxable year will be jeopardized by the distribution of all or a portion of the

assets of such corporation in the liquidation of the whole or any part of its capital stock, the Secretary or his delegate shall declare the taxable period for such taxpayer immediately terminated and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable.

*(b) Reopening of Taxable Period*

Notwithstanding the termination of the taxable period of the taxpayer by the Secretary or his delegate, as provided in subsection (a), the Secretary or his delegate may reopen such taxable period each time the taxpayer is found by the Secretary of his delegate to have received income, within the current taxable year, since a termination of the period under subsection (a). A taxable period so terminated by the Secretary of his delegate may be reopened by the taxpayer (other than a nonresident alien) if he files with the Secretary or his delegate a true and accurate return of the items of gross income and of the deductions and credits allowed under this title for such taxable period, together with such other information as the Secretary or his delegate may by regulations prescribe. If the taxpayer is a nonresident alien the taxable period so terminated may be reopened by him if he files, or causes to be filed, with the Secretary or his delegate a true and accurate return of his total income derived from all sources within the United States, in the manner prescribed in this title.

*(c) Citizens*

In the case of a citizen of the United States or of a possession of the United States about to depart from the United States, the Secretary or his delegate may, at his discretion, waive any or all of the requirements placed on the taxpayer by this section.

*(d) Departure of Alien*

Subject to such exceptions as may, by regulations, be prescribed by the Secretary of his delegate—

(1) No alien shall depart from the United States unless he first procures from the Secretary or his delegate a certificate that he has complied with all the obligations imposed upon him by the income tax laws.

(2) Payment of taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such taxes if, in the case of an alien about to depart from the United States, the Secretary of his delegate determines that the collection of the tax will not be jeopardized by the departure of the alien.

*(e) Furnishing of Bond Where Taxable Year Is Closed by the Secretary or His Delegate*

Payment of taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such taxes if the taxpayer furnishes, under regulations prescribed by the Secretary or his delegate, a bond to insure the timely making of returns with respect to, and payment of, such taxes or any income or excess profits taxes for prior years.

SECTION 6861. JEOPARDY ASSESSMENTS OF INCOME, ESTATE, AND GIFT TAXES

*(a) Authority for Making*

If the Secretary or his delegate believes that the assessment or collection of a deficiency, as defined in section 6211, will be jeopardized by delay, he shall, notwithstanding the provisions of section 6213(a), immediately assess such deficiency (together with all interest, additional amounts, and additions to the tax provided for by law), and notice and demand shall be made by the Secretary or his delegate for the payment thereof.

*(b) Deficiency Letters*

If the jeopardy assessment is made before any notice in respect to the tax to which the jeopardy assessment relates has been mailed under section 6212(a), then the Secretary or his delegate shall mail a notice under such subsection within 60 days after the making of the assessment.

(c) *Amount Assessable Before Decision of Tax Court*

The jeopardy assessment may be made in respect of a deficiency greater or less than that notice of which has been mailed to the taxpayer, despite the provisions of section 6212(c) prohibiting the determination of additional deficiencies, and whether or not the taxpayer has theretofore filed a petition with the Tax Court. The Secretary or his delegate may, at any time before the decision of the Tax Court is rendered, abate such assessment, or any unpaid portion thereof, to the extent that he believes the assessment to be excessive in amount. The Secretary or his delegate shall notify the Tax Court of the amount of such assessment, or abatement, if the petition is filed with the Tax Court before the making of the assessment or is subsequently filed, and the Tax Court shall have jurisdiction to redetermine the entire amount of the deficiency and of all amounts assessed at the same time in connection therewith.

(d) *Amount Assessable After Decision of Tax Court*

If the jeopardy assessment is made after the decision of the Tax Court is rendered, such assessment may be made only in respect of the deficiency determined by the Tax Court in its decision.

(e) *Expiration of Right to Assess*

A jeopardy assessment may not be made after the decision of the Tax Court has become final or after the taxpayer has filed a petition for review of the decision of the Tax Court.

(f) *Collection of Unpaid Amounts*

When the petition has been filed with the Tax Court and when the amount which should have been assessed has been determined by a decision of the Tax Court which has become final, then any unpaid portion, the collection of which has been stayed by bond as provided in section 6863(b) shall be collected as part of the tax upon notice and demand from the Secretary or his delegate, and any remaining portion of the assessment shall be abated. If the amount already collected exceeds the amount determined as the amount which should have been assessed, such excess shall be credited or refunded to the taxpayer as provided in section 6402, without the filing of claim therefor. If the amount determined as the amount which should have been assessed is greater than the amount actually assessed, then the difference shall be assessed and shall be collected as part of the tax upon notice and demand from the Secretary or his delegate.

(g) *Abatement if Jeopardy Does not Exist*

The Secretary or his delegate may abate the jeopardy assessment if he finds that jeopardy does not exist. Such abatement may not be made after a decision of the Tax Court in respect of the deficiency has been rendered or, if no petition is filed with the Tax Court, after the expiration of the period for filing, such petition. The period of limitation on the making of assessments and levy or a proceeding in court for collection, in respect of any deficiency, shall be determined as if the jeopardy assessment so abated had not been made except that the running of such period shall in any event be suspended for the period from the date of such jeopardy assessment until the expiration of the 10th day after the day on which such jeopardy assessment is abated.

SUPREME COURT OF THE UNITED STATES

Syllabus

LAING v. UNITED STATES ET AL.

Certiorari to the United States Court of Appeals for The Second Circuit

No. 73-1808. Argued January 21, 1975—Reargued October 15, 1975—Decided January 13, 1976.\*

These cases involve two income-tax payers whose taxable years were terminated by the Internal Revenue Service (IRS) prior to their normal expiration dates pursuant to the jeopardy termination provisions of § 6851(a)(1) of the Internal Revenue Code of 1954 (Code), which allows the IRS immediately to terminate a taxpayer's taxable period when it finds that the taxpayer intends to commit any act tending to prejudice or render ineffectual the collection of his income tax for

\*Together with No. 74-75, *United States et al. v. Hall*, on appeal to the United States Court of Appeals for the Sixth Circuit.

the current or preceding taxable year. Under § 6851 the tax is due immediately upon termination, and upon such termination the taxpayer's taxable year comes to a close. In each case, after the taxpayer failed to file a return or pay the tax assessed as demanded, the IRS levied upon and seized property of the taxpayer without having sent a notice of deficiency to the taxpayer, a jurisdictional prerequisite to a taxpayer's refund suit in the Tax Court, and without following the other procedures mandated by § 6861 et seq. of the Code for the assessment and collection of a deficiency whose collection is in jeopardy. The Government contends that such procedures are inapplicable to a tax liability arising after a § 6851 termination because such liability is not a "deficiency" within the meaning of § 6211 (a) of the Code, where the term is defined as the amount of the tax imposed less any amount that may have been reported by the taxpayer on his return. In No. 73-1808 the District Court held that a deficiency notice is not required when a taxable period is terminated pursuant to § 6851(a)(1), and dismissed the taxpayer's suit for injunctive and declaratory relief on the ground, inter alia, that it was prohibited by the Anti-Injunction Act, § 7421(a) of the Code, and the Court of Appeals affirmed. In No. 74-75 the District Court granted the taxpayer injunctive relief, holding that the Anti-Injunction Act was inapplicable because of the IRS's failure to follow the procedures of § 6861 et seq., and the Court of Appeals affirmed. Held: Based on the plain language of the statutory provisions at issue, their place in the legislative scheme, and their legislative history, the tax owing, but not reported, at the time of a § 6851 termination is a deficiency whose assessment and collection is subject to the procedures of § 6861 et seq., and hence because the District Director in each case failed to comply with these requirements, the taxpayers' suits were not barred by the Anti-Injunction Act. Pp. 7-23.

(a) Under the statutory definition of § 6211(a), the tax owing and unreported after a jeopardy termination, which in these cases, as in most § 6851 terminations, is the full tax due, is clearly a deficiency, there being nothing in the definition to suggest that a deficiency can arise only at the conclusion of a 12-month taxable year and it being sufficient that the taxable period in question has come to an end and the tax in question is due and unreported. Pp. 11-13.

(b) To deny a taxpayer subjected to a jeopardy termination the opportunity to litigate his tax liability in the Tax Court, as would be the case under the Government's view that the unreported tax due after a jeopardy termination is not a deficiency and that hence a deficiency notice is not required, would be out of keeping with the thrust of the Code, which generally allows income-tax payers access to that court. Pp. 14-15.

(c) The jeopardy assessment and termination provisions have long been treated in a closely parallel fashion, and there is nothing in the early codification of such provisions to suggest the contrary. Pp. 15-21.

No. 73-1808, 496 F. 2d 853, reversed and remanded No. 74-75, 493 F. 2d 1211, affirmed.

Marshall, J., delivered the opinion of the Court, in which Brennan, Stewart, White, and Powell, JJ., joined. Brennan, J., filed a concurring opinion. Blackmun, J., filed a dissenting opinion, in which Berger, C. J., and Rehnquist, J., joined. Stevens, J., took no part in the consideration or decision of the cases.

*Question 5c.* Mr. Fehl of the FBI stated that as early as April of 1976, 33 cases were turned over to DEA involving major heroin traffickers. Can you provide the disposition of these cases to the Committee?

Referring directly to Mr. Fehl's testimony in the Committee's document, it is correctly stated that the number 33 refers to major narcotics traffickers who were indicted in April of 1976, and not 33 cases. In May of 1975, a Central Tactical Unit operation began as a joint effort of both the FBI and DEA. Between August 6, 1975 and mid-September 1975, an intensive debriefing of a principal Government witness was completed by DEA personnel and resulted in a 73 page statement. The DEA investigation resulting from this testimony disclosed a vast multikilogram heroin/cocaine importation/distribution network covering the metropolitan eastern seaboard and as far west as Chicago. The investigation disclosed a close, amorphous structure between Italian-American, Black and Latin Organized Crime groups.

In April of 1976, 33 arrest warrants were issued in the SDNY (Indictment #76CR324). By April 23, 1976, 32 defendants were apprehended. The sole fugitive from the indictment has been a DEA fugitive in another case since 1970. Trial began in August 1976 and is presently continuing. One principal violator Juan Antonio ALVAREZ jumped bail and is currently being tried in absentia.

It is to be noted that the DEA investigation initiated by the statement of the principal witness resulted in the uncovering of a large number of other primary witnesses who were able to expand the scope of the investigation far beyond the group of violators identified by the DEA/FBI witness. The resulting 33 indictments indicate the highest levels of violators in this expanded investigation.

*Question 5d.* Explain the case management system utilized by DEA in monitoring cases turned over to Justice and other agencies, as well as those cases referred by outside agencies to DEA?

1. To distinguish between DEA "cases" and the "case" of an individual violator, a DEA investigative case is most often targeted against several individuals involved in an identifiable drug trafficking situation or organization. Each DEA investigative case is assigned a unique case number by the originating office for management reporting purposes. Each case is further identified with respect to either the agency or type agency that provided the initial investigative lead or evidence, the broad geographic area involved, and the DEA priority assigned to the investigation based on the major drug involved and the position and relative importance in the trafficking hierarchy of the principal violator identified.

2. Referrals to other agencies by DEA fall in the three general categories based on the source of the investigation:

(a) The first category involves the referral of information or evidence on violations of nondrug Federal statutes to other Federal law enforcement agencies that is obtained in the normal course of DEA investigations. Where drug violations are also involved, joint investigative efforts may be undertaken to immobilize the violator.

(b) The second category involves referrals to state and local authorities that emanate from DEA initiated cases, DEA/state and local task force cases, and DEA/state and local cooperative cases where the violations do not meet the local guidelines of the respective U.S. Attorneys for prosecution in Federal Courts.

(c) The third category involves referrals to state and local authorities for prosecution of drug violations that have been referred to DEA by other Federal agencies such as the U.S. Customs Service, that do not meet the local guidelines of the respective U.S. Attorneys for prosecution in Federal Courts. Referrals in this category are identified formally as DEA investigative cases for management purposes only when a reasonable amount of additional investigative activity was undertaken subsequent to the initial referral to DEA.

3. Drug-related matters referred to DEA by other Federal agencies or state and local authorities that are accepted for further investigation and/or Federal prosecution are identified as described in paragraph 1, above. Cases that are referred to DEA but do not meet the local guidelines of the respective U.S. Attorneys may subsequently be referred to state and local authorities for prosecution. In the latter instance, DEA monitors the referral situation through disposition of the defendants only where the expenditure of investigative resources warrants the assignment of a case number for management purposes.

4. Management of cases in the categories described in paragraphs 2 and 3, above, in terms of direct supervision is the responsibility of the DEA Office in Charge which operates under general supervision of the parent region. Investigative resources expended (i.e., work hours and PE/PI) and investigative results in terms of information, arrests and seizures are reported through supervisory channels to DEA Headquarters. Concurrently, appropriate information is provided to other agencies. Headquarters supervision ranges from monitorship of investigations of all levels and specific approval of priorities assigned to major investigations to the coordination of interregional investigations and control of resource expenditures above established thresholds.

5. For arrests reported in investigation assigned a DEA case number, the disposition of each defendant by Federal or state courts is monitored and reported for statistical purposes up to but not including any appeal from a conviction. While statistics are not maintained on the defendant through the appellate process, that process is monitored through completion at the field office level as this is a prerequisite for the final disposition of any evidence in the case held by DEA. Those defendants in a fugitive status are sought and otherwise monitored through their apprehension or other disposition. A copy of the DEA case report that is submitted to the U.S. Attorney for prosecution in the Federal Courts is provided to the Department of Justice within 10 days after the completion of the case.

*Question 6.* In your testimony you stated that much of the interagency cooperation in the field of narcotics law enforcement cannot be documented. Please provide to the Committee a general outline of information exchange for the agencies which are participating in this data flow. For example, what field intelligence or clearinghouse exists to provide information on Customs seizures, IRS investigations and Justice Department prosecutions? Does such a network need to be established if none exists?

This is an outline of major interagency programs that DEA manages for increasing information flow to other agencies' needs.

DEA intelligence training programs, since their inception, have included personnel from other Federal and state enforcement agencies.

Operationally, the El Paso Intelligence Center (EPIC), the Unified Intelligence Division in New York (UID), the new Field Intelligence Exchange Groups (FIEG) in Chicago and Miami, the Interagency Drug Intelligence Group-Mexico (IDIG-M), and the Asian Heroin Working Group (AHWG) are structured to improve analytical intelligence production and exchange between Federal, foreign, state, and local agencies.

EPIC, which is strategically located on the U.S./Mexico border, is a multi-agency sector drug intelligence unit. Directed by DEA, it includes representatives from Immigration and Naturalization Service, United States Coast Guard, U.S. Customs Service, Alcohol, Tobacco and Firearms, and Federal Aviation Administration and associated state members. EPIC provides 24 hours, on site, rapid response intelligence to field requests from Federal and local enforcement using DEA as a coordinating point.

DEA's Unified Intelligence Division in New York has been operating since October 1973 with personnel from DEA, New York City Police Officers and New York State Enforcement. Their intelligence also is shared with drug enforcement agencies in adjacent states.

Two Field Intelligence Exchange Groups are being tested in Chicago and Miami. These groups are an innovative approach by DEA to link collection, analysis, and sharing of intelligence by Federal and local agencies in the field. Their goal is to develop investigations and conspiracy or substantive prosecutions against major trafficking organizations and operatives. If the two pilots prove successful, the concept will be expanded to other major cities. Nineteen target cities have been nominated so far keyed to areas where heroin distribution and use pose most serious threats to our citizenry. DEA regional managers manage meetings where Customs, Immigration and Naturalization Service, Federal Bureau of Investigation, Internal Revenue Service, Coast Guard, Alcohol, Tobacco and Firearms, Secret Service, Postal Inspectors, Security and Exchange Commission, Federal prosecutors and state and local police chiefs or deputies are participants and share information against a common target.

The Interagency Drug Intelligence Group-Mexico (IDIG-M) was formed on May 20, 1976. Its mission is to coordinate and share intelligence of involved Federal agencies on both the foreign and domestic aspects relating to Mexican heroin. The following agencies are active members: DEA, State Department, Immigration and Naturalization Service, U.S. Customs Service, Office of Management and Budget (ex officio), and the U.S. Coast Guard. Agencies, such as Department of Agriculture and Federal Aviation Administration, participate as ad hoc members.

The Asian Heroin Working Group became operational within DEA in August 1976. Like IDIG-M, it is a specialized intelligence unit which will develop into an interagency effort. It will share products that detail structures and vulnerabilities of criminal conspiracies on national and international levels, thereby directly supporting enforcement and prosecutorial action. This group will serve as a central point of contact for other agencies to acquire investigative data on Asian heroin traffickers.

These and other DEA intelligence programs are supported by DEA's automated PATHFINDER System. The implementation of PATHFINDER, and other systems like it, will considerably increase the range of useable information available to DEA and other agencies. Large volumes of data previously too voluminous to be analyzed can be placed in a manageable format to add to the sources of information open to DEA and member agencies. PATHFINDER also has a high potential for supporting sophisticated intelligence analysis for targeting and conspiracy case development. These interagency programs now are subject to review and evaluation by a Cabinet Committee on Drug Law Enforcement for potential use as building blocks of a national narcotics intelligence system.

With respect to interface with Customs for seizure data, with IRS for investigative data on drug violators, and with Justice Department for prosecutive data, DEA Intelligence currently handles this interface directly. The accession of these and other data bases through an interagency narcotics center is now scheduled for review by an interagency evaluation team during the first quarter of FY 1977.

*Question 7.* Since the Cabinet Committee on International Narcotics Control has not met since 1973, what direction, or policies are followed in international opium interdiction? From where do these policies emanate? What input does DEA have in the establishment of policy, treaty negotiations, and to the Secretary of State in regard to State Department responsibility in the production and trafficking of narcotics?

Relevant U.S. missions abroad submit annual narcotics control action plans for their countries to the State Department. These plans provide assessments of the role of the country in the international narcotics traffic and address a wide variety of topics which have any bearing on drug traffic and use affecting the country. Recommendations are made as to what is needed to improve narcotics control efforts and the assistance that the U.S. Government can and should furnish. The "NCAP" is prepared from input of designated members of the U.S. mission's country team, including DEA. All members clear on the document in final form before dissemination.

At Washington, D.C., interagency working groups (in which DEA participates) meet to provide comments on the assessments and recommendations of the NCAP. It is at this level that specific policy decisions are recommended to Ambassador Vance for CCINC approval. Proposed programs, including their financial aspects, are submitted to the appropriate committee of Congress. While the CCINC itself has not met for some time, its working group, Chaired by Ambassador Vance, has met frequently to address specific topics. DEA's Administrator participates. Important policy implementation decisions are made at these meetings.

There are also various CCINC subcommittees, such as Enforcement, Intelligence, Training, etc., which also meet as the need presents itself. DEA chairs the Enforcement and Training Subcommittees. Ambassador Vance's Deputy chairs weekly interagency meetings of representatives at his level which address ongoing topics of common concern. These can be regarded to an extent, as "operational" Coordinating Subcommittee meetings. DEA does participate and policy is also established and implemented here.

DEA has an equal voice at the various interagency meetings which are also attended by AID, NIDA, CIA, Customs, Agriculture, Treasury, and representatives of the various relevant branches of the State Department. At the Embassy level and at Washington, D.C., through the appropriate State Department desks and S/NM (Ambassador Vance's Office), DEA does recommend courses of action to be taken at the Embassy and State Department levels.

As a rule, DEA clears on cable traffic on narcotics matters originated by the State Department for transmission to U.S. missions. However, DEA itself initiates the bulk of the messages dealing with narcotics. These are cleared with the State Department when matters of foreign policy are involved and with her CCINC agencies as appropriate.

DEA does participate in recommendations for and preparations of agreements and other international understandings regarding narcotics control cooperation. As a general rule, it has not been necessary to have formal agreements other than the Single Convention, as amended, in establishing mutual narcotics cooperation.

*Question 8a.* In your testimony you stated that the current number of high level trafficking fugitives exceeds 2,600. Please provide to the Committee the amount of bail forfeiture that this figure represents?

The dollar amount of bail forfeitures by DEA fugitives is not readily retrievable. However, DEA conducted a tedious review of the cases of those DEA fugitives who were first declared as such during calendar year 1975. The dollar amount of bail forfeitures totaled \$3,615,550.00.

*Question 8b.* Please provide an analysis of the local, state and Federal court narcotics fugitives as of this time?

On October 6, 1976, DEA had a search conducted by the NCIC (National Crime Information System). That search resulted in the following:

(1) Non-Federal (State and local) fugitives wanted for drug related charges totaled 7,170.



(2) Federal and non-Federal drug related fugitives account for approximately 7 percent of all fugitives listed on the NCIC.

(3) The largest categories of fugitives listed on the NCIC are auto/theft, larceny/theft, burglary and robbery.

*Question. 8c.* Please discuss the area in which a majority of bond reductions took place for these fugitives and as to whether it is at Magistrate level or at the Federal Judge level?

DEA cannot state that in every judicial district bonds have been set too low or that bond reduction hearings have always led to fugitive cases. DEA has stated the position that fugitives are of a sufficient number to be of grave concern and that this trend must be curtailed. DEA does not maintain a reporting system which allows us to differentiate between Magistrates and Federal Judges in the bond reduction procedures.

Regarding insight as to why bonds for high-level traffickers are sometimes drastically reduced, DEA can only surmise that it is the result of several factors. We have no doubt, however, that the Bail Reform Act is most predominant among these factors. As an example, we have attached an article from "The Phoenix Gazette" of October 18, 1976.

[From the Phoenix Gazette, Oct. 18, 1976]

# WHETHER THEY WILL APPEAR IS KEY—MAGISTRATE DEFENDS HIS RELEASE OF 46 DRUG SUSPECTS WITHOUT BAIL

[By Rick Lanning]

Federal Drug Enforcement Administration agents were shaking their heads in disappointment today as 48 persons, arrested earlier this month as suspected heroin smugglers, freely walked the streets of Phoenix.

Bonds were set by U.S. Magistrate Richard C. Gormley for only two of those arrested—Francisco Diaz Sr. and his son, Francisco Jr., who were released after posting \$7,500 bond each.

The others, suspected of being part of a major ring which trafficked and sold Mexican "brown" heroin in this country, are free on their own recognizance.

Earlier this year, DEA officials released a report which indicated that a high percentage of persons involved in illicit drug traffic went right back to selling illegal drugs when they were released from custody.

This is frustrating to law enforcement officers, whether on a local or federal level, said a DEA spokesman.

In an exchange with a newsman outside the Federal Building in Phoenix, Gormley defended his actions in releasing the 46.

"Under the Bail Reform Act, I have to consider only whether a person in all probability will show up for all court appearances," he said. "I can't consider the question of whether that person will go back to selling drugs or anything else—Phil Jordan and his night raiders notwithstanding." Jordan is head of the DEA's office in Phoenix.

Any person arrested while out on bond would be in "an entirely different situation," said Gormley. "That person would probably stay behind bars."

The 48 in the Phoenix area brought to more than 300 the number arrested across the U.S. as part of the crackdown against heroin. More than half of them are considered major suppliers of the deadly addictive.

DEA Administrator Peter B. Bensinger said in Washington, D.C., that his agency's effectiveness in closing the door on the heroin rings "will depend on how soon the suspects are freed on bond as well as the length of the ultimate sentences."

Bensinger said the Senate recently adopted a resolution by Sens. Charles H. Percy, R-Ill., and Sam Nunn, D-Ga., urging federal magistrates and judges to keep this fact in mind when they set bail for accused drug traffickers.

Gormley was adamant in his policy in setting bail.

"If I set bail too high and a person can't make it, I, in effect, have found that person guilty," said Gormley. "My job is to make sure that person gets to court—not to act as judge and jury."

The DEA report, released out of the federal agency's Denver office, showed that illegal trafficking in drugs is a common practice while a suspected drug dealer is awaiting trial.

Jordan said 13 of the suspects indicted for alleged violation of federal narcotic laws are already in prison on drug-related and other felony charges.

*Question 9a.* Please provide to the Committee a summary of the comparison of the New York narcotic laws and the proposed Federal sentencing system as stated in your testimony?

THE NEW YORK EXPERIENCE WITH MANDATORY MINIMUM SENTENCES VERSUS  
S. 3411

The New York experience with mandatory minimum sentences for drug offenses, which became effective in 1973, has met with some criticism, but these were more of a mechanical rather than a philosophical nature. The Penal Law of 1973, Article 220, "Controlled Substances Offenses," created various classes of felonies, the most severe being Class A, the least being Class E. That law also covers drugs other than heroin, such as cocaine, methamphetamines, and LSD. Class A felonies are divided into three categories: A-I, punishable by a mandatory minimum term of 15 years to life; A-II, punishable by a mandatory minimum term of six years to life; and A-III, punishable by a mandatory minimum term of one year to life. Most important, however, the law provided that a defendant indicted for a Class A felony defined in Article 220, could only enter a plea of guilty for a Class A felony. In other words, plea bargaining was severely restricted, and in some cases prohibited.

The result of this latter provision was that a defendant indicted for a Class A-I or A-II felony could, with the court's permission and the concurrence of the prosecutor, enter a plea of either an A-II or A-III felony. However, a defendant indicted for a Class III felony, for example, the sale or possession with intent to sell heroin or cocaine, had only the choice of pleading to the top count in the indictment or of going to trial.

A-III felonies involve the sale of up to one-eighth ounce of heroin or cocaine, or the simple possession of any amount up to one ounce. Hence, the New York courts were inundated with relatively low level violators who were forced to either plead to the top count in the indictment or go to trial. Faced with this Hobson's choice, most defendants opted for trial, since their potential jail time would not be significantly increased if convicted, and there was always the possibility of an acquittal. Consequently, court calendars became exceedingly congested with A-III felonies, and sufficient time and attention for the handling of more important indictments was not possible. Both judges and prosecutors alike strongly voiced their complaints to this problem, and their concerns were specifically addressed in New York's new legislation which became effective July 1, 1976. Essentially, this new legislation did not alter the mandatory minimum sentence structure except by allowing for some plea bargaining in the A-III category, to relieve court congestion and reduce the large backlog of cases.

The "Narcotic Sentencing and Seizure Act of 1976" (S. 3411) does not suffer the same vulnerability to criticisms and attack as the New York law, for several reasons. First of all, Title I of the Act makes the mandatory minimum sentences and terms of parole ineligibility only applicable to violations of Sections 841, 845, 846, 960, 962 and 963 of Title 21 of the United States Code, and these are then limited only to violations involving opiates as defined. (Heroin, morphine, etc., but excluding cocaine.) Thus, not all defendants will be faced with these prison terms.

Moreover, DEA's enforcement priorities and these goals of the Act are consistent in that both address the major violator. The Act excludes from its provisions defendants who are only peripherally or minimally associated with the trafficking operations. Since DEA does not actively pursue the street peddler, who makes up the vast majority of the A-III defendants in New York, and who would generally fall into this category, the effect of the mandatory minimum provisions will be limited to only major violators.

Additionally, unlike New York, S. 3411 does not impose mandatory minimum sentences for violations involving simple possession of heroin, but rather, is limited to those violations involving heroin trafficking. Most importantly, the proposed legislation in no way restricts the defendants ability to plea bargain. The bill does not affect 21 U.S.C. 843(b), which makes it a violation to use a communication facility in furtherance of a trafficking operation and which carries a non-mandatory sentence of up to four years in prison, nor does the bill affect 21 U.S.C. 844, which makes simple possession of a controlled substance a misdemeanor. Hence, there are available two sections, one a felony and one a misdemeanor, within which the plea bargaining process can be framed.

S. 3411 imposes a final safeguard for the defendant by requiring that the court hold an independent hearing, after conviction and prior to sentencing, to determine whether the defendant should be sentenced under the mandatory minimum provisions of the Act. The court is required at the conclusion of this hearing to make specific written findings concerning the defendant's status under the Act, thereby protecting the defendant's rights for appellate review.

Question 9b. Please provide the information referred to in the testimony of the 499 "free time" DEA arrestees?

## REPORT ON POST-ARREST DRUG TRAFFICKING

[Prepared by: The Office of the Special Assistant to the Director]

On October 15, 1972, President Nixon addressed the nation in a radio broadcast in which he summarized both the progress and problems in the Government's effort to combat the illicit drug traffic. He stated his intention to ask the next Congress to enact mandatory sentences for heroin traffickers and to amend Federal law "so as to keep these peddlers of death off our streets after their arrest."

This is a preliminary report designed to illustrate one facet of the problem to which the President referred—that of the continuing illicit trafficking activity of violators who have been released on bail. We believe this preliminary data supports the need for pretrial detention measures which will be proposed by the Department of Justice.

JOHN E. INGERSOLL, *Director.*

## INTRODUCTION

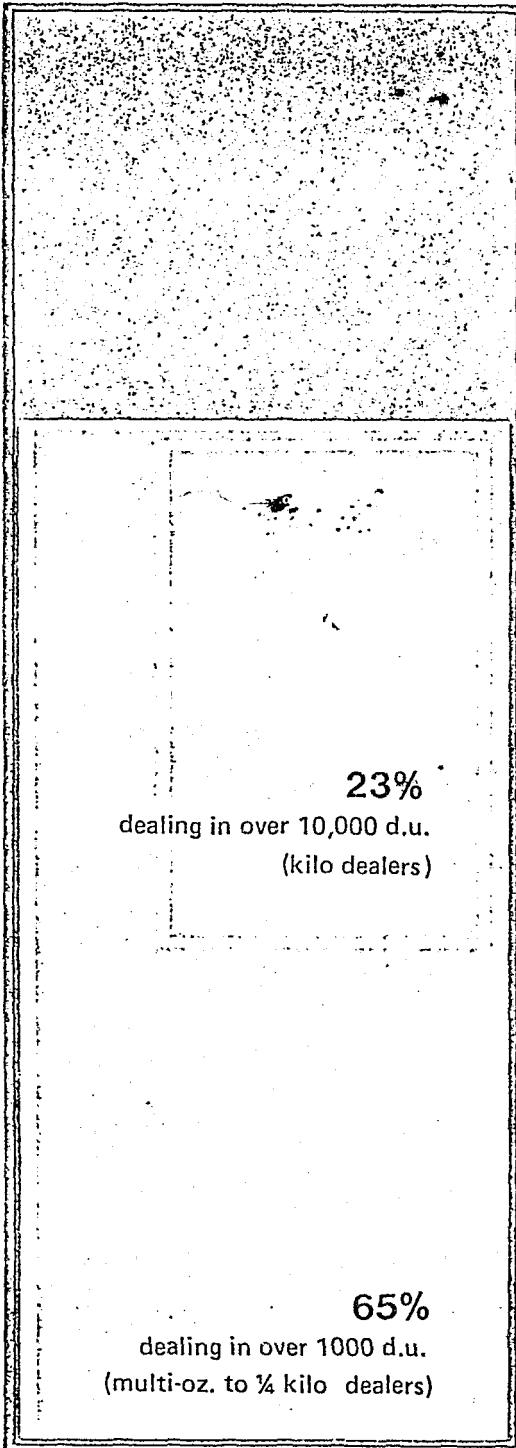
Professional drug enforcement officers have become increasingly concerned with a problem which may be referred to as "post-arrest drug trafficking". This involves a multiplicity of situations in which persons apprehended for trafficking in narcotics and dangerous drugs have obtained release pending trial and continue to engage in illicit trafficking activities. Although existence of the problem has been suspected for some years, it has become of more crucial interest because of the current drug crisis and the shifts in Federal drug enforcement strategies which have recently occurred.

Shortly after its creation in 1968, the Bureau of Narcotics and Dangerous Drugs launched a new strategic enforcement concept which sought to identify "drug trafficking organizations" and immobilize them through systematic investigation. Notable successes have been achieved; however, it was soon learned that the almost immediate release of the arrested individuals on bond made possible the organization's continued functioning. Moreover, since such investigations involve great expenditure of agent manpower and resources, it is extremely difficult to again arrest the individuals; and they are, therefore, able to resume their illicit operation. Even though they are subsequently convicted, the organization may not be disrupted since the time of their departure for prison will vary and ample opportunity will exist to incorporate new criminal associates in their place. Finally, it was suspected that a substantial number of major violators often sought to prolong the period between arrest and conviction through legal delays or by fleeing the jurisdiction to continue their activity.

In July of 1972, the Director of the Bureau of Narcotics and Dangerous Drugs appointed a committee of combined legal and enforcement officers to review the alleged problems in detail and to recommend concrete measures for combatting them. In late August the committee concluded that a problem of serious dimensions did appear to exist and that current bail release procedures were sharply hindering the Government's effort to reduce illicit sources of narcotic drugs. It was recommended that a series of phased research efforts be designed and implemented for the purpose of bringing the problem into sharper focus. This plan was approved, and the data contained herein reflect the findings of the initial phase of inquiry.

The statistics represented in the accompanying charts have been abstracted from a review of cases of 422 individuals released on bail during Calendar Year 1970. All of these individuals were charged with offenses of trafficking in narcotic drugs. In the vast majority of cases, this meant heroin specifically, but some cocaine transactions are also included. The individuals were otherwise selected at random with the exception that cases were excluded from consideration where data was incomplete.

## STATURE OF VIOLATORS



This chart provides a quick description of the stature of the traffickers represented in the sample. 65 percent of the total were dealing in multiple ounce quantities or above and 23 percent of the total were classified as kilogram dealers. The 23 percent is included as a part of the larger figure in which they were also counted.

## ESTABLISHED CRIMINALITY

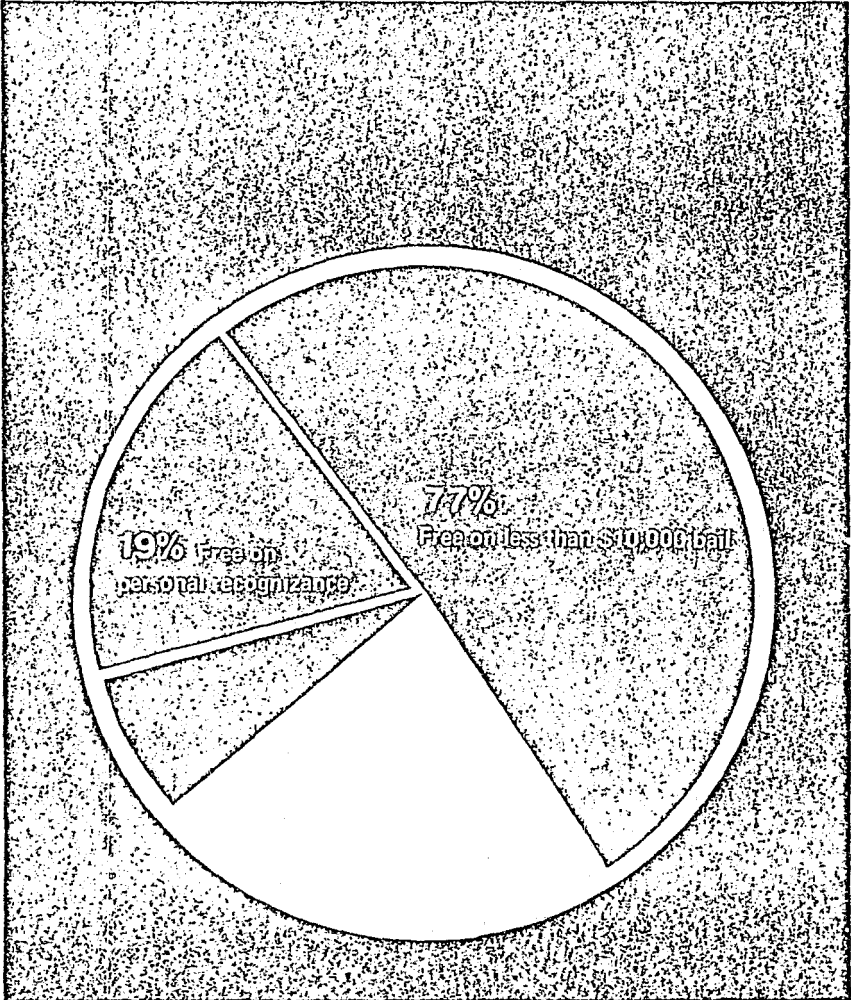
**64%** Have prior felony arrests

**40%** Have prior drug arrests

**20%** Have prior drug conviction

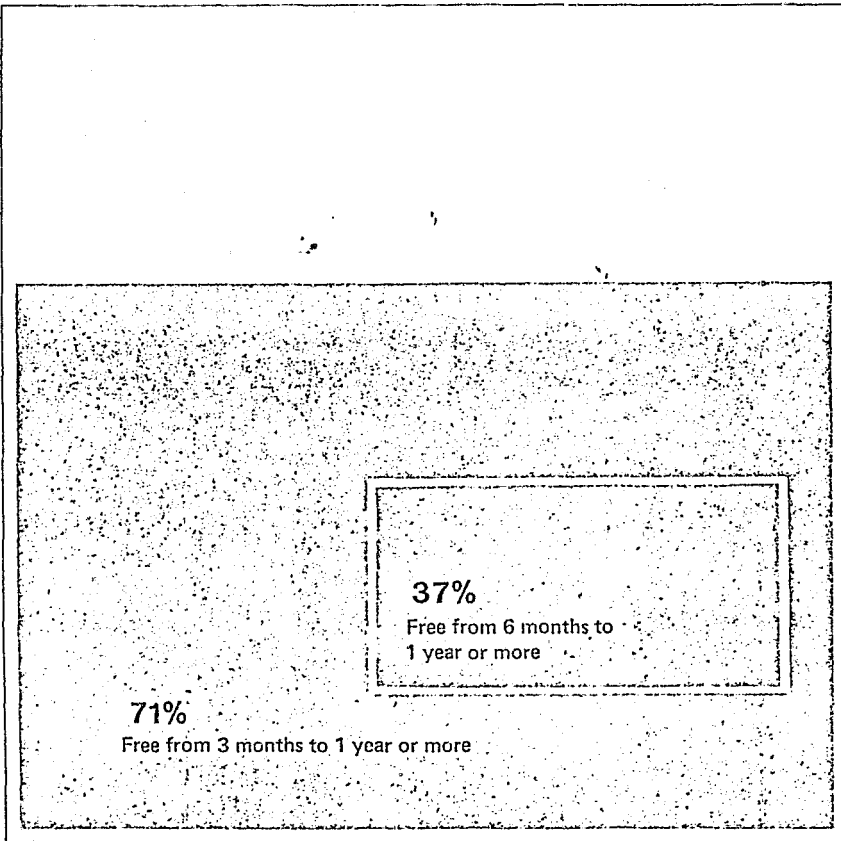
This chart illustrates the previously established criminality of the violators in this sample. 64 percent have previous felony arrests; 40 percent have previous drug arrests; and one-fifth have prior drug convictions. This evidence tends to suggest that their arrest for narcotics trafficking is more often than not merely a further episode in a continuing criminal career.

#### COST OF FREEDOM



This chart illustrates the relatively low amount of bail set in most of the cases in this sample. 77 percent were set at less than \$10,000 and in one-fifth of the total cases it cost the defendants nothing to obtain their release. Normally, a defendant must otherwise raise approximately 10 percent of the total bail amount to post bond. A narcotics trafficker can, therefore, return to his chosen profession with relatively little financial cost. The remaining 23 percent represents that portion in which bail was set at \$10,000 or more.

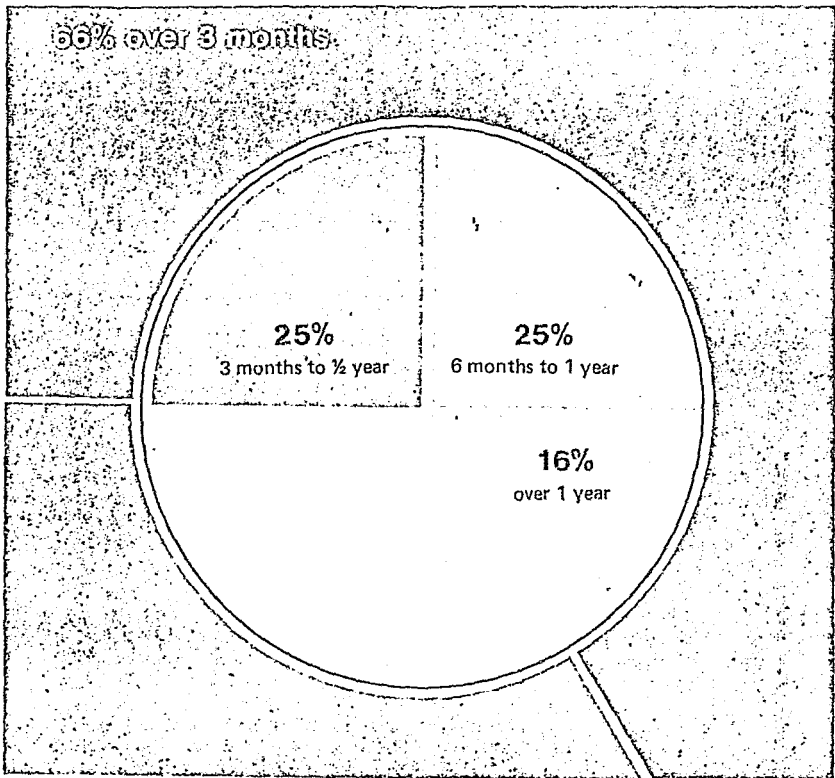
## FREE TIME



This chart illustrates the amount of time for which the violators in this study remained free to engage in post-arrest trafficking activity prior to actual incarceration. 71 percent of the total were at large for more than three months, and 37 percent were free from six months to over a year. Many of the examples of post-arrest trafficking activity show subsequent violations which occurred only days and sometimes hours after release.

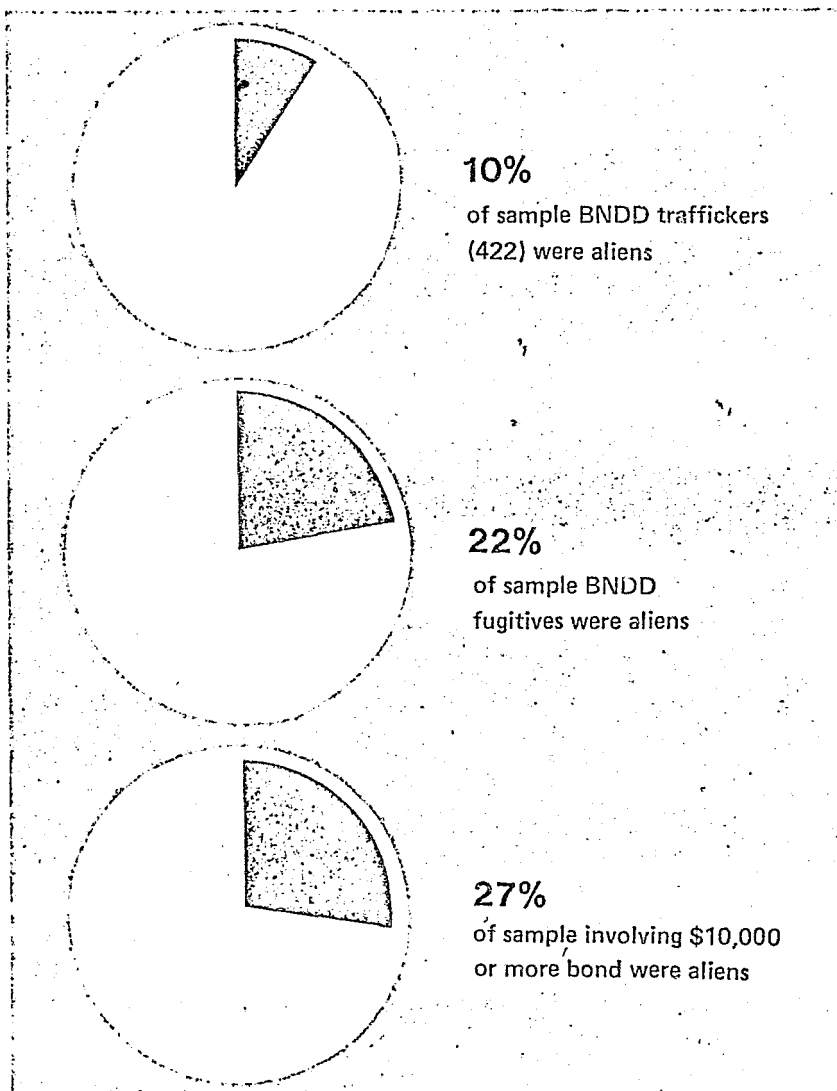


## FREE TIME KILOGRAM DEALERS



This chart illustrates the amount of time available to kilogram level dealers following their arrest and prior to their final incarceration. 66 percent were free for more than three months; one-fourth of the total number were free from three months to one-half year; one-fourth of the total were free from one-half year to one year; and 16 percent were free for more than one year.

## FREQUENCY OF ALIEN FUGITIVES



The final chart in this series illustrates data from separate studies indicating the excessive frequency with which aliens become fugitives, presumably because of their lack of cultural ties to the United States. Although aliens represent but 2 percent of the national population, they represent 10 percent of the narcotic traffickers in the sample of 422 cases.

They further represent 22 percent of a sample of 100 Bureau fugitives and 27 percent of recent fugitives in cases involving a bail of \$10,000 or more. Thus, although aliens represent one-tenth of the narcotics traffickers studied, they constitute approximately one-fourth of the Bureau fugitives indicating a category of exceptional risk.

## SAMPLE CASES

In addition to the foregoing data, the Bureau of Narcotics and Dangerous Drugs' Regional Offices were requested to supply brief examples illustrating the

nature of field intelligence concerning post-arrest drug trafficking activities so that the value of this source might be assessed for inclusion in a broader research effort. These intelligence summaries further tend to confirm the existing view of the magnitude of the problem. They provide concrete examples of cases in which important violators may be arrested two or three times and repeatedly released on low bail before being brought to trial on the original charge. Moreover, it appears that violators often resume their illicit activity within a matter of hours or days after their release.

The following case summaries have been selected for inclusion in this report to provide a sample of the kind of information which was obtained from the Bureau's field offices. Most of the examples submitted in connection with the committee's original request have been excluded because of their sheer bulk or, in some cases, because investigations were still pending.

#### *Boston*

On February 10, 1971, Maurice Gregory was arrested in Boston after investigation which established him as the head of a group of 36 defendants who had been supplying 150 bundles of heroin at a cost of \$100 per bundle every week for a preceding two-year period. Six days later, this defendant was freed on \$5,000 bond. At that time he moved to the New York area where he continued to supply an associate in Boston with 100 bundles of heroin weekly until November 13, 1971, when he was apprehended as a fugitive as he attempted to deliver a shipment of 75 bundles to a drug courier in New Jersey.

#### *Philadelphia*

On March 11, 1972, William Jacobs was arrested in Pittsburgh, Pennsylvania, in connection with the sale of heroin to BNDD undercover agents. The same day he was released on a \$5,000 bond and on April 21, slightly over a month later, Jacobs was again arrested by BNDD undercover agents for illegal possession of heroin. Again, on the same day Jacobs obtained release on a \$5,000 bond, and subsequently on August 14, he was arrested by agents of the Federal Bureau of Investigation in a hotel room in New Jersey where he was negotiating for the purchase of narcotics to be delivered to Pittsburgh. He was also charged with interstate transportation of stolen property.

#### *New York*

On May 16, 1972, Enrique Barrera was arrested in New York City when he and four other violators attempted to receive shipment of 100 kilograms of heroin in a footlocker which had been brought into the country from Belgium. The following day he was released on \$200,000 bond. Four months later several South American female couriers were intercepted by U.S. Customs agents in Miami as they attempted to smuggle 18.5 pounds of cocaine into the United States. Subsequently, one of these defendants identified Barrera as the recipient of this shipment as well as other shipments that preceded it in the past. On September 12, 1972, Barrera was again arrested in connection with this case and is currently in custody charged with conspiracy.

#### *Chicago*

On June 28, 1971, Albert Bennett was arrested in Gary, Indiana, after the execution of a search warrant resulted in the seizure of several ounces of 100% pure heroin, \$15,000 in cash, and several weapons. The search warrant was obtained as a result of previous undercover purchases from members of Bennett's gang. Bond was originally set at \$100,000, but was subsequently reduced to \$25,000 which was posted several days later. BNDD continued to receive information that Bennett was selling multi-ounce quantities of heroin in the Gary area. On August 15, 1971, Bennett was arrested by U.S. Marshals in New York City while attempting to board a plane for Chicago in possession of approximately one pound of heroin. Bennett and a companion subdued the Marshal, took his service revolver and threatened his life. The subjects fled with the heroin but were apprehended a short time later. He was then charged with assault on a Federal Officer, but on August 19, posted bond of \$10,000 and continued to engage in the heroin traffic, until his conviction, a Federal search warrant was executed at his residence and 178 grams of heroin, 8 loaded weapons and \$11,000 in cash were seized.

#### *Miami*

On January 22, 1972, Ernest "Pop" Nelson was arrested in Miami after execution of a Federal search warrant disclosed 6 grams of cocaine, \$14,000 in cash, and a revolver. Nelson was well-known in the Miami office as a major drug trafficker. He was released 2 days later under a \$20,000 bond, and on that

very evening sold 3 ounces of heroin to a BNDD undercover agent. Four days later Nelson sold an additional 1/8 kilogram of heroin to an undercover agent. On March 11, 1972, Nelson was again arrested in Miami by BNDD agents and was released on a \$75,000 bond. He was sentenced to terms of 7 and 10 years in connection with these offenses, but was released on a \$75,000 appeal bond. On August 14, 1972, Nelson was again arrested when a search of his residence disclosed 150 tin foil packets of heroin, and he is currently incarcerated without bond.

#### *Baltimore*

On March 20, 1972, a violator was arrested in Oxon Hill, Maryland. According to Grand Jury testimony this defendant was the source of supply for another violator who sold 1/8 of a kilogram of heroin to undercover agents. He was released on June 2, after posting a \$25,000 bond. Arrest of another Washington, D.C. trafficker late in June revealed that he had also recently supplied this defendant with a 1/4 kilogram of heroin for sale.

#### *Detroit*

On December 8, 1970, Alan Murray Morris was arrested in Detroit, Michigan shortly after his arrival from New York in possession of 18.4 grams of heroin. The next day he was released on a \$1,000 bond. On October 31, 1971, ten months later he was again arrested in Toledo in possession of 5½ kilograms of heroin and one kilogram of cocaine. Again obtaining his freedom, Morris had to be arrested for a third time on June 14, 1972, almost another year later. He was in possession of a pound of heroin, a stick of dynamite and several guns. Two days later Morris was again free on a \$5,000 bond.

#### *Kansas City*

On July 7, 1972, a violator was arrested in Kansas City, Missouri, for illegal possession of heroin. He was released the same day on a \$7,500 bond, and before a month was out, had again twice sold heroin to an undercover agent. He was rearrested on August 10, again released on bond and arrested the third time on August 21 for illegal possession of heroin. This defendant has again been released on bond and according to intelligence received by BNDD officers, continues to traffic in drugs.

#### *Texas*

On January 30, 1972, Jose Garcia Leyva was arrested in San Antonio, Texas, after having sold heroin to a BNDD undercover agent. At the time of arrest he was in possession of approximately 2 pounds of cocaine. He pleaded guilty on February 1, but was freed prior to sentencing seven days later on a \$20,000 bond. He failed to appear for sentencing and was declared a fugitive on March 24. On September 29, 1972, he was again arrested by Mexican officers for separate narcotic law violations involving a quantity of European heroin.

#### *Denver*

On December 1, 1970, defendants Blanca A. Uriarte De Lopez, Ismael Jaquez-Diaz, Marciano Barraza-Sanchez and others were arrested after delivery of 784 grams of heroin to a BNDD undercover agent. Bonds were set at \$2,500 with one exception in which the bond was set at \$8,000. All defendants posted bond and fled into Mexico where they continue to be fugitives, and according to intelligence received, are still engaged in the illicit narcotics traffic.

#### *Seattle*

On January 18, 1972, Charles Steven Baken was arrested in Seattle following undercover purchases of first heroin and then cocaine from one of his dealers. He was released on a \$2,500 bond the same day. Thereafter, late in March another undercover purchase of heroin was made from one of Baken's men and a second purchase of heroin was made from Baken himself. He was arrested for these on April 4, and obtained release on a \$10,000 bond. On June 9, 1972, for the third time in less than six months Baken was arrested by BNDD agents after successful negotiations for yet another purchase of heroin.

#### *Los Angeles*

On May 9, 1972, Robert A. Murray was arrested at Los Angeles International Airport in possession of 30,000 tablets of amphetamine and 1,300 secobarbital capsules. Thereafter, he obtained release on a \$2,000 bond. On May 22, 1972, on the other side of the country in Jacksonville, Florida, he was rearrested as he delivered 450,000 amphetamine tablets to a BNDD undercover agent.

*New Orleans*

On April 21, 1971, Curry Williams was arrested in New Orleans following the sale of 18 grams of heroin to a BNDD undercover agent. He was freed the same day on a \$7,500 bond. During the months of August and October, he made additional sales of heroin which resulted in his rearrest on December 9.

## BNDD COMMITTEE ON POST-ARREST DRUG TRAFFICKING

Gene R. Haislip, Chairman, Special Assistant to the Director  
 Phillip R. Smith, Chief, Special Projects Division  
 William J. Durkin, Chief, Criminal Enforcement Division  
 Donald E. Miller, Chief Counsel  
 Samuel B. Billbrough, Chief, Operations Planning Staff  
 Dr. Albert A. Glass, Scientific Consultant  
 Charles D. Rhodes, Statistical Consultant  
 Harold Murry, Legal Consultant

*Question 10a.* In referring to the newly formed Domestic Law Enforcement Cabinet Committee, what current liaison exists between LEAA, NIDA and this body? You stated in your testimony that Dr. DuPont is an ex officio member of this body. How many times have you met with Dr. DuPont over what period and what has been the substance of your discussions? What specific programs and projects have you agreed to undertake together?

The Cabinet Committee for Drug Law Enforcement was established by the President on May 12, 1976. The Administrator of DEA, Mr. Peter B. Bensinger, serves as Chairman of the Working Group of the Cabinet Committee. The Deputy Administrator of the Law Enforcement Assistance Administration, Mr. Paul K. Wormeli, is a member of this Working Group. Mr. Bensinger and Mr. Wormeli have met on several occasions to discuss law enforcement matters of common interest to DEA and LEAA. The Administrator of LEAA, Mr. Richard W. Velder, and Mr. Bensinger also have met to discuss a variety of law enforcement issues.

Dr. Robert L. DuPont, Director of the National Institute on Drug Abuse, is an *ex officio* member of the Working Group of the Cabinet Committee for Drug Abuse Prevention, Treatment, and Rehabilitation. Dr. DuPont has attended formal meetings of the Working Group of the Cabinet Committee for Drug Law Enforcement, and he has discussed extensively with the members of the Working Group recent findings and policies in the areas of drug abuse prevention, treatment, and rehabilitation. In addition, Mr. Bensinger and Dr. DuPont have had frequent meetings since Mr. Bensinger's appointment as Administrator of DEA in February 1976. Several of these meetings have specifically addressed senior-level coordination of supply reduction and demand reduction efforts both domestically and abroad. On several occasions Mr. Bensinger and Dr. DuPont have discussed opium policy, including provision of supplies for legitimate use; consequences of enforcement initiatives on treatment and rehabilitation resources; analysis of proposed legislation from both supply reduction and demand reduction perspectives; and the scheduling and regulation of licit drugs and their production and distribution. Finally, Mr. Bensinger recognizes that Dr. DuPont is one of the most experienced and articulate senior public officials dealing with the problem of drug abuse. As such, Mr. Bensinger frequently has solicited the views of Dr. DuPont on both supply reduction and demand reduction policy issues.

*Question 10b.* How do you explain the obvious contradiction in the minor linkage between crime and drug abuse in the Shellow report with the recent President's statement of April 27 in which he states that over 50% of all crime is drug related?

DEA is unable to explain the differences between the President's statement and the Shellow report. It is conceivable that in certain urban areas, 50% of all crime is related to drug abuse, particularly heroin. This, however, may not be true of the country as a whole. While various studies and estimates are made from time to time, and which greatly differ in their conclusions, too little coordinated effort has been accomplished to date.

*Question 10c.* Please provide to the Committee a review of the activity of the Domestic Law Enforcement Committee?

The Cabinet Committee on Drug Law Enforcement will be finalizing a report of its activities prior to the end of November. DEA would be pleased to furnish the requested information at that time.

*Question 10d.* Please provide to the Committee the information concerning the 595 persons in Mexico turned over to the Attorney General there, particularly as it relates to their citizenship and bail set in this country?

The 595 names turned over to the Attorney General of Mexico are those fugitives identified by our domestic offices as possibly being in Mexico. Some of these subjects are known to be incarcerated in Mexico. Others are known to be residing in Mexico and can readily be observed there. Others are only tentatively identified as being in Mexico and only a general locale can be determined. The Mexican Attorney General was provided fugitive names and as available, physical descriptions and warrant information as well as tentative locations. As necessary, this information can be updated and verified by DEA representatives in Mexico City.

Of the 595 subjects submitted to the Mexican Attorney General, 499 were born in Mexico, and therefore, can claim Mexican citizenship (Mexico recognizes dual citizenship): 75 subjects were not identified with a place of birth but it can be assumed that some of them were born in Mexico. The remaining 21 are non-Mexican by birth and include U.S. citizens incarcerated in Mexico. As to the bail on these subjects, DEA has not maintained statistics on citizenship/bail.

*Question 11a.* Please provide to the Committee the Standard Operating Procedures produced by your department on July 30, 1976 concerning the general compliance with the Mansfield Amendment?

Please find attached a copy of "DEA Functions and Guidelines Relating to Operation in Foreign Countries" dated July 30, 1976.

*Question 11b.* Please furnish any preliminary findings as to the adverse effect you feel this amendment might play in the international narcotics effort, and indicate in what manner your guidelines might overcome any such possible adverse effects?

Guidelines Committee study teams consisting of DEA and Department of Justice personnel have recently undertaken travel to a cross-section of relevant DEA offices in order to assess the effect of the Mansfield Amendment on our international narcotics control efforts. The teams are scheduled to complete their travel and assessments during the third week in November 1976. Members of the teams will be made available to brief the Select Committee in early December 1976.

JULY 30, 1976.

Memorandum to: Deputy Administrator, Assistant Administrators, Directors, Office Heads, Division Chiefs, Regional Directors, Criminal Investigators, Narcotics Intelligence Officers, and Pilots.

From: Peter B. Bensinger, Administrator, DEA.

Subject: DEA Functions and Guidelines Relating to Operation in Foreign Countries.

On June 4, 1976, the first publication of DEA Functions and Guidelines Relating to Operation in Foreign Countries was distributed to all DEA employees in foreign countries and to those employees in the United States who are reasonably expected to perform a function in a foreign country.

On June 30, 1976, the Internal Security Assistance and Arms Export Control Act of 1976 was signed into law (Pub.L. 94-329). This Act specifies that: "Notwithstanding any other provision of law, no officer or employee of the United States may engage or participate in any direct police arrest action in any foreign country with respect to narcotics control efforts."

Consequently, it has been necessary to modify the guidelines issued June 4, 1976.

Attached is a copy of the revised guidelines dated July 30, 1976. Inasmuch as most DEA special agents and narcotics intelligence officers may be assigned to perform a function in a foreign country, we have made wide distribution of the revised guidelines.

All headquarters and field personnel in series 1811 and 132 are required to acknowledge receipt of these guidelines to their regional directors and division chiefs on the attached form.

Attachments.

To: Regional Director, Region No. \_\_\_\_\_.

This is to acknowledge receipt of copy of DEA Functions and Guidelines Relating to Operation in Foreign Countries, dated July 30, 1976.

Date \_\_\_\_\_

\_\_\_\_\_  
(Employee's Signature)

\_\_\_\_\_  
(Name Printed)

DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE—  
FUNCTIONS AND GUIDELINES RELATING TO OPERATING IN FOREIGN COUNTRIES,  
JULY 30, 1976

INTRODUCTION

Since many of the serious drugs of abuse in the United States originate in foreign countries, DEA places a high priority on encouraging the greatest commitment from other governments to concentrate on all aspects of illicit production and distribution of drugs. The primary mission of the Drug Enforcement Administration in foreign countries is to assist host government officials in preventing supplies of illicit drugs from entering the illicit traffic affecting the United States.

To accomplish this mission, with the permission of the respective host governments, DEA representatives are assigned to many countries. The purpose of this paper is to present guidelines and functions for DEA representatives stationed abroad.

*I. Guidelines for DEA foreign activities*

*A. Directions from United States Ambassadors*

1. *General direction.*—DEA representatives, like all other official U.S. personnel abroad (excepting certain military commands), are under the full authority of the Ambassador. The Ambassador is expected to assist and give policy guidance to DEA activities in such a way as to assure that the DEA mission is realized to the maximum extent possible. He may also seek to minimize publicity involving the presence of DEA representatives in the host country. The Narcotics Control Program is a high priority issue, and the U.S. Government supports as vigorous an approach as possible. However, each country presents its own unique situation in this respect.

2. *Daily operations controlled by DEA.*—Day-by-day DEA operations in foreign countries are under the chain of command of DEA. Regional Directors and Country Attaches will operate within the policies established by the Ambassador in that country. Whenever a planned DEA activity could jeopardize host country relations with the United States, the decision of the Ambassador shall be determinative; however, any major difference with the Ambassador will be referred to DEA headquarters.

*B. Agreements with Host Governments*

1. *Historical perspective.*—The vast majority of host countries and their police agencies have set forth informal guidelines and parameters for the activities of DEA. Other host countries have formal agreements with DEA. Ambassadors at posts where DEA representatives serve have been requested to establish guidelines for DEA personnel under their authority. DEA representatives are required to inform themselves of all these guidelines.

2. *No unilateral enforcement operations.*—DEA representatives will not engage or participate in unilateral enforcement operations or activities outside the scope of the agreement developed between the United States and the host government without the approval of a responsible host government official.

3. *Determination of authority of host country officials.*—On or before September 1, 1976, all DEA Regional Directors in foreign countries shall establish and maintain on a continuous basis a list of the officials in host countries who are empowered by their governments to permit DEA representatives to function in the host countries under these guidelines.

*C. DEA Personnel Assignments in Foreign Countries*

DEA foreign activities differ from and are more sensitive than those normally carried out in the United States. Consequently, DEA will select and assign personnel who have demonstrated the ability, particular skills, and adaptability necessary for such assignments. Since Regional Directors and country attaches are members of the Mission staff, and must work closely with the Ambassador, DEA will provide biographical data for those persons in a timely manner to the State Department, prior to the assignment of SAIC's and above. These assignments will be made following advice and the concurrence of the Ambassador.

*D. Conduct in Foreign Countries*

1. *Low profile.*—DEA involvement in foreign countries will be limited to a low profile role consistent with maximum effectiveness. This role encompasses matters ranging from assuring minimum adequate investigational staffing to the exercise of great care should the occasion arise to release to the news media information

relating to DEA activities and conditions relating to drugs in the country. On the latter point, any dealings by DEA personnel with news media representatives should be with the guidance of the Ambassador and the advice of the Mission's Public Affairs Officer.

2. *No violations of U.S. or foreign laws.*—No DEA representatives shall carry out any activity prohibited by United States laws, regulations or executive orders. Additionally, no DEA representative shall engage in any activities prohibited by the host government.

3. *DEA exclusive employer.*—DEA representatives shall not be employed by any other agency, organization or service, and shall not be directed by any other agency, organization or service to undertake any action which would be in conflict with the orders, instructions and policies of DEA.

#### *E. Focus on Major Trafficking*

To achieve maximum impact, DEA representatives will focus their enforcement and intelligence efforts on those high-level traffickers believed to be involved in the international narcotic traffic affecting the United States. DEA personnel should avoid becoming involved in investigations strictly of a local nature, except in response to special requests from host country officials for on-the-job training or other investigative expertise warranting an exception to the rule.

#### *F. DEA Representatives Precluded from Engaging in Direct Police Arrest Actions*

On June 30, 1976, Public Law 92-329 was enacted. The bill "International Security Assistance and Arms Export Act of 1976", provides in section 504 as follows:

(c)(1) Notwithstanding any other provision of law, no officer or employee of the United States may engage or participate in any direct police arrest action in any foreign country with respect to narcotics control efforts.

1. *Application in strict sense.*—The Congress intends that this provision be applied in its strict sense and that DEA representatives shall not accompany host country police officials in any situation where the DEA representative will be present and directly involved in any foreign police arrest action.

2. *No presence if violence is foreseen.*—Further the Congress intends to preclude DEA representatives from intentionally becoming involved in any activity in a foreign country in which violence is reasonably foreseeable, irrespective of whether an arrest is to be made.

3. *No incidental involvement, except when life is in jeopardy.*—Additionally, when a DEA representative is accompanying a host country official in a situation that is planned in such a way as to avoid any involvement of DEA representatives in a direct police arrest action, e.g., under the provisions of paragraph 6 of this section, and unexpected violent action is directed against the host country official, DEA representatives shall avoid becoming involved in any direct police arrest action unless the life of a DEA representative or a cooperating host country official may be in jeopardy.

4. *General rule when in doubt.*—The general rule established by DEA in complying with Public Law 92-329 is that if a DEA representative should have any doubt as to the meaning of the law or the guidance in this section, the doubt will be resolved in favor of his not being present at the site of host country police arrest actions.

5. *Examples of prohibited involvement.*—Examples of instances in which DEA representatives are prohibited from engaging or participating in host country arrest actions are as follows:

(a) DEA representatives will not accompany host country police officers to an arrest site for the purpose of actually assisting host country police officers in making an arrest, i.e., to exert physical force or contact against a person to be arrested.

(b) DEA representatives will not accompany host country police officers to act as an auxiliary force.

(c) DEA representatives will not accompany host country police officers under any circumstances where it is reasonable to foresee that violence will ensue, or where it can be anticipated that the host country police officer might reasonably expect to request assistance from the accompanying DEA representative in order to effect the arrest.

6. *Permissible passive presence.*—Consistent with the provisions of P.L. 92-329 and the above guidance, DEA representatives may be passively present in the vicinity of an arrest by foreign officers under the circumstances listed below. Thus,



where host country police operations which are likely to result in arrests are planned in such a manner as to avoid any involvement of DEA representatives in a direct police arrest action, a DEA representative may be passively present in the vicinity of the arrest action under these following special circumstances:

- (a) When it is necessary for a DEA representative to be in the vicinity solely to identify the person to be arrested, and where other means of identification are not practical;
- (b) When host country officials authorize the presence of a DEA representative to be in the vicinity to operate technical or scientific equipment;
- (c) When host country officials authorize the presence of a DEA representative to be in the vicinity to assist in training local officers in investigative techniques;
- (d) When a DEA representative is authorized by host country police officers to operate in an undercover capacity to acquire intelligence or evidence regarding the international traffic in illicit drugs affecting the United States;
- (e) When DEA agents are working with host country officials in connection with illicit crop destruction and the host country officials receive a request for assistance from other host country authorities, DEA representatives may transport them to the vicinity of illicit crop eradication and/or arrest site;
- (f) When host country officials authorize the presence of DEA representatives in the vicinity strictly for post-arrest activities such as interviewing persons under section I, G of these guidelines; to collect intelligence under section II, E of these guidelines; and to provide technical knowledge peculiar to the illicit drug operation, which knowledge is not possessed by the host country officials.

#### *G. Presence of DEA Representatives During Interview of Prisoner Following Arrest*

When information important to U.S. illicit drug control efforts may be obtained, a DEA representative may seek to interview a prisoner following an arrest by host country officials. For the same reason, it may be beneficial for a DEA representative simply to be present during questioning of the prisoner by host country officials. If so, DEA representatives will be guided by the following conditions:

- 1. Under no circumstances will any DEA representative tolerate cruel or inhuman treatment of any arrested person. If such action should occur, the DEA representatives should protest and withdraw in a definitive fashion and promptly report the incident to the Regional Director and United States Ambassador.
- 2. Prior to interviewing a prisoner, DEA representatives will in each case obtain permission from host country officials through host country channels and, in the case where a prisoner refuses to be interviewed, the DEA representative will not insist on access to the prisoner.
- 3. In all cases where a prisoner is an American citizen, DEA representatives will inform the prisoner of their true identity.
- 4. The DEA representative shall inform the American citizen that he has a right to confer with a U.S. consular officer.
- 5. If there is a likelihood that a statement made by the American citizen being interviewed will be utilized against the person in a prosecution in the United States, the DEA representative will inform the person of his Constitutional Rights against self-incrimination in accordance with Section 6641.12E of the DEA Agents Manual. Inasmuch as there is no U.S. jurisdiction for appointed counsel or funds available to provide private counsel in a foreign country, the DEA representative will terminate the interview if the person subject to interview does not waive his right to counsel.
- 6. If a DEA representative learns of the arrest of an American citizen in a foreign country, the matter will be immediately reported to the appropriate consular officer.

#### *H. Carrying of Firearms*

1. *General rule.*—Authority for DEA representatives to possess and carry firearms in a foreign country can be granted only by officials of the host government. Firearms regulations for aliens vary from country to country, and DEA Regional Directors are responsible for determining what is permitted for DEA representatives in the countries within their areas of responsibility. Decisions in this matter shall be within the guidelines approved by the Regional Director and Ambassador.

2. *Extra precautions.*—DEA representatives authorized to carry a firearm in a foreign country must use extra precautions so as not to display or use the firearm except as authorized. As is the rule in the United States, firearms are to be used in foreign countries strictly as defensive weapons.

3. *DEA precluded from hazardous activities when unarmed and protection is inadequate.*—Whenever an operation in a foreign country appears to warrant carrying a firearm for personal safety, even though violence is not immediately foreseeable, and authority cannot be obtained to carry a firearm, DEA representatives will assess the security to be provided by the host country officials and, if deemed inadequate, will decline to engage in the activity.

## II. *DEA's specific functions*

### A. *Role of Relationships with Foreign Enforcement Agencies*

The Drug Enforcement Administration was designated by Reorganization Plan No. 2 of 1973 as the Federal agency to deal with foreign drug law enforcement officials under the policy guidance of the Cabinet Committee on International Narcotics Control and the U.S. Ambassador assigned to each country. In carrying out this key role, DEA activities should give priority to producing disruptive effects on the foreign supply of drugs which severely affect the United States.

### B. *Development of Foreign Control Capability*

DEA representatives in foreign countries will give constant attention to encouraging and assisting the host government to establish self-sustaining, highly skilled drug law enforcement units and to influencing it to devote the required human and material resources to drug law enforcement efforts. This institution-building activity is particularly important where the cultivation, production, transiting or trafficking of illicit drugs are destined for the United States.

### C. *Advisers to United States Ambassadors*

DEA Regional Directors and Country Attaches are the principal advisers to the Ambassador and his staff with regard to drug law enforcement and control matters. In such capacity, they work closely with the Embassy's Narcotic Control Coordinating Committee. DEA representatives are responsible for analyzing the drug law enforcement and control capabilities in foreign countries to which they are assigned and assisting the Mission in drawing up the Narcotics Control Action Program (NCAP) for submission to the Regional Interagency Narcotics Control Committee of CCINC in Washington for consideration of appropriate funding and action. These programs generally include the following types of action:

1. *Training Foreign Officials.*—DEA representatives will help the Embassy Narcotics Coordinating Committee identify training needs for foreign officers, assist in providing on-the-job training or more formalized training programs, either in-country or in the United States under CCINC funding. DEA representatives will help evaluate the host government personnel responsible for drug law enforcement and identify those persons who would benefit from executive briefing programs or training in-country or in the United States. DEA in-country representatives will make special efforts to keep in touch with trainees, to continue their development and attempt to assist them in their continued and increased contribution to the common effort. For long-range effectiveness the provision of proper training to drug control officials is a high priority function. While the immediate goal of training is to transfer certain knowledge and skills, the ultimate goal should be to develop host government institutions for narcotics training. Accordingly, all training decisions should be made with this in mind.

2. *Technical Equipment and Assistance.*—DEA representatives will help the Embassy Narcotics Coordinating Committee to identify needs of foreign drug control agencies for technical equipment and assistance necessary for the development of the needed foreign drug control capability. To the extent requested and permitted by the host government and in conformity with the country action program planning, DEA representatives will assist in training foreign officers in the use of technical equipment.

3. *Illicit Crop Eradication.*—In certain countries, DEA representatives may be asked to help monitor crop eradication and should advise and assist in income replacement programs being carried out. In this regard, DEA representatives will avoid any direct involvement in foreign police actions where violence can be reasonably anticipated. They are responsible to help assess the specific needs of the program and report to the Regional Director and Ambassador on problems, progress and results. They should submit recommendations in the same way for improving the effectiveness of the programs.

### D. *Cooperative Enforcement Activities*

Consistent with section I, F, and where such activities are within local guidelines established by the Regional Director, the Ambassador and host country

officials, DEA representatives may assist host country authorities in investigating international trafficking affecting the United States. To that end, DEA representatives should:

1. *Develop sources of information.*—Assist in developing sources of information and the interviewing of witnesses not only among drug traffickers, but among other persons who are knowledgeable about illicit cultivation, production and transportation.

2. *Utilize undercover operations.*—Provide direct assistance by operating in an undercover capacity to acquire intelligence and to further investigations regarding the international traffic in illicit drugs affecting the United States.

3. *Conduct surveillance.*—Assist in conducting surveillance of the activities of drug traffickers to develop evidence against major traffickers of illicit drugs affecting the United States. Basic to this objective is that DEA representatives avoid involvement in relatively minor local cases with which host government law enforcement officials are expected to be concerned. The procedures established by the Attorney General governing the conduct of DEA representatives in foreign countries relating to electronic surveillance will be followed.

4. *Provide information to host countries.*—Provide to the extent possible appropriate information obtained by DEA which will enable host government officials to carry out investigations of or operations against international illicit drug traffickers.

5. *Pursue investigative leads.*—Participate with host country officials in pursuing investigative leads, for example, checking hotel records, public and private organization records, airport and shipping records, and passport records.

6. *Obtain drug samples.*—Receive and transmit to the United States samples of illicit drugs seized by host country officials for use in conducting laboratory studies in regard to the origin of drugs found in the United States traffic.

7. *Coordinate extraditions, expulsions and rogatories.*—Coordinate as appropriate matters regarding extraditions, expulsions, joint prosecutorial efforts, and requests for judicial assistance.

#### *E. Collection of Intelligence*

All DEA representatives in foreign countries are assigned a high priority to collect, report and exchange drug intelligence. Intelligence collection is not only seizure and arrest oriented—it should include strategic information such as host country capabilities relative to suppression of illicit cultivation and trafficking. Intelligence should also be collected relative to routes and methods of trafficking, the vulnerabilities of traffickers, and any other information that will clarify the overall drug situation and the ability of host government officials to deal with it. DEA representatives will also give a high priority to analyzing drug intelligence as fully as possible in order to integrate it with enforcement activities in foreign countries and the United States.

1. *Couriers, routes of traffic and methods.*—Special emphasis should be placed on identifying couriers who smuggle illicit drugs into the United States, discovering new methods of smuggling, developing profiles of such offenders and furnishing all other information that may be beneficial to the United States Customs Service in its primary interdiction responsibilities.

2. *Proper intelligence indoctrination.*—Regional Directors, Country Attachés and Special Agents-in-Charge are specifically charged with the responsibility for assuring that the narcotic intelligence responsibility is understood by all DEA Special Agents and that their efforts in this connection are properly coordinated.

#### *III. Definitions*

A. As used in these guidelines:

1. The term "Ambassador" means the chief of the U.S. mission in a foreign country having jurisdiction over the activities of DEA representatives.

2. The term "authorized by host country officials" means the officials on the list established and maintained by the DEA Regional Director, who are empowered by their governments to authorize DEA representatives to function within the host country under agreements with DEA and under these guidelines.

3. The term "auxiliary force" means helping or aiding, or giving support or supplementary power in a police arrest action, or on an illicit crop destruction.

4. "Cruel and inhuman treatment" means conduct endangering life, limb, or health or creating reasonable apprehension of such danger.

5. "DEA representatives" means an employee of the Drug Enforcement Administration, who is appointed in the civil service of the executive branch of the United States Government.



**CONTINUED**

**2 OF 6**

6. "Foreign country" means foreign territories, continental or insular, outside the jurisdiction of the United States.

7. "Illicit drugs" means all controlled substances listed in the schedules of the Controlled Substances Act.

8. "Narcotics" means all controlled substances listed in the schedules of the Controlled Substances Act.

9. "Passive presence" means inaction in an observer capacity at a location sufficiently removed from the arrest site so as to avoid direct involvement in the arrest.

10. "Vicinity" means near or close at hand as distinguished from being squarely on the spot where the arrest is being made. It does not depend on distance or topography, but denotes that the DEA representatives must be sufficiently removed from the arrest site so as to not be a part of the arrest activities.

11. "Violence" means the exertion of any physical force against persons who are in defiance of the constituted authorities of the host country, or by drug law violators who oppose the constituted authorities.

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
*Washington, D.C., October 14, 1976.*

HON. CHARLES W. ROBINSON,  
*Deputy Secretary of State,  
Washington, D.C.*

DEAR MR. SECRETARY: The Select Committee is very grateful to you for your appearance before us September 27, and only regret that we did not have more time and fewer interruptions during this most interesting hearing. As you know, Ambassador Vance stayed on after you left and provided much useful information. Most importantly, he gave us an insight into what the Department considers to be its major problems and the major limitations on its work in foreign countries with respect to illicit traffic in narcotics.

Your interesting testimony, along with that of Ambassador Vance, naturally gave rise to many questions among Members of the Committee. Further, information that has come to our attention after the hearings suggests still other questions. While the two categories of questions inevitably overlap somewhat, we will try to list them separately in seeking a written response at your early convenience.

*From the Hearings*

1. What is your current understanding of the position on the matter of getting a DEA agent assigned permanently to Rangoon? Does the Department or the Embassy oppose it, as DEA has at times suggested, or are you actively seeking it? We are not necessarily pressing, at least not at this point, for such an assignment. But we want to know what the factors at work are, and we want to compare them with the advocacy supplied independently by DEA.

Only thus can we meet our oversight responsibilities properly. We realize that we have been over this ground before and that Ambassador Vance recently discussed it with Mr. Casey of DEA; what we seek is the latest word on the matter and your latest views of it. At the same time we wish you to supply details on exactly what material and training you have furnished the Burmese, and we would like to know what specifically you believe they have accomplished with it. If the equipment and education made available has been misused, to your knowledge the Committee would appreciate chapter and verse on this.

2. You spoke of the Cabinet Committee on International Narcotics Control (CCINC), created by the President in 1971 and chaired by the Secretary of State. You supplied us an organizational chart of the CCINC. The concept and the structure appear workable, but we were most disturbed to learn that this great body—the CCINC—has not met since November, 1973. On the surface of it, this would appear to be a record of scandalous neglect and failure of leadership. We realize full well that lesser bodies under the CCINC, such as the Working Group and the Subcommittees and Regional Interagency Narcotics Control Committees have met, usually under the Chairmanship of Ambassador Vance or Mr. David Ernst, his deputy. This, we believe, is simply not the kind of high-level commitment spoken of by the Ambassador. There is no substitute for the leadership of example from the top.

If the CCINC has not met for almost three years, this is strong *prima facie* evidence that the Administration is not making the all-out effort it could be making to cope with the narcotics problem. We know there are many intractable problems; we know there are many foreign situations that we cannot influence as much we would like to do. But surely the Secretary could meet the responsibilities given him by the President and chair meetings of the CCINC with some more conspicuous frequency. Certainly the Executive Director of the CCINC, Ambassador Vance, should have been pressing for this if for no other reason than the application of the Secretary's prestige. Again, and especially in an effort of this sort, there is no substitute for leadership at the top. There may, indeed, be some connection between this and your statement on page 8, with which I regretfully agree, that "Drug abuse control in the United States, after improving from 1972 to 1973, took a turn for the worse early in 1974".

3. *Mexico*.—We are pleased to learn that you are now looking at Mexico as your first priority country program. As you may know, I was down there last December with Congressman Gilman and staff. In your remarks about Mexico you supply ample data on input of resources, percentages, and goals. You characterize the program as highly successful and say you have close cooperation with the Government of Mexico. Fine! What we would like to know more about, or, rather, something about, are the specifics of what this program has accomplished and what you realistically estimate the prospects to be. Has this intense activity and cooperation destroyed every poppy field? Has it destroyed half of the poppy fields? Do you have any really quantifiable impression of what percentage of the poppy fields have been destroyed? How do you react to allegations that we get from other quarters that there are heroin refineries in Mexico and that high Mexican officials are implicated in some of them? If they exist, when will they be liquidated? How much smaller will this year's inflow of Mexican heroin, both Mexican-grown and in-transit heroin, be than it was last year? What are the prospects for cutting off the inflow completely, or nearly so? Please keep in mind DEA Administrator Bensinger's testimony that from 65% to 73% of all the heroin in the U.S. is of Mexican origin. We would be grateful for your best estimates on these issues.

4. *Burma and Thailand*.—Here again, the record is more replete with programs under way, with objectives, hopes and plans, than it is with specifics on concrete accomplishments. It is, again, in this area of realistic prospects for the near-term future that the Committee would like to be more fully informed. Further, what are the implications of the recent coup in Thailand for the anti-narcotics program? We have raised this question with Mr. John Helble (Country Director for Thailand-Burma) and look forward to reading his estimates after the new situation has been clarified somewhat.

Specifically, are the Thai generals who suddenly find themselves in key leadership positions more or less corrupt than their predecessors? Are any of them notoriously linked with illegal drug traffic? If so, what do we propose to do about it? Do we now enjoy more leverage in Thailand than in the very recent past? Do the new generals want U.S. support in contrast to the ousted leadership?

5. *Pakistan and Afghanistan*.—We note that the predictable programs are underway and that we are working with the UN. What specifically, has the UN accomplished as to these producing countries? We realize that the UN is regarded as our only access to the Government of Afghanistan on this problem—even though we wonder why this must necessarily be so—but want to know what exactly the UN has accomplished, aside from making surveys and representations. We realize that our influence in Afghanistan is limited. Certainly, in Pakistan we could make strong bi-lateral representations and have considerably better success.

6. You stated in your testimony that in June, 1976 "Secretary Kissinger was in Bolivia to work on a program which was aimed at controlling the production of coca beyond the local requirements". What was the outcome of this effort? Is the Government of Bolivia cooperating in deed as well as in word? Surely, we should enjoy considerable influence in Bolivia, and we wonder how this potential for influence is being used and what the near-term prospects are for control of coca. Cocaine smuggling is at its highest levels at this time.

7. *Mexico*.—Ambassador Vance stated (page 34) that to date we have not been informed of the establishment of a Mexican committee parallel to the U.S. executive committee (for joint U.S.-Mexican efforts) that he chairs. What happened? When Representatives Wolff and Gilman left Mexico in December, 1975, it was firmly agreed that a joint committee would be established and that the members would work closely together. That is why Chairman Wolff insists so much on the word "joint" and is leary of slippage into the word "parallel", even if it comes from Mexicans.

We understand that the Mexican organizational effort may be in something of a state of limbo until the new Mexican President and cabinet take office, but we should receive some assurance that the Department and the Embassy at Mexico City are actively working to obtain a clear commitment for a *joint* committee. It is clearly not enough to wait to hear from the Mexicans as Ambassador Vance testified ("we are waiting their call"—page 45); our purpose is to influence the structure, not to report the development (or lack of development) of it. What does the Department plan to do when the new Government of Mexico is seated?

Further, we are awaiting the reply Ambassador Vance promised to Representative de la Garza's question as to whether or not President Ford, when he met with



the President-elect of Mexico, raised the question of narcotics interdiction and the work of the joint committee earlier agreed to between President Echevarria and Chairman Wolff (see page 38).

8. *Colombia*.—In response to a query from Representative Frey, Ambassador Vance said we were working with the Colombians on the codification of their criminal code and general up-grading of their enforcement effort. Ambassador Vance promised to supply the Committee information on what exactly had been accomplished and what changes had been made in the Colombian laws.

9. *Turkey*.—Please note Representative Rangel's query (page 58-59) as to whether or not the Secretary of State ever dealt with anyone in the Turkish Government on the removal of the poppy-growing ban. Ambassador Vance agreed to check the record and supply an answer.

10. *Extradition and expulsion cases*.—We look forward to receiving the information offered by Ambassador Vance (page 65) on our efforts to recover illegal alien fugitives from justice and who are involved in pending narcotics cases.

*Questions apart from the Hearings*

1. We understand that about a month ago the Department learned that a Thai helicopter, apparently acting on instructions of corrupt Thai officials in league with narcotics smugglers, was used to provide medevac services from Burma for wounded members of a narcotics smuggling caravan that the forces of the Government of Burma had successfully taken under fire. How does the Department evaluate this report? Was the medevac helicopter one of those provided to Thailand by the U.S. for the anti-narcotics struggle? And, most importantly, what representations were made to the Thai Government by our Embassy at Bangkok?

2. We understand there is a report of a much older case, which like the one cited above was not mentioned at the hearings, in which a Thai helicopter was actually used to transport opium or heroin from Burma into Thailand for illicit onward shipment. We should like to know the details of this transaction, the degree of credibility of the report, and the action taken by the Embassy at Bangkok.

3. Please advise the current state of the conversations between the Department and the Government of Mexico on the release of American-citizen drug offenders incarcerated in Mexico, and the possibility of exchanging them for Mexicans incarcerated in the U.S.

The Committee thanks you for your continuing cooperation and anticipates your prompt response.

Sincerely,

LESTER L. WOLFF, *Chairman*.

THE DEPUTY SECRETARY OF STATE,  
Washington, D.C., November 12, 1976.

HON. LESTER L. WOLFF,  
*Chairman, Select Committee on Narcotics Abuse and Control, House of Representatives,*  
Washington, D.C.

DEAR MR. CHAIRMAN: Your letter of October 14 asking a number of questions amplifying my testimony and that of Ambassador Vance before the Select Committee on Narcotics Abuse and Control, September 17, has been the subject of careful study in the Department.

I appreciated having the opportunity to discuss with you and the members of our Committee the grave problem of drug abuse in the United States and the steps we are making to bring it under control.

*Stationing of a DEA Agent in Rangoon*.—As you know, the Embassy on instruction from the Department has raised this matter with the Government of Burma several times, once when Ambassador Vance was in Rangoon in 1975. However, the Burmese have told us that they could not agree to a DEA agent being assigned to Rangoon. It is our judgment that, to date, the current arrangements for narcotics program liaison with the Burmese Government, including the periodic visits of regional DEA personnel, have functioned quite successfully, and are of a nature which suits the Burmese situation very well. Nonetheless, we continue to favor a resident agent, if the Burmese attitudes change. Under the prevailing circumstances, we are convinced that we should be careful in our approach to the subject to avoid jeopardizing the current narcotics program cooperation which has so successfully been initiated in that country. During Ambassador Vance's visit to Rangoon this month, he will take appropriate soundings as to current Burmese thinking on this matter, and we will keep you advised of any change in the situation.

### *Progress to Date*

The Government of Burma has been vigorously enforcing its strict anti-narcotics laws—enacted in 1974—through a nationwide campaign against both traffickers and cultivators. With the arrival of the first U.S.-supplied helicopters in late summer of 1975, several successful major operations have been mounted against narcotics refinery sites, drug caravans and trafficking organizations. Police in urban areas have also stepped up anti-narcotics activities, conducting raids and seizures throughout Burma. Over the past two years, the Burmese Government has located and destroyed at least 17 major clandestine, and often heavily defended, refineries. During the same period, nine major drug caravans have been attacked by Burmese Government forces. A conservatively estimated total of 250 kilograms of refined narcotics (heroin or morphine), more than 10 tons of raw opium, more than 6 tons of opium solution in intermediate stages of processing (the equivalent of 625 kilograms of heroin or morphine), more than 10 tons of raw opium, more than 6 tons of opium solution in intermediate stages of processing (the equivalent of 625 kilograms of heroin or morphine), and large amounts of refining equipment and chemicals have been seized or destroyed by the government authorities.

Burma Army troops have carried out standing orders to destroy poppy fields encountered in their operations in insurgent areas. A substantial number of poppy growers were arrested and more than 18,000 acres of opium poppy were destroyed by Army and police forces. Using a conservative average production figure of 5 kilograms of opium per acre, in excess of 80 tons of opium were destroyed (enough to manufacture over 8 tons of heroin, or more than the annual seizures by all U.S. law enforcement organizations). This crop destruction campaign reduced the anticipated 1975–1976 Burma opium output by nearly 18% from 475 tons to less than 400 tons.

This reduction in the estimated total Burmese production is impressive. It is even more so if viewed in terms of surplus available for export. Since domestic consumption was probably not affected, it is possible that as much as 25% of the exportable surplus was destroyed. When seizures are added to this figure, the Burmese effort appears even more substantial. At the same time, of course, there is a great deal more which needs to be done across the board, if the problem is to be dealt with in the most meaningful terms.

To assist the Burmese Government operations against narcotics we have programmed 18 helicopters, 12 of which have already been delivered. Six more are to be delivered this December. We have also provided communications and maintenance support for the program and a reconnaissance aircraft to support the interdiction of trafficking caravans. Despite the successes in Burma, we recognize that virtually all the growing areas are outside of government control and that sizeable levels of production are likely to continue for years to come.

2. *The Cabinet Committee.*—That the CCINC at the Cabinet Secretary level has not met since late 1973 cannot accurately be regarded as reflecting inattention to the problem. The principals of the Working Group have been kept informed of developments by the members of that Group. The absence of sessions in which the department heads are drawn together in formal meetings should not be taken to mean that the Cabinet level officers have not acted in a direct personal way in the furtherance of the program. Thus, the Secretary of State has, as has indeed the President, taken direct diplomatic action with regard to the countries that have been the source for the bulk of heroin entering the United States, namely Turkey and Mexico. Also, as likewise indicated in the testimony, both the President and Secretary of State have acted in direct dealings with foreign heads of State with regard to the traffic in cocaine. These actions, as well as instructions periodically conveyed by the Secretary and his Department 4 Ambassadors, demonstrate clearly the Secretary's commitment and also afford the leadership by example to which you refer. I cannot agree with your assertion that the Administration has worked other than energetically and effectively on this high priority problem. Certainly, the turn for the worse in drug abuse in the United States since 1974 cannot be attributed to failures of our international efforts.

3. *Mexico.*—Your letter asked whether every poppy field in Mexico has been destroyed and whether we had any quantifiable impression of what percentage of poppy fields have been destroyed. We are not in a position to give you such a percentage. However, at the end of the first phase of Mexico's eradication campaign this year in May, Mexican and U.S. officials agreed that over 20,000 poppy fields had been eradicated for the period from December 1 through April 30.

We also agreed with the Mexican officials that in spite of the greatly increased eradication efforts during this period, some fields were harvested before eradication. However, a special aerial observation survey made during the month of May 1976 in the areas of eradication was unable to find any poppy fields not previously destroyed.

The second phase of this year's eradication program directed specifically against opium poppies began officially on September 1. Mexican eradication elements in the poppy growing areas had already detected and destroyed over 200 poppy fields in the last two weeks of August before the official commencement of the second phase. Latest reports from the Mexican Attorney General's office and confirmed by our Embassy as of mid-October, based on aerial photographic observation systems, indicate over 2,000 opium poppy fields have been destroyed thus far from this year's second plantings. This second phase of the campaign will continue on through late spring of 1977.

As you will note, this year's campaign began much earlier than previous campaigns (on September 1) and is expected to result in the destruction of significantly increased numbers of fields compared to previous years. The Mexican Government and the U.S. Embassy in Mexico agree that adequate levels of human and physical resources required to successfully carry out the current needed eradication of poppy fields exist at this time.

You raised the question of heroin refineries in Mexico and the allegation that the Committee had obtained from other quarters that high Mexican officials are implicated in their operation. The processing of opium into heroin in various locations in Mexico, whether dignified by terms of refineries or laboratories, is a very primitive process and one that is often transient and easily concealable. The Attorney General's office has increased its interdiction and investigative efforts in attempting to locate these processing plants. One successful technique involved in its new efforts concerns monitoring sales of specific chemicals required for the heroin processing. Your point of Mexican officials allegedly being implicated in heroin processing involves the larger issue of corruption in narcotics control programs in Mexico and other countries including the United States. The Mexican Government is aware of this corruption problem and has taken rapid and effective action against government officials who are found guilty of such corrupt activities.

Concerning your question of how much smaller this year's inflow of Mexican heroin into the U.S. will be compared to last year's, we are unable to give you specific estimates. However, reports from DEA indicate that recent evaluations of the quantity and quality of Mexican grown and in-transit heroin through Mexico seized in various parts of the U.S. have decreased in quantity and quality. We can only expect that this will continue to be the case in coming months as a result of increasing effectiveness in the Mexican eradication program.

4. *Thailand.*—We understand that Mr. Helble, Director of the Thai Desk, discussed Thailand with Mr. Fred Flott on October 21. Mr. Helble noted that, among other things, the first public address of newly installed Prime Minister Thanin Kraiwichian emphasized the suppression of illicit drug trade as one of his Government's highest priority objectives. Subsequent discussions between Thai officials and our Embassy in Bangkok have reconfirmed the high priority the Thai Government states it will accord narcotics problems. The Department will, of course, continue to work with and encourage the new Thai Government's efforts in the field of narcotics control. The members of the new civilian government appear to be of high integrity and, as far as we are aware, untainted by narcotics corruption. You inquire about allegations that military officials have been involved to an undetermined extent with Golden Triangle traffic gangs. We would prefer to discuss this subject in Executive Session.

It is still too early to speculate on the future policies of the new Royal Thai Government, which was just installed on October 22. We do look forward, however, to continuing good relations with the Thais and the further development of our ongoing programs of assistance to the Thai in the areas of enforcement and crop/income substitution. We are hopeful that these expectations will be met.

5. *Pakistan and Afghanistan.*—Since 1974 UNFDAC has been working to train and equip a narcotics section within the Afghan National Police in Kabul and in provincial capitals. The fund has spent almost \$1.5 million and presently has two narcotics law enforcement advisers in Kabul. In 1975 the Afghan police seized over 7 metric tons of opium; so far in 1976, the total is better than 10 metric tons. This is not to say that the UNFDAC has been directly involved in every opium seizure in Afghanistan. However, by encouraging and enabling the GOA to expand its anti-narcotics efforts, the UNFDAC has at the very least helped to develop with the Afghan police a commitment to narcotics control, without which these seizures would not have taken place.

The U.S. Embassy in Kabul, particularly the DEA representative, cooperates closely with UNFDAC in efforts to suppress the illicit narcotics traffic in Afghanistan. Embassy officials maintain a constant dialogue with all levels of the Afghan Government on the narcotics issue and have pressed successfully for the elimination of opium production in areas of the country in which we have significant economic assistance activity. However, the Government has made clear to us that assistance in the narcotics enforcement field should be through the U.N.

On May 5, UNFDAC and the Government of Pakistan signed a 3-year, \$3.3 million program agreement. The program will cover income and crop substitution, treatment, vocational rehabilitation and law enforcement. UNFDAC will also support some countrywide administrative and enforcement activities of the Pakistan Narcotics Control Board. UNFDAC has provided Pakistan with law enforcement training since 1974, and has also undertaken natural resource surveys in the Buner area of NWFP, where the new program will be centered. UNFDAC does not have anything on the ground yet in Buner. However, the Fund has engaged personnel for the program, including an American program manager. Program activity will probably begin in Pakistan in early 1977.

We have an important bilateral program in Pakistan consisting of assistance to the Police Narcotics Field Investigative Units, some 25 of which are being established and equipped. We are also negotiating an income replacement pilot program like that envisaged in a different part of Pakistan by the U.N. We are actively pressing the Pakistani Government for more active narcotics control efforts.

6. *Bolivia*.—As I indicated, Secretary Kissinger met in June with President Banzer of Bolivia. During that meeting, President Banzer said his Government was ready to move urgently to control cocaine trafficking and to limit coca growing to legitimate needs if we supply the necessary foreign assistance. We have received President Banzer's support for such long-term assistance.

An interagency team visited Bolivia to assist in drawing up an accelerated and expanded program for narcotics activities, both enforcement and coca crop substitution. The CCINC Working Group for Latin America carefully analyzed the program. As a first step, \$2.7 million in FY 1977 will be devoted by the U.S. to the pilot phase of the Bolivia program. We envisage as much as \$45 million in AID funds over the next five years to help develop viable alternatives to coca production. This will have to be accompanied by strict enforcement action against the traffickers and tight controls of coca production within Bolivia. The Bolivian Government has moved recently to break up two major narcotics trafficking rings. We are asking Bolivia to substantially increase the size of its enforcement agency, the National Administration of Control of Dangerous Substances (DNSP). We plan to provide equipment and material to assist it in carrying out these enforcement requirements.

7. *Mexico*.—Concerning your inquiry about the development of U.S. and Mexican narcotics groups to study and work together, we indicated earlier to the Committee that the Secretary approved the establishment of a U.S. Executive Committee on May 29, 1976, as directed by the President in his Message to the Congress of April 27, 1976, to meet with its Mexican counterpart to discuss ways in which both governments could collaborate more effectively. Attorney General Ojeda Paullada was advised of the formation of the Executive Committee in early June 1976 and consulted about future plans of his Government in this regard. He advised Ambassador Vance in June 1976 that further consultations would take place after the Mexican Committee had been established. Since that time, the Embassy has advised us informally that the Mexican Government has delayed action on the matter owing to the press of other activities involved in the election and the transition phase of changing administrations.

The letter from President Echeverria to President Ford dated January 16, 1976, on narcotics cooperation stated: "I put forward to the U.S. legislators the idea of creating twin national commissions, one in each of our countries, which would undertake a study of all aspects of this question and propose solutions that would enable our two Governments to embark on new lines of action and expand the coordination of their efforts."

We expect that the two national groups, whatever their appellation, would be working together jointly to accomplish the common goals agreed to by President Ford and President Echeverria. As soon as the Mexican Government establishes a counterpart to the U.S. Executive Committee, we intend to work with that body to "influence the structure", as indicated in your letter, of the

proposed commissions. This subject will receive priority attention during proposed discussions on narcotics coordination scheduled in Mexico for early December 1976.

Concerning the inquiry by Representative de la Garza about President Ford's recent discussion with the President-elect of Mexico in August, the two leaders did discuss narcotics cooperation and agreed to intensify efforts in this area.

8. *Colombia.*—We supplied the changes that have been made in Colombian narcotics laws when we returned to the Committee the transcript of our September 27 testimony. A few months ago we signed a new narcotics control project agreement with the Colombian Government which envisages technical services, communications and aircraft for a narcotics aviation support unit. The new commitment of the Colombian Government and the assistance we will be giving to it in this field presage a much more effective enforcement effort against cocaine processing and smuggling in that part of the hemisphere.

9. *Secretary's Talks with Turkish Government.*—In a meeting in New York on April 15, 1974 with Turkish Foreign Minister Turan Gunes, Secretary Kissinger discussed the question of the lifting by the Turkish Government of the opium poppy ban. This was prior to the lifting of the ban, which was announced on July 1.

10. *Extradition and Expulsion Cases.*—We furnished the Committee with a description of our efforts in this regard when we submitted the edited version of the transcript of our testimony.

*Questions Apart from the Hearings*

1. and 2. *Possible Alleged Misuse of Helicopters.*—With respect to your questions regarding misuse of U.S.-supplied helicopters, we understand that another agency of our Government has detailed information on this subject and will reply to you directly. In the past, our Embassy has raised the reported misuse of helicopters with the highest levels of the Royal Thai Government.

3. *Agreement with Mexico on Citizens Imprisoned in Either Country.*—The Legal Adviser of the Department of State has visited Mexico City twice recently to press forward with our negotiations with the Mexican Government looking to a treaty envisaging the possibility of certain Americans in Mexican prisons and Mexicans in American prisons serving the remainder of their sentences in their own country. These negotiations are proceeding successfully and expeditiously, thus far.

Sincerely,

CHARLES W. ROBINSON.



U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., October 12, 1976.

HON. VERNON ACREE  
Commissioner U.S. Customs Service,  
Washington, D.C.

DEAR MR. ACREE: In your appearance before the Committee on September 28, 1976, which we greatly appreciated, several significant matters were raised as to which the Committee would appreciate your further written response, at your earliest convenience:

(1) You testified that a "White Paper" Task Force was reconstituted in February, 1976 to examine the methods by which heroin presently enters the U.S. Please favor us with any findings or conclusions made by your Service or the Task Force in this respect.

(2) Please detail the "most effective anti-narcotic strategies" (quoting your testimony) as you see them, including your frank views as to the effectiveness of Reorganization Plan No. 2, which apparently had some effect on border interdiction.

(3) Why is the Customs Service Computer not compatible with the DEA computers and what benefits do you see emerging from such a tie-in, if any?

(4) Why is the Customs Service unable to follow up on what happens to its seizure cases when they are forwarded to DEA?

(5) What evidence does the Service have, if any, that there has been a diversion of the Turkish opium or poppy straw crop?

(6) What specific suggestions have you for better coordination between the Border Patrol and the Service in the interests of heroin interdiction?

(7) What specific suggestions do you have for improving the gathering of narcotics intelligence?

(8) In your opinion, why is it that so few Customs Service seizures in FY 75 and FY 76 were based on intelligence provided by other enforcement agencies?

Your answers to these significant questions and, additionally, any comments you might care to make with respect to the "Federal strategy" mandated by the Drug Abuse Treatment Act of 1972, as amended, would be valuable information for the Committee's purposes.

Thank you for your continuing cooperation.

Sincerely,

JOSEPH L. NELLIS, Chief Counsel.

DEPARTMENT OF THE TREASURY,  
U.S. CUSTOMS SERVICE,  
Washington, D.C., October 29, 1976.

MR. JOSEPH L. NELLIS,  
Select Committee on Narcotics Abuse and Control,  
House of Representatives, Washington, D.C.

DEAR MR. NELLIS: I welcome this opportunity to further clarify the positions and policies of the U.S. Customs Service with respect to the present overall Federal strategy for the prevention and curtailment of drug abuse within the United States.

We at Customs enthusiastically endorse the concept of developing a comprehensive, coordinated Federal strategy for all drug abuse prevention functions conducted, sponsored, or supported by any department or agency of the Federal Government. Since the development of such a strategy was mandated by law in 1972 (P.L. 92-255), we have had four years to examine the results of the first implementation of this strategy—the formation of the Drug Enforcement Administration by Reorganization Plan No. 2 (1973). We at Customs, in following the directives of the Plan, have established tactical groups consistent with these directives which have resulted in the interdiction of narcotics coming across

our borders. However, because of the Plan, Customs investigative and intelligence actions with respect to narcotics have ceased.

In September 1975, a White Paper on Drug Abuse with a Treasury/Customs Addendum was issued which examined where we had been, where we were going, and what changes should be implemented so that the comprehensive, coordinated Federal strategy could be made more effective. President Ford on May 12 of this year established the Cabinet Committee on Drug Law Enforcement to coordinate all policies and activities of the Federal Government relating to domestic law enforcement. An initial report from this committee is due imminently.

The enclosed, provided for your review, lists the responses to the eight specific questions which were posed in your letter. If I may be of further assistance, please contact me accordingly.

Sincerely yours,

VERNON D. ACREE,  
*Commissioner of Customs.*

Enclosures.

**Question 1.** You testified that a "White Paper" Task Force was reconstituted in February 1976 to examine the methods by which heroin presently enters the U.S. Please favor us with any findings or conclusions made by your Service or the Task Force in this respect.

**Answer.** The group I was referring to was the Domestic Council's Drug Abuse Task Force for the Southern Border. The Task Force stated in its findings that knowledge about the several possible ways drugs enter this country is critical to making decisions about how to respond to this threat.

As you know the Southern Border of the U.S. is 1,800 miles long with a total people flow of 157 million per year, 46 million vehicles, 32,000 non-commercial private aircraft crossings. The people and vehicle flows come through 27 ports of entry while private aircraft now are required to have pre-clearance flight plans to designated airports when reentering the nation. This was a recently imposed requirement by the Customs Service to augment our interdiction systems. Additionally, there is a substantial flow of commerce between the border areas accounting for significant cargo, merchandise, and produce shipments by trucking.

The Task Force concluded from data, based primarily on seizure data furnished by Customs, that both heroin and cocaine are being transported through the ports of entry, concealed in varying manners. Information concerning narcotics trafficking by private aircraft was insufficient to make any definitive determination regarding the threat posed from this mode of transportation. However, evidence does exist that high performance aircraft used by smugglers have eluded interception and radar tracking. It would appear logical to conclude that the narcotics trafficker employs the "safest" mode of transportation to smuggle contraband into the U.S. and private aircraft would support this need. To counter this threat, Customs is continuing to develop a total air-interdiction program including budget requests for additional funding, equipment purchase from the DOD, increased training, etc.

The Task Force concluded that most brown heroin comes from two principal growing areas: the traditional tri-state growing areas in the states of Sinaloa, Durango, and Chihuahua, which account for some 75-80 percent of Mexican production, and the Guerrero state near Acapulco which accounts for some 20-25 percent of the growth.

The smuggling pattern for marihuana is radically different from heroin, probably due to the relative bulkiness. Almost 75 percent of the marihuana interdicted was between ports of entry, primarily by ground vehicle, with aircraft and vessel accounting for 7% and 6% respectively.

Most cocaine (97%) is seized at ports of entry with more than half seized from scheduled airlines, and a third comes in aboard boats.

The study report entitled "Southwest Border Study" is classified "Secret" and may be requested from the Domestic Council Drug Abuse Task Force.

**Question 2.** Please detail the "most effective anti-narcotics strategies" as you see them, including your frank views as to the effectiveness of the Reorganization Plan No. 2, which apparently had some effect on border interdiction.

**Answer.** We believe that if greater efforts utilizing the special capabilities and authorities of Customs officers were directed to detecting drugs at the borders and to conducting follow up investigations with feedback overseas, the national efforts would be most effective. This is what Customs was authorized to do prior to the Reorganization.



The total removal of Customs from any intelligence gathering or investigative functions relating to international narcotics smuggling has lessened the potential effectiveness of the overall Federal narcotics enforcement program by failing to utilize unique capabilities and resources provided by the Congress which Customs has available to be applied to the narcotics problem.

We believe the national effort can best be served by Customs officers again becoming involved in anti-smuggling narcotic investigations and tasked additionally with an increased role in seeking foreign narcotics intelligence. Indeed Customs and DEA are currently drafting an agreement to permit Customs officers to gather narcotics intelligence incidental to their regular work from the international Customs community.

Customs has an established expertise world wide for over a century and has close contact with its foreign counterparts and border control agencies as well as sources within the international transportation and trade communities. It is simply not possible for another agency to develop sources such as those that are called upon by Customs in its normal source of business. By reestablishing the Customs role in pursuing narcotic smuggling through investigations and intelligence gathering we will complement the efforts of DEA as the lead narcotics agency and strengthen our interdictory enforcement capability at border points.

Below I have outlined some of the key capabilities that Customs has to offer relative to a more effective anti-narcotic strategy.

#### *Customs overseas operations and inter-relationships with other customs officers*

In late 1970, the U.S. Customs Service initiated a trial program by assigning six agents in Europe and in the far east to combat the ever increasing world-wide narcotic problem. These agents were in a special category and were referred to as Customs Foreign Liaison Officers.

The original efforts of the first six agents were so successful that an additional 26 senior agents were selected and assigned to foreign posts in mid 1972. The latter group had only become oriented to their duties, when Reorganization Plan No. 2 became effective and all 32 transferred to DEA. Since that time foreign intelligence transmitted to Customs concerning drug smuggling has been significantly reduced.

Customs has made a number of presentations substantiating the very significant decrease of foreign-source intelligence information in recent years and its negative effect on border interdiction. Customs exclusion from this foreign information gathering activity eliminates a valuable resource from the Federal program.

There exists a very special worldwide relationship among Customs Services that is not being fully used because of the restriction placed on U.S. Customs intelligence gathering role. This fraternal relationship among Customs officers of the world did and could again assist us in obtaining the answers to who, what, where, and when in connection with illicit trafficking in narcotics.

#### *Customs border searches*

Broad authority to search for and to seize goods at the border or its functional equivalent has been conferred by Congress upon Customs officers for the purpose of detecting and preventing the smuggling of goods or contraband into this country and to enforce the Federal laws relating to the payment of duty on goods lawfully brought into the country. Customs officers using this unique and exclusive jurisdictional authority both criminal and civil are able to conduct detailed searches of individuals, vehicles, vessels, aircraft, cargo, and other merchandise upon entry into the United States where narcotics are at their greatest purity. Mere suspicion of illegal activity within the border area is enough to allow a Customs officer to stop and search a person or other thing, as long as the search itself is reasonable.

Since a Customs officer may stop a person or conveyance without probable cause, he is in a position to act on specific intelligence directed to a named individual or on general intelligence directed toward a method of smuggling or a type of conveyance or classes of individuals without revealing the source of his information.

Because of this unique search authority at our borders and their functional equivalents, Customs is able to fully utilize its integrated interdiction capability in a wide variety of ways. Overseas and domestic intelligence is timely fed into our TECS computers. Inspectors, agents and patrol officers have access to the computer through over 700 terminals and can instantly learn about new MO's reported to Customs or discovered by one of their co-workers only moments before in another part of the country. Customs officers using X-ray machines or one of our highly successful detector dogs can screen an enormous number of

imported vehicles, cargo, mail, or baggage for hidden drugs. Intelligence can frequently provide the place and method of concealment.

All of these interdiction techniques, to be most effective, rely on prior intelligence which in turn leads to a border search, an arrest, and a seizure. These arrests and seizures in turn generate more leads which must be developed.

#### *Investigative methodologies*

One of the most effective techniques utilized by our Special Agents during the 1960's was that of conveying the narcotics from a border seizure to the intended recipient.

Smugglers have always recognized that their most vulnerable position was in the actual crossing of international borders while in possession of contraband. At this point, a shipment is in its largest state and highest purity, representing a sizeable investment to the smuggler. It is also at this point that the smuggler now comes face to face with Customs, constituting his greatest risk of discovery and arrest. Most large scale operators, unwilling to expose themselves to this risk of arrest hire couriers to transport the contraband in border areas. Once the contraband is safely across the border, the dealer can, with relative ease, safely handle and distribute it. The arrest of the courier although a set back, does not seriously compromise the integrity of a smuggling combine.

#### *Convoy methods*

To penetrate the difficult barrier created by such a smuggling system, Customs Agents developed the controlled delivery or convoy investigative technique. This type of investigation permitted the controlled passage of narcotics from the international boundary to point of domestic delivery. The movement of narcotics was closely monitored and controlled by Customs Agents with a view toward developing sufficient evidence to support the arrest of the principal receivers and co-conspirators, domestic and foreign. Convoy operations were completed with the full knowledge and consent of concerned U.S. Attorneys at both place of discovery and intended delivery. Additionally, the Bureau of Narcotics and Dangerous Drugs (BNDD) was advised prior to the narcotics movement in-land and afforded the opportunity of full participation. The Customs convoy technique and subsequent conspiracy investigation proved so eminently successful that it has become a basic cornerstone of Customs investigative efforts.

#### *Controlled mail deliveries*

Between 1970 and 1973, numerous arrests and seizures of narcotics resulted from controlled mail deliveries. Special procedures had to be rigidly followed so that search warrants could be legally executed at the point of delivery. The use of the controlled mail deliveries was made possible through the Customs border search authority being applicable to foreign mail entering the United States in the same manner as it applies to persons and merchandise.

#### *Financial investigations programs*

In order to trade in narcotics, extremely large amounts of money are used by smugglers to finance their illegal shipments of drugs. Since virtually all narcotics are obtained outside the United States, the international transfer of currency is as great as the illegal traffic in the smuggled drug itself.

In September of 1970, the first federal Narcotics Financial Investigations Unit was established and labeled in 1971 as the NTTP (Narcotics Traffickers Tax Program). It was designed by the Internal Revenue Service, and formulated to take the profit out of drug trafficking and disrupt distribution system. Customs participation and input in the selection of major narcotic targets played a significant part in the success of the program. In the short period the program was active, July 1, 1971 to early 1974, IRS initiated full tax investigations of over 1800 upper and middle-level traffickers and dealers. Tax deficiencies uncovered, totaled \$200,000,000.

#### *False documentation used by narcotic traffickers*

The U.S. Customs Service formulated a specific methodology concerning the use of false documentation by international traffickers smuggling narcotics into the United States. The data obtained to assist Customs agents in identifying users of false documentation resulted from actual field investigations conducted during the time period and involved records of Customs and I&NS files maintained in various foreign offices. Most narcotic smugglers, including principals, controllers, and others who are not actual carriers of the narcotics, utilize false docu-

ments. Frequently, investigation has enabled Customs to prosecute the traffickers for false documentation without a seizure of narcotics, and provide a potential informant for the Government, although the initial arrest was made by a city, state, or other federal agency.

#### *Currency and Foreign Transactions Reporting Act*

The Currency and Foreign Transactions Reporting Act requires all persons transporting currency and negotiable instruments in excess of \$5,000, into or out of the United States, to file a report with the U.S. Customs. This law is ideally suited to attack the narcotic smuggler who must obtain his narcotics from foreign suppliers and thus illegally move large amounts of money from the United States in payment for contraband.

In addition to the investigative methodologies listed above, there are numerous other Customs programs, and cooperative efforts such as the Foreign Customs Assistance and Customs Foreign Liaison, CCINC, Interpol, Customs Cooperation Council, Telephone Toll Analysis System, electronic interception, etc., which enabled Customs to contribute significantly to what has been belatedly recognized as the most productive period of Federal narcotic enforcement effort in recent history.

Finally, the Customs Service is unique in that it is a completely integrated interdiction and investigative force, comprised of inspectors, auditors, import specialists, patrol officers and criminal investigators, all backed by an Office for Enforcement Support. In most cases, all components work together in tandem from start to finish. However, the chain is broken with respect to narcotic intelligence and investigations. We believe that the national effort can best be served by reconstituting the responsibility for total contraband smuggling investigations within the Customs Service, from intelligence gathering through interdiction and investigations. This, of course, could involve full coordination with DEA.

The major problem to my mind in Reorganization Plan No. 2 was that, in the haste to submit the plan to Congress before expiration of the President's reorganization authority and with a desire to eliminate what was conceived to be deleterious interagency competition, the authors were either unaware or failed to recognize that a major gap was being created in Federal narcotics enforcement by removing narcotics intelligence and investigative responsibility from the Customs Service. This was a major error. Customs, in its role as the nation's first line of defense at our borders supports and works with many other agencies such as the FBI, ATF, EPA, ERDA and FAA. In each of these associations, Customs performs its full investigative role in support of the primary responsibilities of these other agencies. Customs should be permitted to perform in this fashion and in the narcotics area as well. It is in the best interest of the U.S. and people throughout the world to do so.

*Question 3.* Why is the Customs Service computer not compatible with the DEA computers and what benefits do you see emerging from such a tie-in, if any?

Answer. Compatibility of computer systems within DEA and Customs is not the real issue. Customs interdiction mission at all U.S. ports of entry demands a 7-day-a-week, 24-hour-a-day operation with a response time to queries in terms of seconds. DEA's investigative mission requires an automated index to reports of investigations. This system operates 12-14 hours a day; 5 days a week and supports DEA agents in investigative areas.

Automated data exchange between DEA and Customs has taken place for over two years. Customs receives, once a month, a computer tape of narcotic violators, vessels, aircraft, etc., from DEA. After review and update, the information is placed in TECS if it meets our criteria. Customs and DEA are presently working out the details for a direct computer to computer link-up. This direct tie-in will improve the timeliness of data exchange and provide DEA officers with a 24-hour computer capability and access to all Customs narcotic information.

The important issue to recognize is that the data required, such as name and personal identifiers, license number, plane numbers, companies, etc., must be collected and reported in a timely manner to enable Customs to perform its interdiction mission.

*Question 4.* Why is the Customs Service unable to follow up on what happens to its seizure cases when they are forwarded to DEA?

Answer. In President Nixon's message of March 28, 1973, to Congress, with which he transmitted Reorganization Plan No. 2 of 1973, he identified the major responsibilities of the Drug Enforcement Administration which were to include: "full investigation and preparation for prosecution of suspects connected with illicit drugs seized at U.S. ports-of-entry and international borders."

The Memorandum of Understanding Between U.S. Customs Service/Drug Enforcement Administration, dated December 11, 1975, treats the subject of violations which are reported to U.S. Attorneys. "DEA case reports will include any customs (sic) reports related to the drug violation. Customs will furnish their reports to DEA in an expeditious manner. DEA will present the violations to the concerned prosecutor for determination of charges."

In compliance with the provisions of Reorganization Plan No. 2, the Customs Service has effectively been removed from narcotic related intelligence gathering, investigation and prosecution of narcotic violators, including those detected by the Customs Service. Such matters are referred to the Drug Enforcement Administration, and in prosecutions the only participation by Customs is in the production of evidence in support of DEA efforts.

The outcome of prosecutions are of course known to the agency which brings forward the complaint, and in major cases participating agencies may through courtesy be advised of the results of a prosecution. As a general routine, however, cases may through motions and appeals be continued for many months, and even years. DEA has not established procedures for reporting to Customs the results of Customs referrals to the Drug Enforcement Administration.

*Question 5.* What evidence does the Service have, if any, that there has been a diversion of the Turkish opium or poppy straw crop?

Answer. The U.S. Customs Service has no first-hand evidence pertaining to diversion of Turkish opium or the poppy straw crop since it presently must rely on DEA for collection of narcotics intelligence. A report prepared by the Drug Enforcement Administration (DEA), based on observation by a United Nations team and by U.S. officials in Turkey, indicated that there was no reported significant illegal diversion of the 1974-75 Turkish poppy crop. The observers reported that there was no evidence of incision of poppy capsules. During the last half of 1975, approximately six kilograms of Turkish origin heroin base or heroin hydrochloride were seized in Western Europe. An additional 900 grams of heroin hydrochloride of apparent Turkish origin were removed in the U.S. during the period March-July 1975. These insignificant amounts, when compared to the pre-1972 Turkish heroin, would appear to indicate that the Turkish poppy control procedures have been effective. It has been reported that seizures of Middle East heroin from Turkish nationals in Egypt, Germany and Italy may have originated in Turkey. Investigations are under way to determine whether or not a diversion from the Turkish opium crop is occurring. However, it should be recognized that the emergence of Mexico as primary producer of heroin may be an important influencing factor on the reduced amounts of Turkish heroin in the U.S.

For additional detailed information on this subject, please refer to DEA, Office of Intelligence Study, "Alternative Sources to Mexico for Heroin Supply to North America and Europe," June 1976.

*Question 6.* What specific suggestions have you for better coordination between the Border Patrol and the Service in the interests of heroin interdiction?

Answer. Historically, the U.S. Border Patrol and the Customs Service have coordinated and cooperated in a very harmonious manner. However, Reorganization Plan No. 2 had a provision whereby some of the functions and personnel of the Immigration Service would be transferred to the Customs Service. This resulted in an OMB study which fractured the relationships between the two organizations. Subsequently, the Commissioner of Customs and the Commissioner of Immigration Service signed a formal agreement reestablishing cooperation between the two organizations. Since that time the two Services are routinely advising each other of areas being worked in both daily and specialized operations. Sensor alert information and other matters of mutual interest are being exchanged and in many areas we have exchanged radio communication equipment so that each service may be apprised of what the other service is doing. There remains a need for a more formalized agreement in the critical area of expeditiously passing perishable information that concerns heroin traffic. Customs is working with INS to develop a more formal agreement.

*Question 7.* What specific suggestions do you have for improving the gathering of narcotics intelligence.

Answer. Although Customs is not currently involved in the investigations of narcotics cases, experience gained over the years prior to Reorganization Plan No. 2 proved the value of both tactical and operational intelligence analysis in developing such cases. Intelligence continues to be of high value in the support of our interdiction mission. However, it is unfortunate that the volume of available narcotic information for processing into analyzed intelligence has been until recently drastically reduced by the effects of Reorganization Plan No. 2. A means to overcome this deficiency would be to expand Customs role in pursuing narcotics

smuggling through the investigations of narcotics trafficking and intelligence gathering to meet the Customs requirements for information to analyze.

Another related problem is the content of information received. The substantive content of the information received from other agencies still has not improved appreciably. Previously, Customs had a totally integrated narcotics intelligence gathering and dissemination network that was far more effective than is currently the case in stemming the flow of narcotics entering the country. This network included the various enforcement elements of the Customs Service and the work of Customs agents stationed abroad, concentrating on points of entry to the United States. This was a combined enforcement effort to combat smuggling of narcotics across our borders through the intelligence cycle in which information was collected, analyzed and disseminated, leading to arrests/seizures, which after investigations and debriefing led to additional information feedback for analysis and dissemination. In order to regain some measure of this past effectiveness, Customs personnel should be authorized to debrief apprehended narcotics traffickers to collect intelligence in specific response to Customs needs.

The Federal Bureau of Investigation, as planned in the 1973 Reorganization, was not tasked to provide narcotics intelligence information. The Central Intelligence Agency's support in this area was primarily of a strategic nature in that it provided information on known geographic growing and trafficking areas, which only infrequently identified the particulars of who, when and how of transcontinental traffickers. Within the framework of Reorganization Plan No. 2, there can be no question that DEA is the lead agency in attacking the narcotics problem from the standpoint of law enforcement. From the standpoint of developing a foreign intelligence program, however, Customs feels that the operationally oriented personnel of DEA lack the insights and discipline to manage a viable and coordinated effort abroad. Customs believes that CIA, on the other hand, has both the expertise and the discipline to deal effectively with the foreign narcotics intelligence problem. However, because of Customs special relationship with foreign Customs services developed over a period of years, Customs has a better opportunity and specialized interest in gathering narcotics intelligence. The relationship could be exploited optimally if Customs attaches were authorized to become involved in anti-smuggling narcotics intelligence and tasked to increase their role in seeking foreign intelligence concerning narcotics trafficking.

Subsequent to Reorganization Plan No. 2, Customs continuing its border interdiction program has had to lean heavily on its initial contact with traffickers for information. Customs relies on DEA for full debriefing and feedback on violators turned over to them for analysis that enhances Customs inspection and interdiction effort. Customs is the only enforcement agency prohibited from follow-up investigative activities, predicated on its initial contact with the violators, on leads it developed. Customs has had to operate in the blind to accomplish its mission since July 1, 1973, without narcotics intelligence tailored to Customs needs. Customs has established close cooperative efforts with DEA to provide a constant exchange of information which benefits each agency's enforcement mission within the limits of their jurisdiction. Only time will tell how successful this cooperative effort will be. Even this effort excludes the major resources of the FBI and CIA. It is our feeling that the whole range of foreign narcotics intelligence activities should be clearly tied to the National Foreign Intelligence Board and integrated into the broader NFIB Program. In this regard, Customs recommends the creation of a Narcotics Intelligence Advisory Board to direct and control the foreign narcotics intelligence effort. This Narcotics Intelligence Advisory Board's membership should include DEA, Customs, CIA, State, DOD, etc. Another function of the Advisory Board should be to make intelligence reporting procedures uniform through an established mechanism to insure the constant flow of intelligence to all users and feedback to the collectors. This could be accomplished by the Advisory Board if granted the appropriate powers to order existing narcotics intelligence programs.

On the domestic side, improved guidelines need to be established by the Attorney General with respect to the collection of foreign narcotics intelligence by the intelligence community for use by law enforcement agencies. Where decisions have been rendered in this area, they have resulted in restrictive and very narrow interpretations. A possible means to overcome this weakness could be to have the Attorney General represented on the Advisory Board for legal interpretations on a case-by-case basis. Other members to the Advisory Board could be IRS and INS to add their expertise.

On the international side, Customs is heavily involved in many foreign programs. For example, the Foreign Customs Assistance Program is carried on through advisory teams and formal Customs training and observational training tours in the United States. This long-established program involves primarily assistance

to Foreign Customs personnel, as part of the Cabinet Committee for International Narcotics Control (CCINC) program and a Customs-to-Customs assistance under the Foreign Customs Assistance (FCA) program.

To date, the U.S. Customs Service CCINC Training Program has trained 4,550 foreign Customs officers and executives representing 56 countries. In addition, 30 foreign Customs officers from Holland, Italy, Thailand, Peru, Mexico, Egypt, Colombia and Chile have been trained with narcotic detector dogs at the Customs National Training Center in Front Royal, Virginia. These persons are lasting friends of Customs and are eager and willing to share their smuggling data and information with us.

In the Foreign Customs Assistance Training Program, U.S. Customs provides technical assistance in the development of a Customs service in foreign countries who request such assistance. Recently, advisors have been installed in Ecuador and Thailand, countries high on the list as world sources of narcotics.

In 1970, Customs became a member of the Customs Cooperation Council, an 81-member international organization with headquarters in Brussels. Responding to initiatives by United States and Australian Customs, the Council has stepped up its enforcement activities, establishing a Working Party on Customs Enforcement with special emphasis on the interdiction of illicit traffic in narcotic drugs. Since, July 1973, Customs can no longer develop narcotic intelligence overseas. We believe that this major source of information relative to the international movement of narcotics was a major source of information to the United States and should be reinstituted.

Thus, it can be seen that the current situation is not an all agencies effort as it should be. The magnitude of the narcotics problem requires a total effort of all Federal enforcement and intelligence agencies. Each agency has specific capabilities and has developed expertise in the areas of their assigned missions. These capabilities should be tapped to provide an all inclusive intelligence gathering mechanism geared to respond to the tailored collection needs of each of the responsible enforcement agencies. If we are ever to solve the international narcotics problem, we need to come up with a total approach to the problem which exploits the capabilities of all information gathering agencies.

**Question 8.** In your opinion, why is it that so few Customs Service seizures in FY 75 and FY 76 were based on intelligence provided by other enforcement agencies?

**Answer.** As I stated in my testimony, although the quantity of intelligence-related information being provided to us by DEA has increased this past year the quality of it can be measured in the results—less than one percent of seizures in FY 75 and FY 76 were based on prior DEA information. Our intelligence collection requirements are not being met with the necessary information to allow for a more successful interdictory effort.

In my opinion, our intelligence needs during the past three years have not been met primarily because DEA, when initially created, took the position that conspiracy and a case orientation should have the heavy emphasis, with interdiction related intelligence apparently relegated to a low priority.

Further, Reorganization Plan No. 2 gave to DEA a dual intelligence role that hampers a vigorous interdictory related collection program. In simplistic terms, DEA has one operational mission and a parallel intelligence mission viz., an internal organization created to support DEA's operational requirements. Additionally, DEA has been given the responsibility of managing the National Drug System. Added to this problem is the dichotomy that exists between the DEA agent's prime responsibilities of collecting intelligence against (1) DEA's own requirements and (2) other Federal, especially Customs, requirements.

[From Department of the Treasury (U.S. Customs Service) News]

#### U.S. CUSTOMS SERVICE REPORTS MAJOR DRUG ENFORCEMENT AND OTHER GAINS IN 1976

The U.S. Customs Service closed 1976 reporting record increases in imported goods; the clearance of travelers, vehicles, vessels, and aircraft; and in drug seizures and arrests.

U.S. Commissioner of Customs Vernon D. Acree reported that preliminary data indicates that the Customs Service:

Made more than 23,000 drug seizures, up 10 percent over 1975.

Confiscated narcotics and drugs with a potential street sale value of \$631 million, a climb of 39 percent over last year.

Arrested nearly 21,000 persons on drug violations, up five percent for the year.

Additionally, Commissioner Acree reported that Customs processed a record \$128 billion worth of imported goods, a rise of 32 percent over 1975. Duties, taxes and miscellaneous receipts collected on this merchandise totaled \$5.3 billion. On the average, Customs returns \$16 to the U.S. Treasury for every budget dollar it spends on operations.

The Bicentennial Year also produced a record number of travelers for Customs to clear into the country: 274.8 million. This number represents many more millions than the total population of the country.

These travelers and the goods imported into the country arrived in some 79.6 million vehicles, 130,702 vessels, and 360,530 aircraft, all of which were processed by Customs Officers at the Service's 300 official ports of entry throughout the nation.

Detailing the data available, Acree reported that the Customs Service seized 271 pounds of heroin; 1,135 pounds of cocaine; 7,953 pounds of hashish; 388 tons of marijuana, and more than 20.7 million units of such dangerous drugs as amphetamines and barbiturates.

Had these narcotics and drugs reached the streets of America, they would have netted their sellers a gross income of \$631 million, an increase of some \$175 million compared to the estimated value of drug seizures in 1975.

#### CLEAR ARREST AND SEIZURE SUMMARY REPORT

National	Calendar year—		Percent of change
	1976 <sup>1</sup>	1975	
Customs officer arrests.....	18,008	17,274	+4
USC cooperative arrests.....	2,663	2,475	+8
Total customs arrests.....	20,672	19,749	+5
NCIC arrests <sup>2</sup> .....	759	415	+83
TECS arrests <sup>2</sup> .....	631	444	+42
<b>NARCOTICS SEIZURES</b>			
Heroin:			
Number of seizures.....	375	458	-18
Quantity seized (pounds).....	272	300.1	-9
Cocaine:			
Number of seizures.....	1,078	1,215	-11
Quantity seized (pounds).....	1,135	788.9	+44
Hashish:			
Number of seizures.....	5,245	4,137	+27
Quantity seized (pounds).....	7,944	9,269.7	-14
Marijuana:			
Number of seizures.....	14,299	12,791	+12
Quantity seized (pounds).....	775,823	567,735.4	+37
Opium:			
Number of seizures.....	79	50	+58
Quantity seized (pounds).....	42	18	+133
Morphine:			
Number of seizures.....	9.8	9	+9
Quantity seized (pounds).....	3.7	1.5	+147
Other drugs, barbiturates and LSD:			
Number of seizures.....	2,443	2,562	-4
Quantity seized (TB).....	20,783,410	10,557,743	+97
Total narcotics seizures.....	23,533	21,222	+11
Estimated value.....	\$631,748,535	\$501,556,940	+26
<b>NONNARCOTIC SEIZURES</b>			
Prohibited nonnarcotic: Number of seizures.....	27,059	25,094	+8
Vehicles:			
Number of seizures.....	11,605	10,071	+15
Quantity seized.....	12,634	10,546	+20
Domestic value.....	\$36,205,472	\$20,692,642	+75
Aircraft:			
Number of seizures.....	139	91	+53
Quantity seized.....	145	95	+53
Domestic value.....	\$20,158,233	\$5,063,997	+298
Vessels:			
Number of seizures.....	204	120	+70
Quantity seized.....	213	133	+60
Domestic value.....	\$24,665,472	\$36,262,315	-32
Monetary instances:			
Number of seizures.....	514	362	+42
Domestic value.....	\$9,170,675	\$8,536,259	+7
General merchandise:			
Number of seizures.....	25,807	26,904	-4
Domestic value.....	\$58,936,725	\$56,562,626	+4
Total nonnarcotic seizures.....	65,316	62,642	+4
Total nonnarcotic domestic value.....	\$149,136,576	\$127,117,839	+17
Total narcotic and nonnarcotic seizures.....	88,849	83,864	+6
Total of 151 seizure incidents.....	74,805	72,484	+3

<sup>1</sup> Includes Projected Data for December.

<sup>2</sup> NCIC and TECS arrests included in total customs arrests.





U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
*Washington, D.C., October 15, 1976.*

Hon. GEORGE BUSH,  
*Director of Central Intelligence, Central Intelligence Agency, Washington, D.C.*

DEAR MR. BUSH: The Select Committee is very grateful to you for your appearance September 29. We regret that we did not have more time and fewer interruptions during this most interesting hearing.

Your testimony, and that of your colleagues who stayed on after you left, gave rise to a number of questions among Members of the Committee. Furthermore, information that has come to our attention after the hearings suggests some additional areas of significant inquiry. While the two categories of questions inevitably overlap somewhat, we will try to list them separately in seeking a written response at your early convenience.

If you believe that some of these questions should be answered on a classified basis, please arrange to have your reply delivered to the Committee's Counselor for International Relations, Mr. Frederick W. Flott, who has the required clearances and is acting as control officer for classified material pending the completion of the process of getting clearances for other members of the Committee staff.

*From the Hearings*

1. *Narcotics intelligence.*—As you know, and as emerged in the hearings, a number of other Federal agencies in the anti-narcotics community complain of a lack of narcotics intelligence. The Committee is aware of the statutory restrictions under which you operate in this connection. We also know of many instances where your Agency has provided not only valued intelligence but also good contacts with friendly police forces. Furthermore, your Agency is rich in career personnel who can provide skilled and highly-motivated leadership for program direction. But we are still searching for ways in which your Agency, with its justified reputation for high quality performance, could be doing more. For example, could the Agency not help DEA, Customs and other agencies involved with foreign intelligence improve their collection, processing, storage and recovery practices? What we have in mind is a transmittal of certain skills that do not violate your charter or the restrictions under which CIA operates. Do you see any prospects of doing more in this area?

2. As mentioned in the hearings (page 43), the Committee wishes to ask you for any suggestions you may have on how the Agency itself might be better utilized in the national effort against illicit narcotics traffic. You replied that you would want to be sure you were doing the best possible job in providing the policymakers with the kinds of intelligence they need. We would now like to ask if on reflection you and your associates foresee any possibilities of supplying the other agencies with more narcotics-oriented intelligence than you have in the past? Further, we wonder if there might be advantage in detailing some CIA people to the other agencies, particularly to help them better organize their own intelligence-seeking and intelligence-handling activities. We realize that you have liaison people at the appropriate agencies, but wonder if the detailing individuals on a larger scale might be productive, presuming always that it would be legal and within your overall charter.

*Questions apart from the Hearings*

1. We understand that about a month ago the U.S. Government learned that a Thai helicopter, apparently acting on instructions of corrupt Thai officials in league with narcotics smugglers, was used to provide medevac services from Burma for wounded members of a narcotics smuggling caravan that the forces of the Government of Burma had successfully taken under fire. How does the Agency evaluate this report? What could it add to our possibly fragmentary information? Was the medevac helicopter one of those provided to Thailand by the U.S. for the anti-narcotics struggle? And what representations, if any, were made to the Thai contacts of your Bangkok station?

2. We understand there is a report of a much older case, which like the one cited above was not mentioned at the hearings, in which a Thai helicopter was actually used to transport opium or heroin from Burma into Thailand for illicit onward shipment. We should like to know the details of this transaction, the degree of credibility of the report, and the actions taken by the Executive Branch to remonstrate.

3. What are the implications for the anti-narcotics effort of the recent military coup in Thailand? Specifically, are the Thai officers who suddenly found themselves in power, more or less corrupt than were their predecessors? Are any of them notoriously linked with illegal drug traffic? Do we, as a Government, now enjoy more leverage in Thailand than we did in the recent past when we were in large measure asked to leave? Does your Agency believe the new generals will be more cooperative in the anti-narcotics effort than were their predecessors?

4. Finally, in what manner could the CIA manage to follow up on the intelligence it offers to other agencies of government so as to avoid duplication of its agents' efforts, waste of resources and inefficiency?

The Committee appreciates your cooperation and continuing assistance.

Sincerely,

LESTER L. WOLFF, *Chairman.*

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U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
*Washington, D.C.*

The response to the Committee's inquiry from the Central Intelligence Agency was received on December 14, 1976. The material received is classified and may be found in the Committee files.

[COMMITTEE NOTE.—The CIA's foreign intelligence role in narcotic trafficking will be the subject of a later report by the Committee following hearings to be held in the 95th Congress.]

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., October 8, 1976.

ROBERT L. DUPONT, M.D.,  
Director, National Institute on Drug Abuse,  
Rockville, Md.

DEAR DR. DUPONT: You will recall that during our hearings on September 30, you were asked to supply, for the record, additional materials and answers to questions that the Committee either did not have sufficient time to pose to you, or fuller answers to questions with which we dealt in part, during your appearance.

The Committee would appreciate your prompt cooperation in responding to the following additional questions concerning matters within the jurisdiction of the Committee and as to which your Agency's information is urgently required for the Committee's Interim Report.

1. In your response to questions concerning NIDA's stewardship concerning the mandate contained in Public Law 94-371 you stated, in essence, that you had formed a Task Force to consider this mandate and that NIDA had let a contract for research into the problems of women, juveniles and other minorities afflicted by drug abuse. Please supply the date on which the Task Force was formed; what has been its activity since then and please transmit copies of any programs, projects or documents submitted or considered by this Task Force, or any instructions you may have provided the members and subsequent implementation. Please give the names and positions of the members of the Task Force. Please supply the date on which the NIDA contract to which you referred was first advertised for proposal, submission, and let; to whom it was let, the expected period and purpose of performance, and what has transpired since.

2. You were also asked about NIDA's priorities. Please relate these priorities to the distribution of NIDA's budget allocation and expenditures, by program category, divisions and branches. What was the allocation and expenditure in fiscal year 1976 for criminal justice programs? What was actually expended for program and personnel, including the number and job descriptions of such staff responsible for these efforts? What portion of this allocation was expended for support services by contracts and/or grants or non-NIDA staff? Provide descriptions of each such funded program or project. Please prepare the same information for the following other categories: education, prevention, sustained drug treatment, rehabilitation, demonstration projects, and special population activities such as minorities, women and youth.

3. Once Division and Branch budgets have been allocated, under what circumstances may any portion of those funds be transferred to other categories? May such previously designated funds be diverted to categories not initially specified? Are such decisions made collaboratively, unilaterally, and by whom? In the event of such "borrowing", is the funded program or project then designated as a product of the funding Division or does the budget reflect the specific categorical expenditure? How many public relations personnel are currently on staff? Where was the programmatic and staff funding for the "Office of Communications" originally? From what source do you provide funds for the operation of ADAMHA? How is NIDA's share of those costs determined?

4. Of the funds allocated to NIDA for fiscal year 1976 for foreign travel, and technical assistance, operational research and other programs not directly serving U.S. citizens, indicate the NIDA divisions and categorical funds appropriated, redirected or otherwise provided.

5. How does the NIDA expenditure abroad benefit our domestic effort? Inasmuch as NIDA's programs are directly administered, not regionalized, what portion of NIDA's expenditures result in domestic monitoring, the provision of technical assistance, and any other support services? Is such evaluation done by NIDA or non-NIDA personnel? Do all NIDA funded projects have to comply with Federal funding criteria? Are the additional fiscal year 1977 slots, referred to in hearings, all treatment oriented, as distinguished from specifically drawn research and demonstration model projects?

6. Please submit your comments on the obvious lack of coordination between what is said in the Shellow Report (and rather unwisely publicized prior to your having an opportunity to study it) and the President's comments on September 27 in Miami to the effect that one-half the crime in the U.S. is drug related. Please submit a detailed statement as to how, when and in what manner your agency interacts with law enforcement agencies. We do not want a bare listing of the task forces, committees, subcommittees, etc. What we desire is factual information as to how each of you distribute information to other agencies and what is done with it, to your knowledge. As to your success rate in treatment programs, please make available data on heroin addiction as correlated to poor housing, joblessness, and poverty.

7. What liaison does NIDA have with American companies which are currently producing psychotropic substances abroad? What legislation might be useful to afford better oversight of these companies, who face no FDA type controls abroad and whose overproduction may have a causal relationship to the increased availability domestically and thereby related to the current increases in street traffic and polydrug abuse? What legislation would you propose that would ensure more effective controls on over-prescriptions? Would you focus on the AMA, pharmacists, point of sale, or dispensing?

8. Please provide the Committee with exact figures on the number of clients who remain in treatment on methadone continuously for two or more years? What is NIDA's position or action likely to be in such cases? Do any NIDA funded programs refuse methadone detoxification as a legitimate therapy goal. What exact dollar amount does NIDA allow for outpatient methadone clients? What input does NIDA have in FDA methadone regulation and DEA security issues? What criminal justice efforts are being attempted to provide treatment and detoxification for incarcerated populations? How many cities have a drug coordinating office? Does your data indicate any relationship between the existence of such an office and more or less effective drug prevention, treatment and rehabilitation program efforts? Are they more or less effective if operated by the Health Department, Criminal Justice Divisions or Mayor's Office? Do you know what level of statutory and fiscal authority is necessary for such city offices to operate effectively? If given Bloc Grants directly, could such city offices function in ways now performed by single state authorities?

9. What is the rationale for drug programs being directly administered by NIDA instead of their being regionalized and administered by existing HEW regional offices? Was the exclusion of drug treatment and rehabilitation provisions in the 1975 amendments to the Public Health Services Act (Public Law 94-63) a deliberate HEW or national drug treatment policy? Who made such a determination? Do you view that exclusion consistent with Congressional intent and Public Law 92-255? In the absence of reference to drug treatment in the PHHS Act, what then do you propose is the regional health planning organizations' responsibility to drug treatment needs, as a public health issue?

10. What, if any, progress is being made at the national level to integrate the categorical drug effort into HSA health programs, HMO's neighborhood health centers or group practices? Under what circumstances do the staffs of NIDA, NIAAA and HSA meet towards implementing these programs into the general health care delivery system which HEW funds. Do all hospitals receiving Hill-Burton funds provide services to addicts? Wherever possible, please provide such documentation as exists which relates to formal collaboration or participation. By what process and with what regularity does NIDA evaluate changing patterns of drugs of abuse (dual, multi-, gender, age and ethnic population ratios) and to what extent do such findings affect the location, and nature of treatment therapies, staffing, intake and success criteria?

11. Given your emphatic support of the investment in the development of LAMM and your expressed commitment to the equally significant NIDA funded support services such as career, health, and psychological assistance, how do you propose to offer such rehabilitative counseling with considerably reduced weekly contacts with clients? What is the characteristic typology of those who are viewed as the potential LAMM client? What indices, if any, are anticipated as reasons for exclusion . . . sex, age, state of physical or mental health, legal status? Considering the extensive increase in cost in providing treatment due to an inflationary economy, how does the current federal/local matching formula

expect to maintain current treatment populations? How does NIDA hope to overcome local insurance liability restrictions for programs involved in LAMM distribution.

We appreciate your prompt attention to these matters which will facilitate our work. We thank you for your courtesy and cooperation.

Very truly yours,

JOSEPH L. NELLIS,  
Chief Counsel.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
PUBLIC HEALTH SERVICE,  
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION,  
Rockville, Md.

HON. JOSEPH L. NELLIS,  
Chief Counsel, Select Committee on Narcotics Abuse and Control,  
U.S. House of Representatives,  
Washington, D.C.

DEAR MR. NELLIS: You will find enclosed the responses of the National Institute on Drug Abuse to the questions contained in your letter of October 8, 1976. In addition, I have enclosed materials which provide more detailed information on the Institute's policies and programs. These materials have been labeled to correspond to the questions in your letter.

I look forward to working with you and members of the House Select Committee in the future to address the important issues in the field of drug abuse, particularly the response of the Federal Government to the problem.

Sincerely yours,

ROBERT L. DUPONT, M.D., Director.

Enclosures.

*Question 1.* In your response to questions concerning NIDA's stewardship, concerning the mandate contained in Public Law 94-371 you stated, in essence that you had formed a Task Force to consider this mandate and that NIDA had let a contract for research into the problems of women, juveniles and other minorities afflicted by drug abuse. Please supply the date on which the Task Force was formed; what has been its activity since then and please transmit copies of any programs, projects or documents submitted or considered by this Task Force, or any instructions you may have provided the members and subsequent implementation. Please give the names and positions of the members of the Task Force. Please supply the date on which the NIDA contract to which you referred was first advertised for proposal, submission, and let; to whom it was let, the expected period and purpose of performance, and what has transpired since.

*Response. Task Force on Women In Treatment:* The Task Force I referred to in my testimony before the Select Committee was one established earlier this year to specifically oversee the Institute's plans to identify the unique needs of women in drug abuse treatment and to plan services that respond to those concerns.

The Task Force, which first met in March 1976, is comprised of the following members of the Institute staff including myself:

Dr. Michael Backenheimer, Program Analyst, Office of Program Development and Analysis.

Dr. Monique Braude, Pharmacologist, Division of Research.

Leona Ferguson, Acting Chief, National Clearinghouse for Drug Abuse Information.

Margaretta Hall, Social Science Analyst, Service Research Branch, Division of Resource Development.

Carl Hampton, Chief, Criminal Justice Branch, Division of Resource Development.

Linda Hargnett, Program Analyst, Division of Community Assistance.

Deborah Hastings-Black, Acting Chief, Employment Development Section, Services Research Branch, Division of Resource Development.

Alberta Henderson, Special Assistant for Women's Concerns, Office of the Director.

Dr. Joan Rittenhouse, Supervisory Research Psychologist, Division of Research.  
Rose Shannon, Secretary, Office of Program Support.

Dr. Eduardo Siegel, Deputy Director, Division of Scientific and Program Information.

Betsy Slay, Computer Specialist, Division of Scientific and Program Information.

Maureen Sullivan, Program Analyst, Management and Training Branch Division of Resource Development.

Pamela Jo Thurber, Chief, Executive Secretariat, Office of the Director.

Among its activities, the Task Force has (1) reviewed the scope of the Institute contract with Burt Associates to study the female drug abuser, "The Nature and, Extent of Drug Abuse Problems and Effective Treatment for Female Abusers," (2) studied the implications of the Federal Funding Criteria for women in treatment, (3) surveyed the membership of the Institute's Advisory groups and recommended that more women be nominated, (4) evaluated data on women in treatment, and (5) begun to compile a list of all Institute projects dealing with women.

#### *Implementation of Public Law 94-371*

In order to explore the implications of the mandate contained in Public Law 94-371 for NIDA programs, we have in accord with the provisions of Public Law 94-371, required that the States specifically address in their State plans for drug abuse the services to be provided to meet the needs of women and youth. In addition, we have surveyed our activities for women, juveniles and other minorities affected by drug abuse. Those activities which are conducted throughout the Institute, are described below. In general, NIDA is meeting those needs, in fact, it might be said that in view of the profile of those who are in federally funded drug abuse treatment, we are particularly well invested in studying and planning and providing services for women and minority groups.

#### *Women's project—Services demonstration*

One of the priority issues being addressed by the services demonstration program is to identify the needs of women in treatment. A study to develop a knowledge base on the nature and extent of drug use among women has been initiated and a report on its progress is attached. The research program also has ongoing several projects which are studying these populations, of particular interest are those exploring the effect on pregnancy of drug use. Those studies are listed in the attachments.

#### *Prevention*

During fiscal year 1976, the Prevention program funded 43 model demonstration and prevention grants which were youth-serving, in whole or in part, at a total cost of \$3,967,419. It is estimated that these grants gave direct services to over 76,000 youth. In addition, 22 of these grants were targeted for minority populations including Blacks, Native Americans, Asians, and Spanish speaking. Our total cost for these 22 minority grants was \$2,149,659. More than 47,000 minority persons were given services as a part of these demonstrations.

In cooperation with the Pacific Institute for Research and Evaluation, NIDA provides a national network for assistance to State and local programs in drug abuse prevention. The nature of this assistance for minorities, youth and women varies but includes requests for materials, prevention program strategies, program developments, funding sources, and evaluations. The specific number of requests over the past year from the target groups of Public Law 94-371 include; 820 contracts with youth-serving agencies, 440 requests from minority programs and 50 requests from women's programs. In addition, we have provided consultants for on-site technical assistance to 215 minority programs, 615 youth-serving agencies and 23 women's programs.

With the Joint Center for Community Services, NIDA has designed the Multi-Cultural Resource Center, a national program to address the needs of minorities. More than 400 minority drug abuse prevention programs have been contacted, 50 minority films reviewed and minority-directed prevention literature collected from across the country. Ten booklets have been produced (two for each of the minorities involved) which are presently being printed and will be distributed shortly for minority use in prevention programs. The funding expended during fiscal year 1976 was approximately \$350,000.

In addition, the Institute conducted a National Search for drug abuse prevention efforts which focus primarily upon youth. It identified and spotlighted successful, community-based grass-roots efforts which provide young adults, the

population at highest risk for drug abuse, with constructive alternatives to drugs and other self-destructive activities. Such programs frequently offer assistance to teachers and counsellors and other providers of service by sensitizing them to the needs of youth. The Search also promoted the development of a communication system linking prevention programmers throughout the Nation, many of whom were working in isolation from similar efforts elsewhere.

In its first round, approximately 750 programs were identified. They served primarily high risk youth, providing a range of both direct and indirect services to client groups ranging from a few dozen to 90,000. A typical program will serve from 100 to 350 high risk youth. An estimated total of 4,000,000 persons received indirect services and benefits including information, newsletters, and one-time events; 190,000 received direct services and benefits through one-to-one counseling, rap sessions, skills training, alternative activities such as constructive community roles, referrals to rehabilitation services, and job assistance.

Many of these efforts are low cost; some are completely voluntary. A number are supported from private and foundation sources, and a fair proportion receive state and/or federal drug abuse funding. This effort cost the Institute approximately \$133,000.

### *Training*

All of NIDA's manpower and training efforts include minority populations as a priority concern. Activities which are specifically designed to insure achievement by minority group members include:

(1) Training Grant guidelines which specifically mandate minority concerns as a priority to be addressed by the applicant.

(2) Development of the Career Development Center (CDC) with the specific mandate to assist paraprofessional workers within the drug abuse field in the attainment of greater career mobility within the health care/human services field. Some specific efforts of the Center have been:

a. Puerto Rican Conference—a conference held in June 1975 to identify specific problems of Puerto Rican drug abuse workers and develop an action plan to meet their needs. This conference resulted in the development of a Puerto Rican training resource center.

b. Continuing Education Credits for drug workers participating in the National Drug Abuse Conference (1976, 1977) and the Alcohol and Drug Problems Association Conference (1977).

c. Working Conference on Women Drugs and Career Development. This conference was the basis for validation of a training program for women seeking to reenter the working world after drug rehabilitation.

d. Subcontract with Universidad Boricua to implement advanced standing external degree concepts developed by the CDC.

(3) Support of Chicano Alliance Training Institute, which provides counselor training.

(4) National Drug Abuse Center for Training and Resource Development—The Center has developed and is in the process of validating a packaged training program on "Women in Treatment."

### *Data on clients in treatment*

The following data on the age, sex and ethnicity of clients in Federally funded drug abuse treatment are provided for your information:

	1975	January to March 1976
Males (percent).....	76	74
Females (percent).....	24	26
Total personnel.....	207,733	59,178
Under 18 (percent).....	12	10
18 to 20 (percent).....	13	11
21 to 25 (percent).....	33	32
26 to 30 (percent).....	22	25
30 and over (percent).....	20	22
Total personnel.....	206,850	59,005
White (percent).....	52	51
Black (percent).....	35	36
Spanish (percent).....	11	12
Other (percent).....	1	1
Total personnel.....	207,279	59,081

As you can see we are doing a fair amount in programming for the needs of women, minorities and juveniles; however, we can and we will do more.

*Question 2.* You were also asked about NIDA's priorities. Please relate these priorities to the distribution of NIDA's budget allocation and expenditures, by program category, divisions and branches. What was the allocation and expenditure in fiscal year 1976 for criminal justice programs? What was actually expended for program and personnel, including the number and job descriptions of such staff responsible for these efforts? What portion of this allocation was expended for support services by contracts and/or grants or non-NIDA staff? Provide descriptions of each such funded program or project. Please prepare the same information for the following other categories: education, prevention, sustained drug treatment, rehabilitation, demonstration projects, and special population activities such as minorities, women and youth.

*Response.* NIDA priorities and budget allocation—Fiscal Year 1976: The following chart summarizes the priority activities of the Institute in fiscal year 1976 along with the budget allocations for each:

<i>Priority program and division</i>	<i>Budget allocation/ expenditures (millions)</i>
Community programs-----	\$174. 1
Division of Community Assistance:	
Maintain full utilization of the 95,000 treatment slots and assure treatment program compliance with national treatment standards.	
Increase usage of Statewide service contracts as a means of promoting direct administrative responsibility for treatment at the local level.	
Continue to provide technical assistance to the States to help them assume an increase in treatment responsibilities as rapidly as possible.	
Division of Resource Development:	
Demonstrate models of innovative treatment techniques.	
Support prevention activities which encourage individuals to avoid abuse of illicit substances.	
Research-----	33. 8
Division of Research:	
Develop sustained-release drug delivery mechanisms which may improve treatment methods by reducing the patient's dependence on frequent clinic visits.	
Publish new findings on the nature and extent of heroin addiction which indicate that heroin use is both more prevalent and less permanent than previously surmised.	
Begin large-scale clinical testing of LAAM (long-acting methadone) and the narcotic antagonist Naltrexone.	
Training-----	9. 8
Division of Resource Development:	
Phase down the Federal direct training effort. Support the regional training centers for the last time.	
Continue development of a national training system centered around the National Drug Abuse Training Center and implement through contracts with and technical assistance to the single State agencies for drug abuse prevention.	
Initiate a new contract for development of a model credentialing method which will be replicated and distributed throughout the national training system.	
Management and information-----	8. 4
Division of Scientific and Program Information:	
Complete and annualize the national drug abuse treatment utilization survey.	
Install the client-oriented data acquisition process (CODAP) on Government processing facilities and introduce two major report series for use by Government agencies and the public.	
Identify and catalog programs and clinics across the Nation.	
Staffing-----	6. 1
Total, National Institute of Drug Abuse-----	232. 2



A specific breakdown of the fiscal year 1976 appropriation by program areas follows (in thousands):

*Division of community assistance*

Project grants:

Staffing:

Continuation.....	\$7, 904
Supplemental.....	633

Subtotal.....	8, 537
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Service—8 Years:

Continuation.....	36, 687
Supplemental.....	3, 063

Subtotal.....	39, 750
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Service—3 Years:

Continuation.....	3, 988
Competing.....	1, 111
New.....	316
Supplemental.....	2, 878

Subtotal.....	8, 293
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Demonstration:

Continuation.....	8, 328
Competing.....	180
New.....	477
Supplemental.....	869

Subtotal.....	9, 854
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Previous education:

Continuation.....	2, 049
Competing.....	186
New.....	10
Supplemental.....	133

Subtotal.....	2, 378
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Total project grants:

Continuation.....	58, 956
Competing.....	1, 477
New.....	803
Supplemental.....	7, 576

Total.....	68, 812
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Contracts:

Statewide:

Renewal.....	62, 580
New.....	
Supplemental.....	

Subtotal.....	62, 580
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NARA: Renewal.....

764

Subtotal.....

764

Technical assistance:

Renewal.....	327
New.....	2, 061

Subtotal.....	2, 388
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Demonstration:	
Renewal.....	1,059
New.....	1,568
Subtotal.....	<u>2,627</u>
Previous education:	
Renewal.....	1,280
New.....	
Supplemental.....	
Subtotal.....	<u>1,280</u>
Psychiatric care: Renewal.....	600
Subtotal.....	<u>600</u>
Total contracts:	
Renewal.....	66,610
New.....	3,629
Supplemental.....	
Total.....	<u>70,239</u>
Formula grants:	
Continuation.....	35,000
Supplemental.....	
Total.....	<u>35,000</u>
Total community programs.....	<u>174,051</u>
<i>Division of Research</i>	
Continuation:	
Epidemiology.....	3,194
Etiology.....	989
Hazards.....	2,725
Treatment.....	4,582
Basic research.....	3,003
General research support.....	2,864
Centers.....	2,298
R.C.D.A.....	218
Subtotal.....	<u>19,873</u>
Competing/New:	
Epidemiology.....	3,519
Etiology.....	763
Hazards.....	1,514
Treatment.....	1,460
Basic research.....	1,340
General research support.....	2,299
Centers.....	246
R.C.D.A.....	204
Subtotal.....	<u>11,345</u>
Direct operations (ARC).....	<u>2,569</u>
Total research.....	<u>33,787</u>

*Training*

## Clinical Training:

## Grants:

Continuation.....	2, 129
Competing.....	396
New.....	564
Supplemental.....	222

Subtotal..... 3, 311

Contracts: N.D.A.T.C..... 1, 865

Subtotal..... 1, 865

## Other:

Renewal.....	1, 547
New.....	2, 577
Supplemental.....	116

Subtotal..... 4, 240

Total clinical training..... 9, 416

*Research training*

## Fellowships:

## Predoctoral:

Continuation.....	14
New.....	55

Subtotal..... 69

## Postdoctoral:

Continuation.....	217
New.....	123

Subtotal..... 340

Total fellowships..... 409

Total training (clinical and training)..... 9, 825

	Positions	Amount
Management and information:		
OS-NIDA.....	84	\$4, 430
Community assistance.....	60	1, 447
Resource development.....	53	1, 293
Research.....	46	1, 174
Information.....	52	4, 663
General fund.....		1, 500
Total management and information.....	295	14, 507
Total, NIDA.....		232, 170

*Criminal justice programs*

The fiscal year 1976 budget allocation for criminal justice activities is as follows:

Program: Model Building, Criminal Justice Symposium, technical assistance to the States for capacity building and linkages between State criminal justice planning agencies and drug abuse Single State Agencies, new studies for legislative changes, research and demonstration.....	\$125, 000
Expended.....	(188, 966)
Personnel.....	136, 900
Total.....	261, 000

In addition to the expenditure for criminal justice activities within the Institute, the total dollar amount devoted to drug abuse treatment slots used by criminal justice system referrals is estimated to be:

Treatment alternatives to street crime (TASC): 4,500 slots at \$1,672 per slot, \$7.5 million.

Bureau of Prisons (BOP): 2,500 slots funded by BOP.

Narcotic Addict Rehabilitation Act (NARA): 205 patients at \$2,940 per slot, \$601,500.

Many of the patients referred to community treatment are referred from the criminal justice system.

*Demonstration projects—Special population activities*

The Services Research Branch budget for fiscal year 1976 for grants and contracts was as follows:

Area (fiscal year 1967 total funds):

SRB demonstration grants.....	\$9, 873, 295
SRB demonstration contracts.....	1, 727, 093
Support services—Independent review group grant.....	40, 500
<b>Total.....</b>	<b>11, 640, 888</b>

Issue areas (fiscal year 1967) subtotals:<sup>1</sup>

Women.....	2, 416, 425
Minorities.....	1, 204, 714
Hospital referral and outreach.....	408, 052
Native Americans.....	790, 088
Polydrug.....	712, 073
Youth.....	1, 064, 399
Drug/alcohol.....	1, 615, 198
Family therapy.....	501, 279
Treatment outcome evaluation.....	1, 528, 525
Vocational rehabilitation and employment.....	795, 961
Criminal justice.....	159, 137
Elderly.....	21, 488
Drugs in industry.....	111, 811
Rural.....	5, 400
Health care financing.....	41, 514
Inhalant abuse.....	88, 474
Use of paraprofessionals.....	120, 350
Methadone.....	15, 500
<b>Total.....</b>	<b>11, 600, 388</b>

<sup>1</sup> This does not include funds committed to these issues and prior years or those planned for fiscal year 1977.

*Education and prevention programs and activity*

<i>Grants and title</i>	<i>Amount</i>
Small Tribes Organization of Western Washington Drug Abuse Education Project.....	\$114, 641
Alternatives to Drugs—The student video process.....	85, 441
Peer oriented drug abuse educational network.....	69, 980
Careers in change.....	28, 000
Drug abuse prevention, education, and information program.....	72, 323
Here's Help's Project Dasein.....	76, 000
Comprehensive drug abuse prevention program.....	80, 734
Early drug abuse intervention.....	119, 341
Pilot demonstration drug training program.....	134, 774
Teacher training and prevention.....	50, 000
Open door development and prevention education program.....	40, 000
Miami Youth (AA) Project.....	125, 000
Immigrant social service—Youth program.....	119, 446
Livingstone College drug abuse prevention program.....	73, 152
Community education project for Mexican Americans.....	127, 104

*Education and prevention programs and activity—Continued*

<i>Contracts and title</i>	<i>Amount</i>
Drug control training for recreation personnel.....	114, 239
Miccosukee Indian drug education program.....	40, 090
Harbel—NWBC, drug education/abuse prevention project.....	81, 000
RAP youth alternative learning project.....	87, 000
Navajo drug abuse education project.....	91, 698
Training program for human behavior workers.....	110, 000
Mescalero Apache drug prevention program.....	165, 000
COPAS youth project.....	176, 000
Project Redirection—District 10 drug abuse program.....	20, 820
Media program for addiction control—Northwest Alaska.....	5, 000
Training for a school program in self-understanding.....	47, 169
New direction—Boston.....	89, 486
Scientific evaluation.....	34, 800
<b>Total grants.....</b>	<b>2, 378, 238</b>
Multicultural resource center.....	499, 996
Community technical assistance.....	656, 358
Social seminar.....	39, 352
National search.....	84, 000
<b>Total contracts.....</b>	<b>1, 279, 706</b>
<b>Total programs.....</b>	<b>3, 657, 944</b>
Management and information:	
Personnel: 1 GS-15 Branch Chief, 1 GS-15 Education Advisor, 1 GS-14 Training and Education Advisor, 1 GS-14 Public Health Advisor, 1 GS-12 Training and Education Advisor, 1 GS-6 Secretary, 1 GS-5 Grants Clerk, 2 GS-4 Clerk/Typists.	
Total personnel.....	196, 671
Other objects: Travel, printing, supplies, etc. (estimated).....	23, 651
Total management and information.....	220, 322
<b>Total prevention (estimated).....</b>	<b>3, 878, 266</b>

*Fiscal year 1977*

The fiscal year 77 budget for NIDA includes increases of: (1) \$12.8 million for 7,900 new treatment slots; (2) \$3 million for new demonstration efforts; (3) \$1.2 million for new prevention and education grants; (4) \$5 million for formula grants to the States; and (5) an inflationary increase of \$3.9 million for a total fiscal year 77 increase of \$25.9 million.

The new demonstration program will focus on methods for treating the abuse of amphetamines and barbiturates as recommended by the Domestic Council's "White Paper on Drug Abuse."

A modest increase will be applied to treatment grants and contracts to partially compensate for inflationary costs of recent years to maintain a 102,000 treatment slot capacity.

*Enclosures.*

*Question 3.* Once Division and Branch budgets have been allocated, under what circumstances may any portion of those funds be transferred to other categories? May such previously designated funds be diverted to categories not initially specified? Are such decisions made collaboratively, unilaterally, and by whom? In the event of such "borrowing," is the funded program or project then designated as a product of the funding Division or does the budget reflect the specific categorical expenditure? How many public relations personnel are currently on staff? Where was the programmatic and staff funding for the Office of Communications originally? From what source do you provide funds for the operation of ADAMHA? How is NIDA's share of those costs determined?

Response. Transfer of Funds Within the NIDA Budget: NIDA's budget is composed of four budget activities; Community Programs, Research, Training and Management, and Information. Funds are not transferred between these categories unless justified by compelling programmatic considerations. In such cases, the Institute submits a request to the Congress for permission to make the transfer.

Within budget activities, funds are apportioned to program categories at the beginning of the fiscal year. The amounts in each program category correspond to those requested in the President's Budget as approved by the Congress. Reprogramming between these categories is initiated by Institute officials as circumstances dictate. For example, a research breakthrough in one area may trigger new funding direction in others, such as a shift in research emphasis toward the long-term, rather than the immediate, social and health consequences of marihuana use. Or, within Community Programs, funds can be shifted from categorical treatment service grants to statewide service contracts, to obtain a better mechanism for promoting direct administrative responsibility for treatment at the local level.

Fund reprogramming requests are initiated by program managers and acted upon by the Institute's Associate Director for Program Operations. This decision is made following an evaluation of factors which cross organizational lines and in collaboration with a variety of staff sources. For example, a decision to support treatment services with the contract rather than grant funding mechanism, and make a funding transfer to effect it, is made by the Associate Director after evaluating the following factors; the budget officers' estimate of fund availability in various cost categories, the treatment program development specialist's determination of suitable projects for amalgamation, the contract management officer's summation of applicable regulations and the Institute Director's and Agency Administrator's concurrence with the overall concept.

Fund transfers are reflected in those budget documents which show contractual obligations for a past fiscal year. If \$10 million were reprogrammed from the cost center designated treatment services to statewide services contract, budget records for the Division of Community Assistance would show a \$10 million increase in the one category, and a like decrease in the other, but the Division's overall obligation level would be unaffected. The past fiscal year budget record would show the number and amount of statewide service contracts, within the Division's Community Programs budget activity, obligated in addition to those initially requested in the President's Budget for that fiscal year. By comparing the two documents, the distinction (increase in one program, decrease in the other) would be clear. The specific categorical expenditure increase, however, would be subsumed under total statewide program obligation amount, and not be identified as a separate entity.

#### *The Office of Communications and Public Affairs*

With regard to your inquiry about "public relations" personnel, there are 14 positions in the NIDA Office of Communications and Public Affairs (OCFA). Of these fourteen, three are directly involved with public information activities which include the press and other media.

The Office of Communications and Public Affairs has four distinct functions: The NIDA Library, the Clearinghouse, Technical Information Services, and Press Information. The following is a breakdown by activity:

*Library.*—Journal articles, books, films and literature searches for information on drugs are provided by the library for NIDA staff, scientists from other institutions, contractors, and the general public.

*Clearinghouse.*—The Clearinghouse responds to queries for drug abuse information from the general public and the scientific community, and maintains an inventory of the vast quantities of technical and lay language publications on drugs.

*Communications Services.*—This office arranges for the development of publications, clears materials prior to publication, provides pretest services, editorial and graphic assistance for publications, and coordinates drug abuse prevention week.

*Press Information.*—This function includes writing and issuing statements to the press, such as the release of the annual Marihuana and Health Report, and the national surveys of the nature and extent of drug use, and developing media campaigns directed at the prevention of drug use among youth, for example.

All of these activities which now comprise the NIDA Office of Communications and Public Affairs were handled in various parts of the Institute prior to July 1976, when approval to establish OCPA was obtained from the Department. Funding is derived from the allocation used to support these activities prior to their inclusion in the new office. The streamlined structure has proven to be more effective and responsive to the public.

#### *Funding for ADAMHA*

NIDA is annually assessed approximately 1 percent of the Management and Information appropriation for NIDA's portion of common program support services such as postage, telephone, and accounting/finance activities. NIDA does not support the operation of ADAMHA per se.

*Question 4.* Of the funds allocated to NIDA for fiscal year 1976 for foreign travel and technical assistance, operational research, and other programs not directly serving U.S. citizens, indicate the NIDA Divisions and categorical funds appropriated, redirected, or otherwise provided.

Response. For fiscal year 1976, funds for foreign travel, technical assistance, and research overseas were not included specifically as line items in NIDA's budget.

This program area is developing under the statutory authority of Public Law 86-810 (Sections 3, 4, 5, and 6) and Public Law 93-353 (Section 106) and the policy framework of the "White Paper on Drug Abuse." Three major areas are now included in NIDA's international demand reduction program; foreign travel, technical assistance, and research.

Funds for foreign travel by staff are from NIDA's regular travel budget—a portion of which is reimbursed by the A.I.D., Department of State. The amounts to be spent are determined by a foreign travel ceiling set by ADAMHA, which receives a ceiling from the Office of International Health, DHEW. To insure proper use of travel funds, criteria have been developed to set priorities for travel, with international travel to attend meetings as our lowest priority.

The actual amount spent for foreign travel in fiscal year 1976, including the transition quarter, was \$52,563 for 44 trips by NIDA staff. Of this travel, NIDA has been reimbursed for 5 trips, totalling \$5,540, by the A.I.D., Department of State.

Funds for technical assistance come from NIDA's regular Management and Information funds and from Cabinet Committee on International Narcotics Control (CCINC) funds of the Department of State transferred to NIDA.

In fiscal year 1975, NIDA spent \$85,001 on one technical assistance contract, dealing primarily with the Southeast Asia and Latin American regions. This project, involving nine consultant activities, was primarily to stimulate greater in-country efforts in assessment, treatment, and rehabilitation. No fiscal year 1976 funds were expended for technical assistance.

International research projects are supported under our research project grant and contract program. Foreign grant applications compete against domestic projects for funding with additional and more stringent criteria established by the Public Health Service to insure domestic benefit. A copy of these criteria is attached. For fiscal year 1976, 12 projects were funded for a dollar total of \$543,104.

In NIDA, the Division of Research administers the international research projects, and the International Activities Unit in the Office of the Director administers the foreign travel and technical assistance programs in conjunction with the relevant Division and Branch.

With regard to foreign research, \$99,500 has been allocated in fiscal year 1977 for a demonstration contract to be negotiated with the Government of Hong Kong for a study of the utility and efficacy of outpatient acupuncture. The demonstration that will be conducted will be of value to the Institute in understanding the potential for use of outpatient acupuncture with clients in need of detoxification, who refuse to become involved with any of the modalities currently in use for those purposes. Hong Kong provides us with both a large population permitting a controlled study, and an expertise among treatment personnel that permits a best test of the technique of outpatient acupuncture.

The Institute has also jointly sponsored drug specific training for high and mid-level professionals brought to the United States by the Council of International Programs exchange program. In 1976, 10 persons were trained through the National Drug Abuse Center at a cost of \$15,023.

An International Training Support Program will be the focus of the 1977 International Training efforts. These last two efforts, demonstration and training, are funded through the Division of Resource Development budget.

*Question 5.* How does the NIDA expenditure abroad benefit our domestic effort? Inasmuch as NIDA's programs are directly administered, not regionalized, what portion of NIDA's expenditures result in domestic monitoring, the provision of technical assistance, and any other support service? Is such evaluation done by NIDA or non-NIDA personnel? Do all NIDA funded projects have to comply with Federal funding criteria? Are the additional fiscal year 1977 slots, referred to in hearings, all treatment oriented, as distinguished from specifically drawn research and demonstration model projects?

Response. International Activities: Expenditures abroad are for the benefit of the United States in two major ways; to bring to the attention of officials in other governments their own drug abuse problems, which will motivate them to co-operate with the U.S. and international organizations in reducing the supply of drugs, and facilitate the development and exchange of knowledge regarding the

nature of drug abuse. Demand programs are part of an integrated U.S. drug abuse program that demonstrates that we are concerned with the demand and health aspect of drug problems in other countries, as well as their supply and law enforcement programs. Projects are planned for countries where foreign leaders are interested in taking care of their problems, or the country is one where the U.S. would particularly like to see such a commitment made because they are (1) a supply source for, or part of a major trafficking route or (2) opinion leaders in regional, U.S., or other international arenas.

The second way the U.S. benefits is that we learn things which are useful in dealing with drug abuse at home and abroad, and in so doing, are in a stronger position to deal with our problems. We do not promote any particular approach to reducing or preventing drug abuse, but wish to assist, within definite time and dollar limits, other countries in developing sound approaches to lessening abuse within their borders. Through these efforts we can understand more fully the best and most cost effective ways to lower demand at home and abroad, and assist our efforts to control supply and illicit distribution into the U.S.

#### *Technical assistance*

Domestic monitoring and technical assistance for drug abuse community services (treatment) costs for FY 1976 are estimated at \$2,708,851. This is comprised of the following:

<i>Monitoring</i>		<i>Technical assistance</i>	
DCA staff-----	\$440, 000	DCA staff-----	\$80, 000
Contracted-----	1, 509, 000	Contracted-----	679, 851
Total-----	1, 949, 000	Total-----	759, 851

The Institute does not have sufficient staff to itself provide thorough monitoring and technical assistance for the nationwide network of NIDA funded drug treatment programs (over 1,400 treatment service units). Therefore, we have contracted for adjuncts to NIDA staff's ongoing management activities. As problems are identified involving management efficiency of NIDA funded drug treatment programs, and as the need for technical assistance is identified, NIDA can call in on an as needed basis this outside expertise to assist the program managers in eliminating deficiencies and strengthening administrative and treatment capability is no longer needed.

In the area of demonstration programs, the Service Research Branch estimates that approximately 75 percent of the project officers' time is spent on monitoring and evaluating existing grants and contracts, and providing technical assistance to those interested in seeking funding support from NIDA. In fiscal year 1976, \$23,593 was expended for staff to travel to provide technical assistance and to monitor projects. In addition, \$1,256 was allocated for the travel of special consultants to projects to provide expert technical assistance.

Supported by the Prevention Branch, both the Pyramid Project and the Multi-Cultural Resource Center Project provide technical assistance and other support services to local operating programs. In most cases, these programs are not funded with Federal monies, although some programs do receive support from State block grants which are federally funded. In addition, during fiscal year 1976, the Stanford Research Institute began a contract to develop a reporting and evaluation system for our model demonstration grants. These programs provided direct services at the request of the local programs, except in the case of the SRI contract, which established administrative criteria for the operation of grant programs.

The State Training program is a program of continued technical assistance, resource development and exchange, as well as direct support in training development.

Further technical assistance efforts include the Institute credentialing efforts, the Career Teacher program, and a contract with the Medical Board of Examiners. The latter two programs involve a centralized effort to assist the medical community in increasing their response to providing medical practitioners competent in Substance Abuse areas.

The newly funded Regional Support Centers have also been structured to provide significant technical and training assistance to States and local programs.

#### *Federal funding criteria*

All NIDA funded drug treatment programs which receive monies from section 410 of Public Law 92-255 have to comply with the Federal Funding Criteria. The



research demonstration projects do not have to comply with the Federal Funding Criteria. However, all projects are, of course, required to comply with the Methadone Regulations, and when relevant, the Confidentiality Regulations, and to provide for the adequate protection of human subjects receiving treatment through Federal grants.

#### *New treatment capacity*

The additional 7,000 slots provided for in the fiscal year 1977 budget are all treatment oriented. The planned distribution of these slots by treatment modality is as follows:

	Number	Percent
Outpatient/drug-free	1,778	25
Outpatient/detoxification	290	4
Outpatient/methadone	3,304	47
Day care/drug-free	654	9
Day care/methadone	11	(1)
Residential/drug-free	952	14
Residential/methadone	26	(1)
Total	7,015	100

<sup>1</sup> Less than 1 percent.

Presently, each State has been asked to give priority to the needs of the criminal justice system in the allocation of 10 percent of their slot capacity. Many treatment programs get most of their referrals from the criminal justice system. For example, almost all of the clients in federally funded programs in Minneapolis come from the probation and jail system of Hennepin County.

In allocating the 7,000 new treatment slots available in FY 1977, we have asked the States to consider criminal justice needs a matter of high priority and are negotiating with them to assure that those needs are taken into account.

*Question 6.* Please submit your comments on the obvious lack of coordination between what is said in the Shellow Report (and rather unwisely publicized prior to your having an opportunity to study it), and the President's comments on September 27 in Miami to the effect that one-half the crime in the U.S. is drug related. Please submit a detailed statement as to how, when, and in what manner your agency interacts with law enforcement agencies. We do not want a bare listing of the task forces, committees, subcommittees, etc. What we desire is actual information as to how each of you distribute information to other agencies, and what is done with it, to your knowledge. As to your success rate in treatment programs, please make available data on heroin addiction as correlated to poor housing, joblessness and poverty.

*Response.* Report on drug use and criminal behavior: In commenting on the President's remarks of September 27 in Miami to the effect that one-half the crime in the U.S. is drug related, it may be that his source for this figure was a number of police administrators who have come up with estimates of between 30 percent and 70 percent. How the police administrators get their figures is not clear, although there is no question that drug abuse, most particularly heroin addiction, is statistically associated with crime. The Shellow Report simply questions whether heroin addiction is responsible for a majority or even a large part of all property crime. It was unfortunate that the newspaper stories stated that the report found no conclusive evidence to support the drug/crime connection. The connection is definitely there, but how strong it is, how extensive, how inevitable, and how it contributes to the social cost of drug abuse, are all questions in need of research. NIDA intends to pursue those questions in future work.

#### *NIDA interaction with law enforcement agencies*

First and foremost, NIDA developed, along with all Federal agencies involved in drug abuse, the Domestic Council's "White Paper on Drug Abuse" which set the philosophical tone for drug abuse policy.

The Methadone Treatment Policy Review Board is comprised of members from NIDA, DEA, FDA, and the Veterans Administration. The Chairman of this Policy Review Board is the Assistant Director for Medical and Professional Affairs at NIDA. This Board meets at the request of FDA to examine on a continuing basis the issues involving methadone treatment and the FDA Methadone Regulations.

In addition, NIDA has recently undertaken purchase predictions of Schedule II drugs under the Controlled Substances Act of 1970. These predictions are then shared with FDA and DEA for the purpose of helping them set manufacturing quotas on the amount of drugs to be produced to meet legitimate medical needs. Purchase predictions for 1976 and 1977 were supplied these agencies in a detailed form including methodology, hospital purchase, and drugstore purchase.

Our forecasting staff conducts a cooperative data collecting project, the Drug Abuse Warning Network (DAWN), with the Office of Special Programs, DEA. Since the project is ongoing, the relationship is a continuing one where the primary interaction occurs between the DEA Project Officer and the NIDA Project Officer. These two people cooperate in managing the data collection project in terms of its structure, day-to-day operations, plans, and reports. Thus, there is much face-to-face interaction. This NIDA-DEA relationship is not so much a matter of one agency distributing information to the other, but rather a joint production of information from various types of reporting facilities throughout the country, including emergency rooms of general hospitals, medical examiners, and crisis centers.

We have, in addition, created a Criminal Justice Advisory Council to begin a new initiative in Criminal Justice, a Model Building and National Symposium Project. The Council meets at least quarterly.

In affiliation with nine other agencies (the LEAA, NIAAA, the National Association of State Drug Program Planning Administrators, the U.S. Bureau of Prisons, Federal Probation System, U.S. Courts, American Correctional Association, American Bar Association, and the Drug Abuse Council), NIDA conducted a National Issues and Strategies Symposium on the Drug Abusing Criminal Offender. That forum was used to disseminate information from a range of agencies and programs including DEA, LEAA, and the White House. Well over 150 Criminal Justice and Drug Treatment Agencies attended including 20 State planning agencies.

NIDA also participates in the Cabinet Committee for Drug Abuse Prevention, Treatment, and Rehabilitation's Criminal Justice Subcommittee. Further, NIDA participates in LEAA's drug related studies; a study on local jails and drug treatment, a study on the effects of New York's new narcotic laws, the Prescription Package (Program Model) for Institution and Drug Treatment Programs, and a follow-up study of TASC clinics in programs funded by LEAA.

NIDA contributed to the planning activity conducted in FY 1976 by the new Federal Office of Juvenile Delinquency and Delinquency Prevention. NIDA has made substantial contribution to their first Annual Report, their analysis and evaluation of Federal Juvenile Delinquency Programs, their State Planning requirements for Federal programs related to juvenile delinquency and the new Federal Advisory Committee.

In addition, NIDA has been an active member of LEAA's Interagency Committee which promulgated the LEAA Alcohol and Drug Abuse Guidelines (3-21-75). These guides incorporate some of NIDA's Federal Funding Criteria, commit LEAA State Planning Agencies to a three-year planning and action program for drug abuse treatment programs in State correctional facilities, and require their consultation in planning with NIDA's Single State Agencies.

Also, NIDA's Single State Agency Notice #34 (1-2-76) requires the Single State Agencies for Drug Abuse to engage in joint program development and implementation with the state planning agencies for law enforcement.

A DEA representative is a member of NIDA's Executive Staff.

Finally, the Administrator of DEA and the Director of NIDA sit together on the working groups of the Cabinet Committees (Prevention, Treatment, and Rehabilitation, Law Enforcement, and International Narcotics Control), which provide a formal forum for the discussion of matters of mutual concern. Additionally, the Director of NIDA meets informally with the Administrator of DEA, the Senior Advisor for narcotics matters for the Department of State, and other top officials in the law enforcement area.

#### *Heroin addiction correlated with employment status and poverty*

Several NIDA researchers, in a study published in 1973, concluded that the rate of addiction per census tract for the city of Washington, D.C., was related to various measures of social disorganization. Significant correlations were established between addiction and various crime categories, as well as between addiction and poverty, overcrowding, and quality of family life.

Other research findings on these socio-economic characteristics of heroin addicts include the following:

1. Unemployment at induction was a significant correlate of drug use before service among enlisted men in Vietnam in 1971. Drug use while in Vietnam was associated significantly with noncompletion of high school. Having been unemployed at induction was also associated significantly with drug use while in Vietnam.

2. Young men age 20-30 who had ever used heroin were 3 times more likely to be unemployed than employed when surveyed in 1974-75 (18 percent v. 6 percent) (O'Donnell).

3. A correlation of .32 was found between the rates of unemployment in 24 SMSA's and the rates of heroin use in the same 24 communities.

Enclosures.

*Question 7.* What liaison does NIDA have with American companies which are currently producing psychotropic substances abroad? What legislation might be useful to afford better oversight of these companies, who face no FDA type controls abroad, and whose overproduction may have a causal relationship to the increased availability domestically, and thereby related to the current increases in street traffic and poly-drug abuse? What legislation would you propose that would ensure more effective controls on over-prescriptions? Would you focus on the AMA pharmacists, point of sale, or dispensing?

*Response.* American companies: NIDA does not have systematic liaison with American companies producing drugs abroad. Occasional contact occurs at meetings, but no liaison of a regular nature takes place.

#### *Foreign companies*

At the moment there is no U.S. control over foreign pharmaceutical companies in foreign countries manufacturing for their own need. However, there are two treaties designed to correct the problem which you address; the Single Convention on Narcotic Drugs controls all narcotics internationally since 1964, and the Convention on Psychotropic Substances, effective in August 1976, controls internationally the centrally acting depressants, stimulants, and hallucinogenic drugs. However, the United States is not yet a party to this treaty.

#### *Need for legislation*

NIDA recommends no legislation and feels there are alternative approaches to the issue you raise. At present, a number of different Federal agencies (including NIDA), in cooperation with the private, professional, and scientific community, are exploring these alternatives.

*Question 8.* Please provide the Committee with exact figures on the number of clients who remain in treatment on methadone continuously for two or more years. What is NIDA's position or action likely in such cases? Do any NIDA funded programs refuse methadone detoxification as a legitimate therapy goal? What exact dollar amount does NIDA allow for outpatient methadone clients? What input does NIDA have in FDA methadone regulation and DEA security issues? What criminal justice efforts are being attempted to provide treatment and detoxification for incarcerated populations? How many cities have a drug coordinating office? Does your data indicate any relationship between the existence of such an office and more or less effective drug prevention, treatment, and rehabilitation program efforts? Are they more or less effective if operated by the Health Department, Criminal Justice Divisions or Mayor's office? Do you know what level of statutory and fiscal authority is necessary for such city offices to operate effectively? If given Bloc Grants directly, could such city offices function in ways now performed by single state authorities?

*Response.* Length of Methadone Treatment: The Drug Abuse Reporting Program (DARP) provided NIDA with statistics on characteristics of drug users in treatment during 1969-1974, for a national sample of NIDA funded treatment programs. (The DARP system has been replaced by CODAP.) The DARP data indicates that one year after admission to methadone maintenance, 40 percent of the patients are still in treatment; 19 percent remained two years after admission.

NIDA believes that the decision to continue maintenance of a client is a clinical decision which must be made by the program physician and documented in the client's record. The FDA Methadone Regulations require such a review of clients on methadone with respect to their continuance on maintenance after a specific period.

To our knowledge no NIDA funded program refuses methadone detoxification as a legitimate therapy goal.

In fiscal year 1976 the slot cost ceiling for outpatient methadone services was \$1,700 per treatment slot per year; in fiscal year 1977 this is being raised to \$1,750 per treatment slot per year.

#### *Input in FDA methadone regulations*

At the request of FDA, the Methadone Treatment Policy Review Board was created with representation from NIDA, FDA, DEA, and the Veterans Administration. The Methadone Policy Review Board examines issues involving methadone treatment and the FDA Methadone Regulations and provides an appropriate forum for communication on these methadone treatment issues among these agencies. The Chairman of the Methadone Policy Review Board is a representative from NIDA, however, the final decisions for altering policy regarding the FDA Methadone Regulations, as they relate to treatment issues, still resides with FDA.

In May 1974, Congress passed Public Law 93-281 (The Narcotic Addict Treatment Act) which further amends the Controlled Substances Act. This law requires every practitioner who administers or dispenses narcotics to narcotic addicts for the purpose of either maintenance or detoxification to be registered with DEA. Prior to DEA granting registration, the practitioner must be in compliance with treatment standards set forth by the Secretary, HEW. An implementation Plan has been sent forward to the Secretary's office, which, if agreed upon, would result in the Secretary delegating the lead authority to establish the treatment standards to the National Institute on Drug Abuse.

The Director of NIDA and the Commissioner of FDA have had several meetings regarding Public Law 93-281, which resulted in a mutual agreement that NIDA would develop new narcotic treatment standards which would be published jointly by NIDA and the FDA. Subsequently, NIDA has developed these standards after consultation with various national organizations and persons with knowledge and experience in the treatment of narcotic addicts. Technically, no further action can occur with regard to publishing these standards until the Secretary has delegated this responsibility to NIDA. If and when the Secretary delegates such responsibility to NIDA, the resultant effect will be publication of these new treatment standards which will supersede the FDA Methadone Regulations, and result in NIDA becoming the lead agency for establishing standards and policy for the treatment of narcotic addicts with narcotic drugs.

#### *Treatment and detoxification of incarcerated population*

A survey of local and State jails by Charles Newman of the Pennsylvania State University College of Human Development (Local Jails and Drug Treatment) found that most jails treat withdrawal symptomatically; nausea, chills, and tension are treated with antispasmodics and other drugs. Most jails do not exclude the use of methadone for addict-inmates however, only a few specifically provide for it.

In terms of activities in Federal prisons, NIDA has encouraged the Bureau of Prisons and the Parole Board to improve detoxification services. At this time, neither Federal nor State prison systems are mandated by LEAA to provide detoxification. There are, in addition, some legal questions concerning who holds the primary responsibility for providing detoxification. A recent court decision in California held that the provision of detoxification is the responsibility of medical (rather than correctional) authorities.

In terms of treatment services, LEAA guidelines mandate the provision of a minimal level of drug abuse treatment services in county jails and State prisons. It is clear, however, that the States are not in compliance, and that the guidelines have not been rigorously enforced. One LEAA region recently surveyed its six States and found only one in compliance. Currently, the States are required to give priority to the needs of the criminal justice system in the allowance of 10 percent of their slots.

In recognition of the need to provide more treatment to those addicted who are also involved in the criminal justice system, we have, in allocating the additional 7,000 treatment slots available in fiscal year 1977 budget, asked the States to consider those needs as a matter of high priority, and are negotiating with the Single State Agencies for Drug Abuse to assure that those needs are met.

#### *City drug coordinating offices*

We have not systematically collected information on how many cities have a drug coordination office, the costs involved in effectively operating such an office, nor the relationship between the existence of such offices and the effectiveness of program efforts.

However, we are continuously working with local officials in the areas of assessment, treatment outcomes and so forth. Workshops, conferences and technical review panels are held periodically in these areas which usually include or are exclusively for city representatives. Further, we have worked with The National League of Cities/Conference of Mayors in helping them to look at these issues. Their recent survey of selected cities to determine local drug abuse needs and priorities is a consequence of this collaboration. NIDA is committed to a closer scrutiny of the needs of the cities to more effectively plan for and manage their drug abuse prevention activities. In this regard NIDA has begun working with the Single State Agencies to better address the needs of the cities in terms of assessing the problem and planning and managing the responses. Further, NIDA has not foreclosed other options which may be used to better target and use resources at the local level.

*Question 9.* What is the rationale for drug programs being directly administered by NIDA instead of being regionalized and administered by existing HEW regional offices? Was the exclusion of drug treatment and rehabilitation provisions in the 1975 amendments to the Public Health Services Act (Public Law 94-63) a deliberate HEW or national drug treatment policy? Who made such a determination? Do you view that exclusion consistent with Congressional intent and Public Law 92-255? In the absence of reference to drug treatment in the PHS Act, what then do you propose is the regional health planning organizations' responsibility to drug treatment needs, as a public issue?

*Response.* Central Administration of Drug Treatment: Historically the Federal Government has been viewed as the governmental entity primarily responsible for the treatment of drug abuse. Beginning with the Narcotic Addict Rehabilitation Act of 1966 (NARA), the Federal drug abuse program has been a highly centralized one. In 1971 the Special Action Office for Drug Abuse Prevention, a Presidential initiative on drug abuse, was organized directly in the Executive Office of the President and given responsibility for overall planning, integration, and policy development in the field of drug abuse. The recent "White Paper on Drug Abuse," developed by the Domestic Council and endorsed by the President, placed the authority to coordinate the Federal drug abuse treatment and rehabilitation effort in a Cabinet Committee chaired by the Secretary of HEW. These organizational arrangements all reflect the judgment of those in the field that centralized coordination of the activities of the various agencies involved in the treatment of drug abuse (of which NIDA is the lead agency), as well as coordination of law enforcement and treatment, would result in a more effective strategy to cope with drug abuse.

In addition to these policies which encouraged a central administrative structure for drug abuse programs, two other factors have played a part. The first is that NIDA purchases treatment services from states and local communities, monitors the utilization of these services and shifts funds between communities when the utilization rates are low. This means that NIDA must continually monitor utilization and negotiate slot purchases. If other experiences with using a regionalized form of program administration can be a guide, it would be difficult to monitor State activities from the ten HEW regions fairly and equitably. In fact, what usually occurs is that there are essentially ten variations on any program handled through the ten HEW regions. However, from another perspective, NIDA has decentralized its programs, but in a way that gives more control and decision-making authority to the State level of government rather than shifting the administration of a Federal program from Washington to ten Federal regional offices throughout the country.

#### *Public Law 94-63*

Drug treatment and rehabilitation was not excluded from Public Law 94-63. Section 303 of Public Law 94-63 amended the Community Mental Health Centers Act at Section 201(b)(1)(H)(ii) to specifically require that community mental health centers provide a program for the prevention and treatment of drug addiction and abuse and for the rehabilitation of drug addicts, drug abusers, and other persons with drug dependency problems unless there is no need for such services in that particular catchment area or the need is being met. There does not appear to be an inconsistency in Congressional intent.

The legislation that is most pertinent to the regional health planning organizations' responsibilities is Public Law 93-641, the National Health Planning and Resources Development Act of 1974, rather than Public Law 94-63. The omission of drug abuse activities from Public Law 93-641 was apparently a Congressional oversight. The exclusion was remedied with the passage of Public Law 94-237

amending Public Health Services Act at Section 14(a) placing certain drug abuse activities within the authority of the National Health Planning and Resources Act. NIDA is represented on the ADAMHA-HRA liaison committee to coordinate activities within the scope of that Act.

*Question 10.* What, if any, progress is being made at the national level to integrate the categorical drug effort into HSA health programs, HMO's neighborhood health centers, or group practices? Under what circumstances do the staffs of NIDA, NIAAA and HSA meet toward implementing these programs into the general health care delivery system which HEW funds. Do all hospitals receiving Hill-Burton funds provide services to addicts? Wherever possible, please provide such documentation as exists which relates to formal collaboration or participation. By what process and with what regularity does NIDA evaluate changing patterns of drugs of abuse (dual, multi-, gender, age and ethnic population ratios) and to what extent do such findings affect the location, and nature of treatment therapies, staffing, intake and success criteria?

*Response.* Integration of Drug Abuse into the Health Care System: In proposing the integration of drug abuse treatment services into the community health and social service system, it is important to define clearly what is meant by such an objective. In some cases what we really mean is the coordination of drug treatment services with other kinds of service programs, such as vocational training, job placement, welfare assistance, etc. On the operational level, drug programs have to interface with community medical and social service networks in order to assure comprehensive care for the drug abuse client.

In other instances, we have in mind an actual integration process whereby drug abuse treatment is brought more directly into the mainstream of health care delivery and financing. The fact that the locus of care for drug abuse treatment is now predominantly in the community lends recognition of its movement toward the general health care system. There are a number of illustrations on this theme: (1) Health Maintenance Organizations, in order to receive Federal qualification, are required to provide drug abuse services as part of their basic health benefits; (2) Public Law 92-255, Section 407, as amended, requires that hospitals which receive Federal assistance not discriminate against drug abusers in admissions policy or treatment; (3) Drug abuse programming now comes under the planning purview of regional health systems agencies as mandated by the Health Planning and Resources Development Act; (4) Public Law 94-63 requires that Community Mental Health Centers provide drug abuse services as one of their twelve (12) essential services; (5) Drug abuse training is now included in most medical school curricula.

Indeed, integration is an ongoing process that involves two basic approaches:

(a) More drug abuse services are being provided through the regular health care system.

(b) At the same time, the health delivery system is being broadened in scope to include community-based drug programs as specialized providers.

The issue of provider status for drug programs is one which directly impacts the process of integration through basic health financing, third-party reimbursement mechanisms. The major reimbursement programs (Medicaid, private health insurance) have been designed to pay for medical expenses and services which are delivered by physicians and inpatient health facilities (hospitals). (This is sometimes referred to as the "medical model.") Thus, drug abuse has tended to be covered, at best, "the same as any other illness" which has meant that the above restrictions would apply.

However, this pattern is beginning to change slightly as insurers experiment with new benefit programs to cover alcohol and/or drug abuse treatment and non-traditional providers. For example, Blue Cross and Blue Shield of Michigan has introduced coverage for substance abuse in the United Auto Worker account. Specific services that are covered include a mix of medical, laboratory and counseling services. Community residential and outpatient programs are now being approved as participating providers for this particular insurance plan.

It should be emphasized that the above benefit programs is much more the exception than the rule in terms of service coverage and provider recognition. Indeed, one of the major questions currently being addressed by the field concerns the cost-benefit of a program seeking to become accredited by JCAH. Since the cost for accreditation can approximate \$2,000, a drug abuse program typically ask if accreditation is likely to result in additional third-party revenue since: (1) The community based program would have difficulty in qualifying as an approved provider; and (2) The number of clients who have private health insurance comprise a rather small percentage of the total population in treatment.

On the other hand, this is an area where we have to take a longer-term perspective. There is a definite trend in health care toward a preference for less expensive care settings, e.g., ambulatory vs. institutional. While we would expect to see a gradual broadening of insurance coverage for drug abuse treatment, there are a number of problems with which the field must contend. For example, many carriers remain unwilling to cover substances abuse treatment because they do not consider it to be a medical problem; or they may feel that it is a self-induced condition and question the existing methodologies for evaluating the quality and effectiveness of treatment.

In efforts to facilitate our programs' access to the third-party payment systems, we have supported proposals which recommended a legislative change to require that "clinic services" be included in the list of mandated services under the Medicaid program. This is currently the most important optional service for drug programs which generally follow a free-standing, community-based model. Only thirty States include this optional service, and many define "clinic services" in such a way that they do not recognize PHS grantees for purposes of reimbursement.

Another factor which has a profoundly limiting effect on the potential for realizing third-party revenues is client eligibility. NIDA's baseline study on third-party reimbursement referenced this as the most salient factor since it is one over which programs can exert no control, "The clients of drug abuse treatment programs are among the least likely of any group in our population to have Medicaid or private health insurance. Indeed, one would be hard pressed to find a more improbable candidate for third-party coverage than the typical client of a drug abuse treatment program—an unmarried, unemployed, non-dependent, able-bodied male between the ages of 18 and 30." Examination of a sizeable client sample from twenty-two programs in eleven major States revealed that under 30 percent held third-party coverage through Medicaid (17 percent) or private health insurance (12 percent). For this reason, 30 percent is seen as the upper bound on the percentage of total program costs which can be recovered from third-party resources. If we take into account the less than full range of covered services and the reimbursement rates which are generally less than actual unit costs, we see that the real potential is probably well under 30 percent. Since the current recovery level is 5 percent for the nation (excluding New York, California and Pennsylvania which together realize 15 percent in third-party revenue), it is believed that an increase in third-party collections can be achieved.

Clearly, we are limited in what we can achieve in pursuit of the goal of integrating drug abuse services into the mainstream of health care because our efforts have to be somewhat reliant on the actions and initiatives taken at other levels of the Federal Government.

In view of how we have defined the considerations for services integration, NIDA will continue efforts to: (1) Assist programs and States in maximizing their third-party payment resources; and (2) Improve provider and service coverage for drug abuse treatment in health insurance plans.

#### *Hill-Burton*

Public Law 92-255, Section 407, as amended by Section 6(a) of Public Law 94-237 provides that hospitals give treatment to drug abusers: "Drug abusers who are suffering from medical conditions shall not be discriminated against in admission or treatment, solely because of their drug abuse or drug dependence, by any private or public general hospital which receives support in any form from any program supported in whole or in part by funds appropriated to any Federal department or agency."

Thus, hospitals receiving Hill-Burton funds would be subject to the above requirements. Regular monitoring for the Hill-Burton program attempts to assure that the recipient health care facility maintains its public or private non-profit status, provides community services by treating Medicaid eligible persons and makes available a reasonable volume of free care.

#### *Collaboration with other health agencies*

There exist many formal and informal agreements among various Federally funded programs (community health centers, drug abuse, alcohol centers) for referral of clients. Sharing in service training also may exist among service entities at the local level.

NIDA has both formal and informal contacts with the Health Services Administration (HSA) concerning program activities for several years. NIDA is represented on the Rural Health Coordinating Committee which provides both public

guidance and project oversight for a rural health initiative which attempts to achieve services integration for rural projects. A similar mechanism is under development for urban health projects.

In the past two years, NIDA has worked closely with the Division of Health Maintenance Organizations, Health Services Administration, on development of program guidelines on drug abuse treatment for the HMO Federal Regulations. The HMO basic health services package includes the following: "110.101(b) (5) Diagnosis, medical treatment and referral services (including referral services to appropriate ancillary services) for the abuse of or addiction to alcohol and drugs." Since the HMO is responsible to provide basically for *acute* care needs, appropriate referrals are made to community-based drug programs for extended treatment and rehabilitation services.

The interface of drug abuse services and HMO's is an uncharted path. Accordingly, NIDA along with ADAMHA and HSA sponsored a conference in November, 1976, to address such issues as treatment approaches, quality assurance and costs and utilization.

NIDA has collaborated with NIAAA in the funding of eleven joint drug/alcohol service delivery demonstration projects and has plans to fund two additional drug/alcohol occupational health demonstration programs in industry in FY 77.

The categorical drug effort in training has made significant impact at the national level upon the general health care delivery system. The Institute in collaboration with NIAAA has placed special emphasis on training medical students and others in medical schools in both drug and alcohol abuse treatment techniques. Career teacher awards have been granted to support faculty and curriculum development in the addiction sciences for clinical treatment, prevention, education and research. Training support has been given to the free clinics through their national association to train clinicians in methods of identifying and treating substance abusers who utilize this alternative health system.

The credentialing of drug abuse treatment workers has had a considerable impact upon the health care delivery system in assuring quality care and essential services to HMO's, HSA programs, mental health clinics and community health centers' patients. Our present philosophy in accord with the activities of the State credentialing effort aims at developing human service workers and giving broad base skills training for the health disciplines.

Interagency cooperation in developing drug abuse prevention training has resulted in a coordinated approach to resolve differences through regular policy level discussions of the Federal Agency Training Group for drug and alcohol abuse programs. ADAMHA has maintained a lead role in convening the Federal Agency Training Group which includes the training components for drug abuse treatment/prevention within all the Federal Government agencies. The Prevention Branch has also established an informal working group with a number of Federal agencies including NIAAA and NIMH which meets monthly to share information about ongoing programs and to focus on programs of mutual interest. This group is not a formalized interagency group but operates entirely on a voluntary basis. However, they have produced an inter-agency resource list which is presently being printed to assist the public in understanding the various funding sources in the drug abuse area. In addition, a number of programs have been jointly funded as a result of the work of this group.

#### *Evaluation of the Nature and Extent of Drug Use*

There are several data bases we use to evaluate changing patterns of drug use:

##### *(a) Indicators*

Drug Abuse Warning Network (DAWN).  
Client Oriented Data Acquisition Process (CODAP).  
Heroin Indicators Trend Report, Heroin Trend Index.

##### *(b) Surveys*

National Survey of High School Seniors—Dr. Lloyd Johnston.  
San Mateo County Annual Survey.  
Drug Use Among Young Men—National Survey—Dr. Ira Cissin.

##### *(c) Others*

Treatment Outcome Prospective Study (TOPS).  
Drug Abuse Reporting Program (DARP).  
NIDA tracks the prevalence and patterns of drug abuse in the United States through indicators produced by the Drug Enforcement Administration such as



price/purity data (STRIDE), arrest data, pharmacy theft data. The Center for Disease Control provides indicator data on hepatitis cases believed to be indicative of heroin use.

Compilations of heroin indicator data are made and published on a semiannual basis for use by NIDA staff as well as the drug abuse field in general. DAWN data are provided at varying levels of detail and to selected audiences. Limited statistical findings from this project are distributed fairly widely in published reports while more detailed information is distributed within NIDA and Single State Drug Abuse Agencies for their use in program planning and progress assessment.

The Drug Abuse Warning Network (DAWN) is a combined National Institute on Drug Abuse (NIDA) and Drug Enforcement Administration (DEA) effort. This network of emergency rooms, crisis clinics and medical examiners provides basic trend data on drugs. DAWN develops trend data on the use and abuse of licit and illicit substances. It also develops a profile on the existing patterns of drug abuse, changing trends in drug abuse, and areas for further exploration by Federal agencies concerned with the supply and demand of drugs used in this country and abroad.

The Client Oriented Data Acquisition Process (CODAP) is a major portion of the overall management information system developed and operated by the National Institute on Drug Abuse (NIDA). CODAP collects Admission and Discharge forms on every client entering a federally funded treatment program. These forms provide basic demographic, management, and to a certain extent, evaluation and outcome data on each client. This system allows for the determination of treatment utilization, and treatment outcome of clients in federally funded programs.

Trends in use of drugs by various groups are also measured by sample surveys of general or special populations. The predominant projects conducted for this purpose are:

(a) *The National Survey*.—Carried out annually starting in December 1974, it conducts interviews among members of a household sample age 12 and over. Rates of lifetime and current experience with twelve classes of substances, alcohol and tobacco, are tracked and tabulations are made by social and demographic characteristics.

(b) *High School Seniors*.—Carried out annually since 1974, a mail survey is conducted on successive cohorts for five years, from 12th grade to four years post-high school. The major drugs of abuse are included along with alcohol and tobacco, and both lifetime and current experience are measured. Social characteristics are tabulated.

(c) *San Mateo, California, Survey of Junior and Senior High School Students*.—Carried out annually since 1967, a self-administered questionnaire is administered to pupils in attendance in the county public school system. Changes in use by grade and sex are tabulated.

(d) *Drug-Related Deaths*.—Carried out for two successive years, a survey of medical examiners' records in nine major cities. Extensive information is collected on decedents as well as on forensic procedures for each case. Social characteristics are tabulated.

These reports when ready for publication are circulated within NIDA as well as to the general public. The Director of NIDA makes use of the information in setting policy, including policy related to treatment.

The Treatment Outcome Prospective Study (TOPS) is a prospective study currently in the developmental phases. It is intended to track drug abusers as they enter treatment, while they remain in treatment and after they leave treatment. The purposes of this study are to both determine the natural history of those drug abusers that seek treatment and to also determine the treatment effectiveness of the federally funded treatment programs. This is the first national effort at a prospective study and is directly a result of the earlier research encompassed by DARP.

The Drug Abuse Reporting Program (DARP) was the first effort to monitor treatment effectiveness on a national scale. The Institute of Behavior Research, Texas Christian University, established this data system in 1968, and continued to successfully operate it until 1974. For the six years the system was on-line, data was collected on 43,943 clients from 52 programs. The clients were rated on five performance elements (opiate use, non-opiate use, alcohol use, productive activities and criminal behavior). Drug and alcohol consumption patterns were most markedly affected while the clients were in treatment. Productive activities as employment, vocational rehabilitation programs, school and homemaking showed a less

dramatic change. Criminal behavior, as reported by arrests, convictions (time in jail) and self report illicit activities, also decreased while the clients were in treatment. These data were analyzed using demographic variables, treatment variables and outcome or performance variables. A followup study of approximately 1,850 clients initially treated in the years 1969-1971 has recently been completed. This study has demonstrated that subsequent to treatment, there is a decreased drug usage pattern with less significant changes in productive activities and criminal behavior.

*Question 11.* Given your emphatic support of the investment in the development of LAAM and your expressed commitment to the equally significant NIDA funded support service such as career, health, and psychological assistance, how do you propose to offer such rehabilitative counseling with considerably reduced weekly contacts with clients? What is the characteristic typology of those who are viewed as the potential LAAM client? What indices, if any, are anticipated as reasons for exclusion—sex, age, state of physical or mental health, legal status? Considering the extensive increase in cost in providing treatment due to an inflationary economy, how does the current federal/local matching formula expect to maintain current treatment populations? How does NIDA hope to overcome local insurance liability restrictions for programs involved in LAAM distribution?

*Response.* LAAM: NIDA is committed to supporting both pharmacological stabilization as part of maintenance treatment and rehabilitation including social, psychological, educational and vocational services directed toward stabilization and subsequent improvement of the destructive addict lifestyle. We are currently working to improve the quality and effectiveness of these services through the Federal Funding Criteria and Technical Assistance Programs.

The effect of reducing the number of weekly visits for observed ingestion of medication on the process of treatment is not known, although this is commonplace in many sections of the county using take-home methadone. There has been no evaluation of the value of daily minimal contact with the dispensing nurse, the utilization of staff time, or quantity and quality of patient contacts with staff. We are presently sponsoring a study for methadone and LAAM treatment programs to gather information on these questions.

Many clinical investigators feel LAAM offers significant advantages over methadone which are related to the utilization of supportive services and possibly effectiveness of treatment. LAAM frees the patient from the burdensome, inconvenient requirement for daily clinic attendance. Daily clinic attendance can be antitherapeutic for many patients because of the difficulties coordinating employment or educational attendance or home-making duties with clinic dispensing hours. Active participation in treatment with LAAM becomes more acceptable and patients are able to return more regularly for medication and ancillary services.

Furthermore, LAAM breaks the long established habit of daily drug consumption and daily involvement in drug procuring activities. It helps shift the patient's focus from drug related activities to efforts directed at achievement of educational and vocational goals and social-psychological rather than pharmacological stabilization. Many patients have said that LAAM allows them to feel more normal, less sedated and more functional than methadone due to its smoother, more sustained action. Thus, they are more able to actively participate in treatment.

With the need for take-home medication removed, much of the unpleasantness and hassle related to the issue of take-home privileges is alleviated. Thus, the patient's counterproductive use of deceit, game playing and manipulation regarding drug use, urine collection and take-home privileges can be reduced to a minimum. Wasted staff time and energy can be devoted to patient welfare and effective counseling. Thus, it is certainly possible that while LAAM may reduce the number of contacts, the quality and effectiveness may be increased.

The characteristics of those patients viewed as potential LAAM treated patients is not different than those recommended for methadone. Patients will be excluded for the LAAM phase III investigational new drug (IND) if they have a serious medical illness which requires the use of many other medications or may require hospitalization in the near future; if circumstances do not allow the patient to give informed consent, such as psychosis if it impairs the ability of the patient to understand the informed consent form; for the existence of unadjudicated criminal changes; or an imminent move. FDA has not yet given approval for women to be included in the phase III study due to the concern for the possible effect of the drug on a potential unborn child. We are currently working to provide data which will permit the inclusion of women.

At present, it appears that motivation is the most important predictor of treatment success for LAAM as well as methadone. A recent study by Richard B. Resnick and collaborators indicated that difficulties adjusting to LAAM by patients previously maintained on methadone were not due to specific pharmacologic actions but rather psychogenic anxiety. Their findings demonstrate that the patient's attitude is more powerful than drug differences. This data suggests that patients with more severe psychopathology less readily accept LAAM than methadone and that patients' psychosocial adjustment was directly related to acceptance of LAAM. Patients preoccupied with their daily methadone may experience deprivation from LAAM's delayed and more gradual action. Such patients frequently have limited involvement outside the drug culture and often desire opiate effects from their methadone not commonly present from LAAM. Furthermore, patients who switch from methadone to LAAM give up their take-home methadone and may be deprived of a source of income. This important area requires extensive investigation which will be possible as LAAM becomes more widely available to treatment programs.

Insurance liability for programs utilizing LAAM is only a problem while it is an experimental drug on IND status. Once a New Drug Application (NDA) is approved and LAAM can be classified as a substance with demonstrated effectiveness, programs will not require any additional insurance protection than for methadone. During the IND study, the Federal Government agreed to reimburse the contractor for liabilities to third persons for death or bodily injury arising out of performance of the contract caused by LAAM.

#### *The Inflationary Cost of Treatment*

NIDA will be providing a 3 percent increase in slot costs across the board in this fiscal year (1977). We have requested an annual 5 percent inflationary increase and an additional tri-annual 5 percent increase so that programs can manage to better keep up with inflation. A recent study of a sampling of NIDA funded drug treatment programs indicated that we are not providing all of the monies necessary for programs to meet rising costs. We recognize this and have established a 60/40 minimum Federal/program matching ratio (where permitted under enabling legislation when a program is not already below this level). We have also provided information and technical assistance concerning third party reimbursement so that programs may maximize their income from this source. It is our view that the Federal government is in a partnership with the states and local communities in this effort to provide services. This means a sharing of responsibilities and costs. It has never been intended that the Federal government assume the total cost of the nation's drug treatment. We are doing what we can to provide funds and to see that they are utilized in the most effective manner; the states and local communities fund treatment without Federal funds and in addition provide match for treatment involving Federal funds. Further, NIDA in its funding has not kept pace with inflation so these costs have also fallen on the states and local communities.

Third party payments for drug abuse have been difficult to generate. Therefore NIDA has placed a 60/40 floor on the matching ratio, invested in program reviews and technical assistance to increase managerial efficiency in treatment programs and increased its activity in the third party payor areas.

Enclosures.

#### APPENDIX I—ATTACHMENTS

##### *Question 1*

Women in Treatment Training Course Materials.  
 Women's Contract Summary.  
 NIDA fiscal year 1977 Objectives for Women's Programs.  
 Summary of NIDA Research—Women, Youth, Minorities.

##### *Question 2*

NIDA Forward Plans: Fiscal year 1977 Congressional Budget Submission.

#### RESEARCH

NIDA Research Memorandum.  
 NIDA Personnel Listing.  
 Folders: Research on Hazards—Prevention, Treatment, Basic Research, and General Research Support.  
 Catalogue of Federally Supported Drug Abuse Research—Fiscal Year 1975.

## TRAINING

## Notebook:

Training Grant Guidelines.  
 Training Grant Summaries.  
 Career Development Center Summary.  
 Puerto Rican Conference.  
 Arawak Contract Summary.  
 Council of International Programs.  
 International Training Support Program.  
 State Training Support Program.  
 Credentialling.  
 Career Teacher Program.  
 Board of Medical Examiners Contract.  
 Regional Support Centers.  
 Course Catalogue.

## PREVENTION

Multi-Cultural Resource Center Brochure.  
 Pyramid Brochure.  
 National Search.  
 Grant Project Descriptions.

## SERVICES DEMONSTRATION PROJECT SUMMARIES

Women, Minorities, Hospital Referrals, Native Americans, Polydrug, Youth Drugs/Alcohol, Family Therapy, Treatment Outcome Evaluation, Vocational Rehabilitation and Employment, Criminal Justice, Elderly, Drugs in Industry, Rural, Health Care Financing, Inhalent Abuse, Use of Paraprofessionals, and Methadone.

## CRIMINAL JUSTICE BRANCH POSITION DESCRIPTIONS

## Question 3

Office of Communications.  
 Organizational Statement.

## Question 4

Priorities and Guidelines for ADAMHA International Travel.

## Question 6

"Heroin Addiction in the City of Washington."  
 Brown, DuPont, Kozel.  
 Young Men and Drugs: A Nationwide Survey.  
 "Veteran's Drug Use—Three Years After Vietnam".

## Question 10

Summary of the DAWN System.  
 Client Oriented Data Acquisition Process (CODAP).  
 Drug Abuse Reporting System (DARP).  
 Treatment Outcome Prospective Study (TOPS).  
 CODAP Statistical Series Quarterly Report.  
 (October–December 1975.)  
 DAWN City Summaries.  
 Heroin Indicator Trend Report.

## Question 11

LAAM Monograph.

## THE VIEW FROM THE BOTTOM

We view 1977 as the year during which the direction of the national response to the drug problem must be reassessed. For us, it is an opportune time to renew our efforts to impart a "new" awareness to decision makers in the field. We hope that our efforts will result in less confusion and more coordination as we meet the challenge of the problem.

Necessarily, the point of view presented here proceeds "from the bottom." It is the point of view which we, as workers in community programs, have: while we must deal with governmental agencies, a maze of law and regulations and a changing roster of politicians in order to continue to exist, we must at the same time be able to deliver services to those people we seek to help.

It may be, then, that this paper will overemphasize a seeming dichotomy between the interests and purposes of the legislators and bureaucrats and those of the workers who deal directly with the human beings we seek to help. Nonetheless, we feel that an open approach in discussing differences of opinion as regards the national response to the drug problem will be beneficial to all of us.

Our view of the situation is that our problems arise because of the interaction between Congress and its legislation, the bureaucracy, and the interpretation of law and regulations. The law making body promulgates the laws: these are, in turn, interpreted by the bureaucrats (who are not known for their advocacy); finally, we are told, in effect, what the law means—and we have little choice in the matter. It is almost as if the left hand were working independently of the right.

In our estimation, Congress relies heavily and almost exclusively on the bureaucracy for the background, information and justification upon which most legislation is based. This is readily apparent if one reads the legislative history of a given law. We feel this situation results in a critical fallacy.

The top levels of the bureaucracy, no less than the Congress itself, are far removed from our world—the world of the client to whom we deliver services. The differences are obvious to us. It is beyond argument that bureaucracies are self-serving and self-perpetuating. Because of this, bureaucrats have a natural tendency to present problems to the legislature which are more in the nature of textbook exercises in a sociology or psychology course at the graduate level than problems taken from our world.

By way of contrast, we in community service organizations must make the legislation and regulations that give us life to operate on the day to day level. We do this by solving problems minute by minute without the luxury of timely strategies, intellectual analysis of textbook problems, or exercises in political expediency.

We somehow are able to function in a constant environment of "marginality" with priorities that are not ours, costs that were realistic three years ago, and strategies that are distorted as they sift down through the various bureaucratic levels before they reach us.

Yet, the law makers rarely seek our counsel.

Let me portray some specific situations to you.

Most drug abuse treatment programs are currently operating with at least a 35-percent matching fund requirement. Many programs are working to get a "stable" match base through service to third party payers. Most of us have taken this approach, simply because we know the whimsical nature and reliance on political expediency that is part and parcel of the bureaucracy at the Federal, state, and local levels. In addition, we have taken this approach because NIDA, our funding agency, has made it clear that "this is the way it's going to work."

Having defined the approach, NIDA sets up seminars to train us in securing these monies, and through its publication, the National Clearing House for Drug Abuse Information, NIDA tells us where the third party sources are.

Then Dr. Ted Cooper, of the Department of Health, Education, and Welfare, tells you on September 30, 1976, that Supplementary Security Income (SSI) has been made available to certain drug abusers. Then the head of HEW, David Matthews, tells you he does not feel that alcohol and drug abusers should be eligible for SSI!

Beautiful. NIDA tells us that this is the approach. HEW says that it is not.

Most drug programs having residential components rely on \$50 per month received from the Food Stamp program to provide some funds to help feed our residents and assist with our matching funds. We know of the alleged problems with the Food Stamp program, but I know of no treatment programs abusing the Food Stamp revenues. Now, in the frenzy to reform the Food Stamp program, our eligibility to receive these funds is being cancelled.

The Comprehensive Employment and Training Act (CETA) involves some dynamics, especially in poverty designated areas, that are similar to the Revenue Sharing situation. This may be a concomitant of the "New Federalism." Treatment programs receive virtually none of these monies because local governments hire city and county employees with these funds in order to avoid tax increases. At best, drug abuse programs receive a low priority when these funds are disbursed. At worst, we are not included for eligibility. In the time honored tradition of political expediency, we are told, "maybe next year."

The Veterans Administration (VA) has its own drug treatment units in some of its hospitals, but many veterans with drug problems live hundreds of miles from these facilities. VA has money to help pay for treatment costs of those veterans served by community programs on an outpatient basis, but there's a catch. They will pay only if the program is operating at capacity with every bed taken! In effect, we would have to do the impossible—fill a bed we don't have.

Drug treatment programs began receiving government funding in the early 70's for two basic reasons. First, our treatment models which were non-medical in nature and which were staffed by non-degreed para-professional people proved to be more effective than any models taken from mental health or penal institutions. Second, we were, and we continue to be, "cheap" to fund. We are told that prisons spend from \$14,000 to \$20,000 per year per inmate. Mental health institutions spend from \$9,000 to \$14,000 per year per bed.

Necessarily, we look good. In 1973 NIDA told us that our cost per bed ceiling was \$5,000. But this ceiling is based on total dollars, including matching funds, and not just NIDA money. This may have been fine in 1973, but today it is unrealistic.

In 1977, NIDA gave us a 3% increase. Yet, there are persistent rumors that "in-house" studies conducted by NIDA show a "real" dollar cost increase of 20%, which translates into \$9,500 to \$10,200 per slot. Once again we are participants with government because of necessity—a forced marriage, one might say. We only hope that timely strategies will be brought to bear—and soon—on our very real cost problems before we run out of time.

In 1975 NIDA mandated performance standards entitled "Federal Funding Criteria (FFC)." This was a well intentioned effort to standardize service delivery and provide accountability to NIDA. Unfortunately, these criteria, which are an important element of the strategy to include drug treatment programs within those health systems as are supported by the Federal government, were mandated without any consideration of their impact on our cost. The implementation of these criteria resulted in a 15 per cent increase in program costs per treatment slot, mainly because of an increase in mandated medical services.

In addition, and as part of the effort to standardize delivery services, NIDA has advised drug treatment programs that they must be "accredited." Indeed, we have been told in no uncertain terms that accreditation represents the key to survival. The standards the programs will have to meet are being formulated by the Joint Commission on the Accreditation of Hospitals. It seems to us somewhat incongruous that programs which have reached their highest levels of success utilizing the non-medical, para-professional approach should be held to standards which are more applicable to professionally oriented and professionally staffed institutions such as hospitals. And even though the JCAH has been formulating the standards our programs will have to meet in order to survive for two years and the final result is not yet in sight, we do know one thing: costs will increase. We know that some mental health hospitals are spending in the vicinity of \$10,000 to \$12,000 per bed as JCAH accredited institutions. It is obvious to us that our present cost of \$5,150 per bed will be insufficient to absorb yet another services standards mandate.

In its report to the President which was presented on October 1, 1976, the Cabinet Committee on Drug Abuse Prevention, Treatment and Rehabilitation addresses the JCAH strategy in a "business as usual manner." Reading this report makes one wonder how it is that the problem can be addressed in so nonchalant a manner at the Federal level and be, at the same time, so survival oriented and marginal at our level.

Public Law 92-225 set up the 409 Funds Category in order to create the Single States Agencies (SSA), to provide for individual state authority. This was part of the New Federalism strategy of the Nixon government, as we understand it. The SSA have the task of responding to individual state priorities as regards drug abuse problems. In 1973, the Single State Agencies inherited operational treatment programs funded directly by the Federal government as well as a multitude of requests for new programs to be funded by a given state in order to meet individual community needs.

An analysis of SSA utilization of funds as compared with the NIDA use of funds is provided by the above mentioned statement of Dr. Cooper given on September 30, 1976. The allocation per modality is as follows:

NIDA—Fund utilization by modality:	Percent
Methadone maintenance.....	30
Drug free treatment.....	70
A. Outpatient.....	85
B. Residential-day care.....	14
C. Hospital setting.....	1
SSA—409 fund utilization modality:	
Treatment: Rehabilitation programs.....	13
Prevention:	
Education programs.....	45
Training programs.....	19
Research programs.....	9
Evaluation efforts.....	4
Administrative costs.....	10

These data provide some interesting insights regarding the implications of the New Federalism as it interacts with Federal strategies. The expenditure of NIDA funds indicates a much different perception of priorities and allocation of monies. As is evident, the states allocate 45% of their available funds to prevention-education programming, and 13% to treatment-rehabilitation programming. An interesting aside is that according to the report of the Cabinet Committee of October 1, 1976 Congress is providing "only modest" support for prevention programming due to the alleged "lack of an empirical underpinning" which prove that such programming has been effective.

If this is indeed the case, and given the fact that the states allocate such a large portion of their funds to prevention programming, then we feel that the Congress is begging the question. Clearly the states perceive that the prevention of drug abuse is at least of equal importance as is the treatment of the consequences of such abuse. In fact, there exist many character building prevention programs which are providing the "empirical underpinnings", the supposed non-existence of which causes some confusion in the Congress when it comes time to allocate monies based on priorities. Once again the multiple layers of the bureaucracy have distorted the "master plan"—and the net effect is that needed programming must compete for the same limited resources as treatment programs.

In outlining some of the problems presented above, I have spoken of community drug abuse programs across the board. This is so because the problems faced by these programs are shared in common. As Chicanos, however, we have a deep and understandable interest in problems that are unique to us and to our programs in addition to the ones we share with all other community drug abuse programs as outlined above. We present here two approaches which NIDA has seen fit to take, and our response to these approaches form a Chicano point of view.

In the first instance, we are aware that NIDA places more faith in bio-medical research as espoused by the scientific community and its allies in the Federal bureaucracy as furnishing the means through which a medical answer can be provided for problems that are grounded in discrimination, lack of equal educational opportunity, the inability to participate fully in the fruits of the economic system of this country, and other social phenomena. Thus, we claim that the over-emphasis placed by NIDA on the necessity for bio-medical research does nothing for Chicanos in the long run.

We do not quarrel with the fact that bio-medical research is important in combating drug abuse. But given the abundance of information contained in the Physician's Desk Reference as well as the massive and continuing research and experimental programs conducted by private pharmaceutical houses, we feel that it is a legitimate question to ask why so much more money is spent by NIDA in bio-medical research than is spent on say, more relevant minority needs? We could suggest that more monies be allocated to conduct sociological studies as might provide the "empirical underpinnings" which the Congress feels are necessary, except that such sociological studies already exist, and exist in abundance. The University of Notre Dame and the University of California at Los Angeles, in particular, have published several books, papers and articles written by Chicanos with professional qualifications who, by dint of education, ethnic heritage and

experience are particularly well able to address themselves to the Chicano experience in this country. We have no quarrel at all with our Black brothers, but it is a truism in American social and political experience that when our Federal legislators consider the minority needs in this country, they do so almost exclusively from what we might term a "Black" point of reference.

Indeed, it was not until the early 1970s that two courageous U.S. District Court Judges in southeast Texas, Judge Justice of Tyler and Judge Seals of Houston recognized that at law Chicanos were a distinct minority group in the United States. The consequences of such a ruling, made in the context of lawsuits involving equal educational opportunity, have yet to penetrate the Federal bureaucracy.

Instead of spending so much money for bio-medical research, or for sociological data which are already available, NIDA would be well advised to consider a more realistic approach to the needs of Chicano programs on two levels which would prove beneficial to all concerned. First, the cost allocation per treatment slot should be re-examined and then brought into line with the realities of the American economy as it stands today. Second, NIDA should make more monies available for training purposes in order that our para-professional workers, who are succeeding in an area where the scientific community failed, can meet the exigencies of accreditation.

A parallel may well be in order here. When the USSR launched Sputnik, the American response was to place tremendously heavy emphasis on the sciences. It is fair to say that the whole course of education was altered. As a logical consequence, the arts and the humanities were, if not neglected, de-emphasized. With the benefit of hindsight, knowledgeable observers of the American social and political scene have commented, with some basis, that America lost a bit of her soul. The total reliance on science, as recent history makes clear, unlike virtue, does not carry its own reward.

The second approach through which NIDA has sought to meet Chicano needs has been to place Chicanos on committees which review grant applications. This serves only to gild the lily, given the fact that such committees have no impact on the formulation of policy and thus lack effective power. Unlike the overemphasis placed on the need for bio-medical research, bringing Chicanos to participate on the "committee" level in reality serves to de-emphasize Chicano participation and results in a waste of talent.

We are aware that NIDA has made an effort to recruit Chicanos and Chicanas for possible employment at intermediate levels, and that such effort has not borne fruit. We are aware that the stated reasons for such lack of success is that no Chicanos or Chicanas have been found who meet NIDA's qualifications. In 1977, this does not wash.

At a time when more and more Chicanos are emerging as talented educators, middle and upper level administrators of human services programs, physicians, lawyers and other professionals, it doesn't wash.

There is no reason to believe that were NIDA truly committed to meeting the needs of the Chicano population, it would have long ago provided for regional NIDA representatives and staff. We are here, and we are not hard to find.

These remarks should be construed as constructive criticism. After all, we seek to combat the same menace, and it occurs to us, that by working together, instead of working at cross purposes, all of our society benefits.

Mr. Nellis:

If in case you need specific elaboration in some of the topics do not hesitate in letting me know. You might find too much "incapsulation" in this information, but I didn't want to overwhelm you with trivialities that would or could distort the essence of this report.

I hope you find this information helpful and useful for your purpose, since it comes from the bottom of the "Totem Pole" of the bureaucratic layers. However, it's an objective overview from someone trying to improve the system of delivering services to the recipient that has so long been victimized by our imperfect society.

RAMON ADAME,  
*Executive Director, Aliviane, Inc.*



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
PUBLIC HEALTH SERVICE,  
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION,  
Rockville, Md., December 28, 1976.

MR. JOSEPH L. NELLIS,  
*Chief Counsel, Select Committee on Narcotics Abuse and Control,*  
*U.S. House of Representatives, Washington, D.C.*

DEAR MR. NELLIS: Thank you for your letter of October 8 asking my views on the present problems of drug abuse and mental health and on those aspects of the mental health area directly affected by present policies in treatment, prevention, education, vocational and other guidance, and rehabilitation of users. We appreciate the opportunity to comment on these issues and regret the delay in responding.

First, I think that the fields of mental health and drug abuse share the same major problems. In research these are: increasing our knowledge base; recruiting, training, and sustaining the work of the next generation of researchers; and bringing the results of that research to bear in appropriate ways on treatment, rehabilitation, and prevention efforts.

Concerning research, I find it impossible to consider mental health and drug abuse as separate endeavors. (We comment below on the purposes of categorical organization.)

Clearly, some research projects focus on specific patterns of behavior that are of more immediate importance to one program than to others. In general, research—from the most basic study of the biological action of a drug to the most applied effort to develop a new service delivery model—has implications for both areas. The research community itself is not organized into “mental health” or “drug abuse” research enterprises, but according to disciplines or generic problems or processes.

Traditionally, mental health research training programs have borne the major share of training of researchers for the disciplines on which both substance abuse and mental health programs draw for expertise. We do not think that this will change.

Certainly, drug abuse and mental health treatment, prevention, and rehabilitation efforts draw on a common body of knowledge. A striking current example of this lies in an NIMH effort to develop more research knowledge of the early adolescent stage of development (approximately ages 10 to 15). The efforts were spurred by the observations of clinicians of increasing drug and alcohol abuse in this age group and their assessment that many education and prevention efforts are inappropriate, hence ineffective, for this special group. The results of the research effort we are mounting will have as much import for those working on drug abuse, as for the mental health worker.

In drug abuse and mental health service programs, a major problem we face is fragmentation of the service “system,” but this problem extends beyond our concerns to the whole human service area. After a number of years in which categorical legislation accelerated an already existing trend to fragmentation, recent legislation appears to us to facilitate or at least offer opportunity for coordination. The Community Mental Health Centers (CMHC) Amendments of 1975 require community mental health centers to provide services for alcohol and drug abusers and addicts unless there is no need for such services in their respective catchment areas.

The Health Planning and Resources Development Act of 1974 (P.L. 93-641) and requirements for state plans in the CMHC Act and under section 314(d) of the Public Health Service Act and in authorizing legislation for the substance abuse programs offer an opportunity, we believe, for encouraging coordination among the substance abuse and mental health programs as well as between them and the health and human service systems. Also, while drug abuse and mental health programs are separately authorized and are housed in different Institutes, the ADAMHA umbrella as well as long-standing collegial relations between the programs and professionals fosters collaboration and coordination.

Having emphasized our identification of interests and problems, we add that while categorization serves useful purposes, mental health and drug abuse do have somewhat different constituencies. Development of a categorical program to focus attention and resources on the interests and needs of a particular constituency is, we believe a legitimate legislative and executive reaction. We also believe that the continuing utility of such categorical arrangements should be continuously reappraised. In addition, I note that the drug abuse programs interact with the criminal justice system in different ways and in many more instances than do mental health programs.

I hope that these comments are useful to you and I would be happy to provide whatever further comments or information would be useful to you and the Select Committee as you address your important charge.

Sincerely yours,

BERTRAM S. BROWN, M.D. *Director.*

U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., September 28, 1976.

Commissioner ALEXANDER M. SCHMIDT, M.D.,  
*Food and Drug Administration,*  
*Rockville, Md.*

DEAR COMMISSIONER SCHMIDT: In the course of the preliminary hearings this Committee has conducted, we have received several references to efforts being made to synthesize opiates. As the Committee is charged with the responsibility of describing, investigating and analyzing the scope of the narcotics problem in the United States, we are naturally very concerned about this matter. We would request of the Food and Drug Administration all available information regarding these activities, specifically:

1. Who is conducting said experimentation;
2. Where is experimentation being conducted;
3. What types of opiates are being synthesized;
4. What are the purposes and goals of the experimentation;
5. What is the current status of experimentation;
6. Is all experimentation authorized and overseen by the FDA or any other agency;
7. What kind of regulation is the experimentation subject to;
8. What is the possibility for "leakage" of synthesized opiates to unauthorized distributors or dealers;
9. Is it possible to evaluate the extent and status of experimentation conducted illegally;
10. What efforts are being made to track, prevent or bring to justice those responsible for illegal attempts to synthesize opiates.

Your cooperation and assistance in this area is appreciated.

Sincerely yours,

LESTER L. WOLFF, *Chairman.*

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,  
PUBLIC HEALTH SERVICE,  
FOOD AND DRUG ADMINISTRATION,  
*Rockville, Md., December 13, 1976.*

HON. LESTER L. WOLFF,  
*Chairman, Select Committee on Narcotics Abuse and Control,*  
*House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further response to your September 28, 1976 letter concerning efforts to synthesize opiates. We regret the delay in our response.

On October 5 and 6, 1976, Mr. Morton J. Fromer of our Office of Legislative Services telephoned Mr. Joseph Nellis of your staff to obtain additional information relative to your request. Mr. Nellis indicated to Mr. Fromer that the opiate to which your letter refers is heroin and that your concern is the possible synthesis of heroin by basic chemical manipulation.

Although there have been some attempts over a forty-year period to develop potent analgesics of the morphine type without dependence-producing properties, there has never been any evidence of a complete chemical synthesis of heroin. Heroin, which is diacetylmorphine, is made easily and cheaply from the morphine in the opium plant, and the end product would be identical whether derived from the morphine in plant material or from morphine produced by a difficult and expensive chemical synthesis. This suggests that, until such time as the smuggling of heroin into the United States is completely stopped, the economic practicality of heroin synthesis will be nil.

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We are unaware of any clandestine activity in the chemical synthesis of heroin at this time. You may, however, wish to contact the Drug Enforcement Administration (DEA) to further confirm this point. We have inquired about this subject with the Office of Compliance at DEA; they advised us that, to their knowledge, chemical synthesis of heroin is not an ongoing activity in the United States.

Since apparently your letter was directed only to heroin synthesis, the specific questions in your inquiry do not seem to be applicable. However, you may find it of interest to know that there is presently one clinical investigation of heroin being conducted under Food and Drug Administration regulation. The study utilizes heroin to test the efficacy of naltrexone, a narcotic antagonist, in blocking all of the effects of injected heroin.

Please let us know if we have misunderstood your inquiry or if we can provide further information.

Sincerely yours,

SHERWIN GARDNER,  
*Acting Commissioner of Food and Drugs.*

NATIONAL LEAGUE OF CITIES

AND

UNITED STATES CONFERENCE OF MAYORS

SURVEY

OF

CITIES OVER 30,000 IN POPULATION  
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TO

DETERMINE LOCAL DRUG ABUSE  
NEEDS AND PRIORITIES



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SEPTEMBER 1976

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Carol Moody Becker  
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*NLC and USCM Staff*  
*for Drug Abuse*

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President

and

Staff Members,

Steven Dambeck

Peter Goldberg

John Sessler, Ph.D.

Jane Silver

Dr. Sessler worked at length with the NLC and USCM staff in analyzing the data. He made an invaluable contribution to the study through his insights and technical expertise.

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NLC AND USCM SURVEY ON LOCAL DRUG  
ABUSE NEEDS AND PRIORITIES:

ANALYSIS AND SUMMARY OF RESULTS

INTRODUCTION

The NLC and USCM conducted this survey on drug abuse during the spring and summer of 1976. Questionnaires were sent to all cities over 30,000 in population, as well as to those under 30,000 which are major population centers in their states and/or provide geographic distribution. The majority of these 788 cities are direct members of the NLC and USCM. Four hundred twenty-nine cities responded which represents a 54% return.

By population breakdown, the response was as follows:

City Population Categories**	Number of Cities Responding In Each Category and % of Total	Total Cities in Each Population Category
500,000 and over	17 (65%)	26
250,000 to 500,000	20 (67%)	30
100,000 to 250,000	64 (66%)	97
50,000 to 100,000	125 (52%)	240
30,000 to 50,000	203 (51%)	395*

\*This number includes 72 cities under 30,000 in population which are population centers or provide geographic distribution.

\*\*Any city falling on the dividing line of a population category is put into the larger category.

The distribution of the regional response is consistent with the national distribution of cities.

The analysis focuses primarily on the population categories with some cross tabulations done particularly on questions relating to policies or analytical interpretations.

The survey was divided into two parts. The first part consisted of three questions and was sent directly to each mayor with a cover letter from John J. Gunther, Executive Director of the USCM, and Alan Beals, Executive Vice President of the NLC, explaining the purpose of the survey and the projected uses of the data. The mayors were asked to rank drug abuse as a problem in their cities, list problems more important than drug abuse, and designate the person to receive and complete the second portion of the survey.

The second portion of the survey consisted of 28 questions, many of which contained several parts. The questions were divided into seven categories: coordination, planning, management, incidence and prevalence, enforcement policies, funding, and comments. The cities were often asked what they thought, in addition to what they knew.

The Drug Abuse Council, a nonprofit foundation, assisted with the analysis of the survey as a public service, utilizing their extensive computer services. The Council also supported the distribution of the survey results, and the NLC and USCM wishes to express its appreciation to Thomas E. Bryant, M.D., President of the Drug Abuse Council, for the able assistance given to the NLC and USCM in conducting and completing the survey. Council staff members, Steven Dambeck, Peter Goldberg, John Sessler, Ph.D., and Jane Silver were especially helpful.

In developing the survey instrument, the NLC and USCM staff sought comments and suggestions from a sample of the NLC and USCM membership, the Drug Abuse Council, the National Association of State Drug Abuse Program Coordinators and the National Institute on Drug Abuse.

#### RESULTS AND DISCUSSION - PART I

Unless indicated otherwise, the percentages cited refer to the percentage of total responses to a question rather than the total number of cities participating in the survey.

##### *THE RANKING OF DRUG ABUSE AS A CITY PROBLEM*

Mayors clearly see drug abuse as a serious problem. A total of 157 mayors, 48% of the 328 mayors responding to the first part of the survey, rank drug abuse as one of their cities' five most crucial problems. Sixty percent (31) of the mayors of cities between 100,000 and 250,000 in population most often gave this answer. The other frequently mentioned problems which sometimes are mentioned ahead of drug abuse in the one through five problem range are: crime, mentioned by 251 mayors; finance, by 67 mayors; unemployment by 44 mayors; and housing by 40 mayors.

Seventy-four mayors (23%) indicated that drug abuse falls within the range of problems six through ten--high priority but not crucial. Eighty-five mayors (26%) said that drug abuse falls below high priority, and 12 mayors (4%) indicated that drug abuse is not a serious problem.

The responses to Part I represent a different data base in that some mayors responded to this section, but not to Part II and vice versa.

## RESULTS AND DISCUSSION - PART II

COORDINATION

Coordination is considered important, in that 63% (264) of the cities have an individual in the community who coordinates drug abuse services. A total of 251 cities indicated the affiliations of their drug coordinators as follows: 28% county; 25% private (especially in cities under 100,000 in population); 22% city; 13% regional; and 12% state.

PLANNINGLack of Involvement in State Plans

The majority of cities indicate limited or no involvement in the development of their state plan. Sixty-two percent (255) say they do not participate in writing the state plan.

In regard to the state plan reflecting city priorities, approximately 33% said they have not seen the plan, 33% have not set priorities, 25% say their priorities are reflected, and 13% say they are not (407 total responses). It can be argued that those cities with no priorities lack interest. However, 79 (64%) of the 123 cities which have not set priorities also do not participate in writing the state plan. It can be argued that if a city is not involved in developing the state plan which will allocate state and federal funds at the local level, a public declaration of city priorities can be an exercise in frustration at best and a politically unwise act at worst.

City Representation on State Advisory Councils

Cities also express dissatisfaction with representation on the state advisory councils, and the majority are not represented on these bodies.

Only 9% of the cities (35 of 408 responses) say they have direct representation on the state councils and 39% (156 of 399 responses) are indirectly represented. Of those cities represented, 57% (150 of 263 responses) say their representation is inadequate.

Only six cities indicated that elected city officials serve on state advisory councils. Private citizens provide indirect representation most frequently, as cited by 38% (67) of the cities.

### Writing of the State Plan

Most state plans are developed on a regional basis. The majority of cities (134) participating in the writing of the state plan do so by contributing city data on drug abuse to the outside planning unit.

Thirty-seven percent (135) of the cities cite the regional approach to development of the state plan most frequently, with the alternatives being: state alone--22% (80); counties--20% (74); other--16% (59); and individual cities--4% (16).

Of the 156 cities participating in the writing of the state plan, 86% (134) do so by providing city data to the region, county or state. Elected city officials become involved in 35% (54) of the cities by reviewing the city, regional or county component of the state plan. Sixty-four percent (100) of the cities participate through city representation on the planning council which develops the county or regional plan.

In regard to actually writing their own section of the state plan, only 18% (28) of the cities draft their portion, and this number includes only five cities over 250,000 in population which would be expected to have high concentrations of drug abuse. Six cities (4%) actually write the final version of their component of the state plan, and none are over 250,000 in population. Thus, the conclusion that inevitably must be drawn is that the states, on the whole, do not want the cities to take the major role in dealing with the critical concentrations of drug abuse to be addressed in the state plan.

### MANAGEMENT

#### General Administration of All Drug Services

The question regarding the general administration of drug abuse services revealed what cities have said for several years, i.e., that it is difficult to coordinate programs and maximize resources because of the multiplicity of governmental units and organizations involved in administration of services. (Administration in this instance does not necessarily mean provision of direct services or local dollars, but pertains primarily to management of funds and/or data and/or services.) Multiple answers were possible, and there are a total of 3,747 replies to this question. However, as can be seen in the table below, some patterns emerge.

Drug Abuse Services Administered by Various Levels of Government and Private Organizations								
Categories	City	County	Region	State	Federal	Private Agency	Indep. School District	Total Responses
Treatment/Counseling	115	175	55	134	51	211*	32	773
Rehab/Job Training	55	122	37	175*	41	105	8	543
Prevention Education	199*	143	49	112	37	156	138	834
Planning Management	114	140	77	146*	34	98	12	621
Drug Abuse Enforcement*	346*	217	39	194	156	7	7	966
Total Responses	829	797	257	761	319	577	197	3,737

\*Most frequent responses

#### Units Most Frequently Involved in Administration of Services

The cities are most frequently administering drug enforcement, accounting for 346 (36%) of the responses in this category. Cities also predominate in the administration of prevention programs, accounting for 199 (24%) of the responses regarding these activities.

Private agencies administer treatment and counseling programs most frequently, accounting for 211 (27%) of the responses in this category. However, 21 (57%\*\*) of the cities over 250,000 in population also administer treatment programs.

States administer rehabilitation and job training programs most often, accounting for 175 (32%) of the responses in this area, and also planning and management, 146 (24%) of the responses for these activities. However, in regard to the latter, 19 (51%\*\*) of the cities over 250,000 in population also administer planning and management.

While states are often thought of as the unit to provide services particularly to rural areas, it is interesting to note the state involvement in the cities over 250,000 in population. The states administer rehabilitation and job training for 65%\*\*(24) of these cities, planning and management services for 43%\*\*(16), and prevention/education for 46%\*\*(17). Once again, it is clear that the states exercise a direct role in those areas where drug abuse is concentrated rather than investing greater decision-making responsibility in local units of government.

\*\*Percentages based on total cities participating in the survey.

### Administration of Treatment Services

In breaking down the 1,642 answers pertaining to administration of treatment and counseling services by treatment modalities, the same multiplicity of levels of government and private agencies is found, especially for methadone out-patient programs in the 37 cities over 250,000 in population. Thirty-eight percent\*\* (14) of these cities administer their own methadone out-patient programs. A total of 41%\*\* (15) say the state is also administering these services and the same number indicate the involvement of private agencies. Forty-three percent\*\* (16) say the counties are involved and 35%\*\* (13) say the federal government is also. Methadone out-patient programs are the most controversial of all drug treatment, with some critics equating these services with legalized addiction. Cities have often received negative community pressure regarding the administration of these treatment programs, yet as can be determined from the table below, the cities do not have full control over these services.

Units of Government Administering Treatment Services								
Treatment/ Counseling	City	County	Region	State	Federal	Private Agency	Independent School District	Totals
Methadone In-Patient	14	73	22	82*	28	58	0	277
Methadone Out-Patient	31	105*	35	96	41	86	1	395
Drug-Free In-Patient	28	85	33	92	32	127*	0	397
Drug-Free Out-Patient	84	131	40	101	36	176*	6	574
Totals	157	394	130	371	137	447	7	1,643

\*Most frequently mentioned unit administering treatment services

### Priority Unmet Needs

Cities have long cited prevention and adolescent treatment as critical areas of need, and the survey results document this perception.

Prevention and adolescent treatment clearly stand out as lacking program areas, with 43% of the 676 responses regarding first and second priority unmet needs identifying these two areas. Twenty-six percent (91) of the 347 cities indicating their first priority unmet need cite prevention and 24% (82) say adolescent treatment. In identifying the second priority unmet need, the same pattern holds. Nineteen percent (62) of the 329 cities responding cite prevention and 17% (56) say adolescent treatment, accounting for the largest number of responses given to any category.

\*Percentages based on total cities participating in the survey.

Evaluation is emphasized by the largest cities. This is related to the need to document effectiveness of treatment services in competing with other social services for tight dollars at all levels of government. Thirty-eight percent (5) of the cities over 500,000 cited evaluation as the first or second priority unmet need.

Following is a breakdown on all areas cited as deficient.

Priority Unmet Needs					
	1st	2nd		1st	2nd
Adolescent Treatment	82	56	Management	8	8
Diversion to Treatment from Criminal Justice System	35	35	Polydrug Abuse and Treatment	16	43
Enforcement	29	29	Prevention	91	62
Ethnic Treatment	9	13	Women's Treatment	9	18
Evaluation	16	34	Other	32	17
Heroin Treatment	20	14			
Totals = 347 (1st) and 329 (2nd) = 676 responses					

#### INCIDENCE AND PREVALENCE OF DRUG ABUSE

##### Drugs Most Frequently Abused and Disruptive

Alcohol is overwhelmingly the drug of most frequent abuse and causes the most social and economic disruption. While marijuana is the second most frequently abused drug, marijuana and heroin are thought to cause the second most disruption.

Alcohol is cited by 88% of the cities (out of 419 responding) as the drug most frequently abused and 86% (out of 417 answering) say alcohol also causes the greatest social and economic disruption.

Marijuana is ranked as the second most frequently abused drug by 68% (out of 415 replies), but only thought to be the second most disruptive by 39% (out of 410 responses), almost two thirds of which are cities under 50,000 in population. It is interesting to note that 70 of these 158 cities which think that marijuana is the second most disruptive drug indicate that marijuana trends within their jurisdictions are toward less enforcement or decriminalization. (These trends are discussed on pages 11-12). Two different assumptions can be made as to why cities are moving toward decriminalization or less enforcement of the law for a drug they see as so disruptive. One, it is the illegality of marijuana that is disruptive, infiltrating cities often as contraband that includes other illicit drugs, diverting police and court resources from more critical criminal justice concerns. Alternatively, cities may still consider marijuana as actually disruptive, but because of widespread use, are finding the marijuana laws too difficult to enforce.



Thirty percent (of 410) rank heroin as the second most disruptive drug with close to half of these cities (54) over 100,000 in population. Four of the cities over 500,000 in population say heroin is the first most disruptive drug, but only two of these cities rank it even as the third most frequently abused drug.

Amphetamines are ranked as the third most frequently abused drug by 29% of the cities and barbiturates by 28% (out of 400 responses). However, barbiturates were considered slightly more disruptive, ranked third by 28% but followed closely by amphetamines, ranked third by 24% (out of 391 responses).

#### Data Sources

Cities relied slightly more on reports or studies, rather than overall impression, to document the frequency of drug abuse, as stated by 52% of the cities (out of 417 responses). However, in determining the social and economic disruption of drug abuse, overall impressions were used slightly more, as indicated by 57% of the cities (out of 409 responses). Similarly, in estimating the number of heroin addicts, 58% (out of 348 responses) relied on overall impressions also.

The largest cities, those over 500,000 in population, utilized specific data most frequently in determining both frequency and disruption, 71%\* (12 cities) and 76%\* (13 cities) respectively. These cities also used the greatest diversity, an average of four sources per city, out of a possible seven. Cities over 250,000 in population used an average of three sources per city and those under 100,000 in population used an average of 2.4.

Local enforcement plays a key role in determining incidence and prevalence in that arrest records are the most often cited data source for estimating frequency, accounting for 30% (167 cities) of the 549 replies, and for disruption, representing 32% (155 cities) of the 478 answers. Admission to treatment program records is the source used next most often, 19% (104 cities) of the answers for frequency and 20% (94 cities) for disruption.

#### Data for the State Plan

The states and counties are most frequently cited as the unit of government measuring the incidence and prevalence for the state plan on drug abuse, accounting, respectively, for 28% (140 cities) and 27% (134 cities) of the 498 responses. The state performs this task for 50% (19)\* of the cities over 250,000 in population despite the fact that these large cities were able to utilize varied sources of data to measure the frequency and disruptiveness of drug abuse for the NLC and USCM survey.

\*Percentages based on total number of cities participating in survey.

However, in the smaller cities the picture is quite different. The state only performs this task for 33% (21) of the cities between 100,000 and 250,000 in population, 27% (34) of the cities between 50,000 and 100,000 in population and another 33% (66) of the cities between 30,000 and 50,000 in population. These smaller cities need state technical assistance in measuring incidence and prevalence more than do the larger cities, but once again, the states elect to play a direct role in those areas with high concentrations of drug abuse.

In regard to the incidence and prevalence data used in state plans accurately reflecting local conditions, 63% of the cities (out of 287 responses) answer affirmatively, as do 61% (out of 279 total responses) which are also in agreement with the method used for measurement. However, among the cities over 250,000 in population, those in agreement with the method used drop to 50% (14). Thirty-one percent (29) of the total 93 cities disagreeing with the method used for measurement suggest better reporting systems and 25% (23) suggest data banks to coordinate statistics.

#### Estimated Heroin Addicts

A total of 505,692 heroin addicts is estimated by 289 cities, which represents 67% of the 429 cities participating in the survey. This number of addicts is close to the one-half million figure which is the usual estimate for the whole country, yet the 54% return on the survey represents about one quarter (47,116,000) of the total national population. The aggregate city estimate from this survey does call into question the current estimates of the national prevalence of heroin addiction. This is an area where there is admittedly and understandably great difficulty in arriving at accurate figures.

The estimated heroin addict population is heavily concentrated in the larger cities. Forty-five percent (229,800) are in 16 cities over 500,000 in population and another 22% (111,390) are in 18 cities in the 250,000 to 500,000 population category. Likewise, the majority, 49% (31,970) of the heroin addicts in treatment are located in cities over one half million in population. This is the case for every treatment modality for heroin addiction except methadone detoxification out-patient. This documentation supports the NLC and USCM policy calling for cities with concentrations of drug abuse to be full partners with federal and state governments in the setting of priorities and allocation of resources for treatment, rehabilitation and prevention of drug abuse.

Additionally, heroin addiction has increased in the past year in 42% of the cities (out of 343 responding) and in 94% (17) of the cities 250,000 to 500,000 in population. Only 13 of the responding cities report a decrease. Thirteen percent (64,745) of the estimated total heroin addicts are identified as being in treatment, and there are 3,487 addicts reported to be on waiting lists in 69 cities. Any one or more of the following three factors could account for the discrepancies regarding increases, services and needs.

1. The total estimated number of addicts, 505,692, could be inflated since almost 60% of the cities had to rely upon overall impressions to make their estimates. However, this error is not likely to be vast because 45% of the addicts are in cities over 500,000 in population and 83% (13) of these cities based their estimates on reports or studies. Additionally, persons with past histories of addiction may still be counted as addicts.

2. The majority of addicts may not desire treatment for a variety of reasons, for example, lack of outreach, needs of clients not being met.

3. Treatment programs may be operating over capacity to accommodate any increased intake.

#### Heroin Treatment

A frequent criticism levelled at the present approach to treatment of heroin addiction is that there is too much reliance on methadone maintenance. However, while 56% (36,171\*) of the heroin addicts in treatment are in methadone programs, 44% (28,472\*) are identified as being in drug-free out-patient programs.

As previously indicated, 49% (31,970) of the heroin addicts in treatment are located in cities over 500,000 in population, and this percentage corresponds approximately to the percentage of estimated addicts, 45% (229,800) in the same cities. Thus, 14% of estimated addicts in these cities are in treatment.

However, in looking at the cities from 250,000 to 500,000 in population, the correlation between estimated heroin addicts and the number in treatment does not hold. While 22% (111,390) of the estimated addicts are located in these cities, only 13% (8,368) of the addicts in treatment are in the same cities. Thus, the percentage of addicts in treatment falls to 8% of the estimated total number of addicts in the cities of one-quarter to one-half million in population. This discrepancy must be due to the fact that 94% of these same cities report an increase in heroin addiction within the past year and, apparently, do not have the treatment facilities to keep pace with this increase.

*\*These two numbers total 64,643 which is 102 less than than the 64,745 total addicts in treatment as reported above. The difference is due to the fact that a few cities did not give a breakdown on treatment modalities but, instead, listed the total number of clients in treatment.*

### Waiting Lists for Treatment

In examining the waiting lists, despite the criticism of methadone maintenance, the majority of addicted persons are waiting for admission to methadone maintenance or long-term methadone withdrawal, 66% (2,291) of the total 3,487 prospective clients. While the waiting lists seem relatively small in comparison to the total number of estimated addicts, once again a population breakdown indicates the pressure is on a few cities over 500,000 in population. Forty percent (913) of those waiting for methadone maintenance are in six cities over one-half million in population, 63% (120) waiting for methadone detoxification in-patient are in two of these biggest cities, and 32% (109) of those waiting for drug-free in-patient are in four of these cities.

### Jailed Heroin Addicts

In looking at the number of heroin addicts in city jails, estimated at a total of 7,934, a similar pattern emerges for those cities over 500,000 in population. Seventy-six percent (6,067) of the jailed addicts are in six cities in this population category.

Treatment services for heroin addicts in city jails are by no means universal even in the cities over 500,000 in population. Seventy-six percent (13) of these biggest cities do have services. Overall, only 28% (out of 384 responding) of the city jails provide treatment for heroin addiction. Of these 109 cities with treatment services available, 74% have detoxification services for arrestees who are methadone maintained.

### ENFORCEMENT POLICIES

#### City Trends Regarding Marijuana

One of the most significant results of the survey is the clear trend toward decriminalization of marijuana or less enforcement of marijuana laws, as cited by 58% of the cities (out of 414 responding). More of the larger cities are moving in these two directions--74% (26) of the cities over 250,000 in population. However, 54% (172) of the cities under 100,000 in population are citing these two trends also. In regard to increased enforcement or more severe penalties, none of the cities over 500,000 in population are taking these approaches. Only 31 cities (8%) under 250,000 in population are enforcing marijuana laws more stringently. Only six cities in the same population category are enacting more severe penalties.

Following is the breakdown on all trends toward marijuana by population.

Trends Regarding Marijuana by Population

Population Categories	500,000 and over	250,000 - 500,000	100,000 - 250,000	50,000 - 100,000	Less than 50,000	Totals
Marijuana Trends:						
Decriminalization	7	4	16	35	49	111 (27%)
Less Enforcement	8	7	26	34	54	129 (31%)
More Enforcement	0	2	2	14	15	33 (8%)
More Severe Penalties	0	0	1	2	3	6 (1%)
No Change	2	5	14	37	77	135 (33%)
Total of all Cities in Each Category Participating in the Survey	17	18	59	122	198	414 (100%)

Comparison of Local and State Marijuana Trends

When asked how the local trend toward marijuana compares to that of the state, approximately one-quarter of the cities (114 of 411 total responses) said their trend is less stringent than the state's regarding arrests or sentencing. Seventy-four cities, all of which are under 500,000 in population, say their trend is more stringent regarding arrests than that of the state. However, 22 of these 74 cities say they are moving toward decriminalization and 13 toward less enforcement, with 16 starting to enforce even more stringently. A total of 206 cities were unaware of their statewide trends. Following is a breakdown on all cities responding.

Number of Cities Responding	Comparison of State and Local Marijuana Trends
74 (18%)	City trend is more stringent regarding arrests
58 (14%)	City trend is less stringent regarding arrests
17 (4%)	City trend is more stringent regarding sentencing
56 (14%)	City trend is less stringent regarding sentencing
206 (50%)	Unknown
411 (100%)	Total Responses

School Disciplinary Measures Regarding Drugs

Schools have the greatest amount of contact with young people for whom drug experimentation is usually an easy option because of wide drug availability on school campuses. However, the great majority of school systems, 92%\*, are not under the jurisdiction of city governments, but comprise separate governmental units known as school districts. Thus, most schools can develop policies regarding drugs independently from their corresponding city government.

\*Source: 1972 Census of Governments, Vol. 1, Governmental Organization, Table 5. "Local Governments and Public School Systems, by Type, and by States: 1972", U.S. Dept. of Commerce, Bureau of the Census, p. 28.

On the whole, most schools do not differentiate between possession and sale of drugs in selecting a disciplinary measure. The most frequently used measure is referral to the police, accounting for 32% of the responses (total of 6,552). The exception is possession of marijuana in which case the most frequently used action is informing parents, accounting for 29% of the actions (783) taken for this infraction. Overall, informing parents is the second most frequently used measure for sale of marijuana, as well as the sale and possession of other drugs, accounting for 24% (1,385) of the total actions (5,769). Generally, the third most frequently used action is suspension, accounting for 18% (1,195) of the total actions. The table below sets forth the actions taken by schools.

School Disciplinary Actions  
for Drug Abuse Infractions

Situations	No Action	Suspension	Dismissal	Informing Parents	Referral For Treatment	Referral To Police	Do Not Know	Totals
Possessing Marijuana	18	197	27	229*	77	187	48	783
Selling Marijuana	6	163	98	209	54	293*	36	859
Possessing Heroin	3	132	88	192	82	265*	61	823
Selling Heroin	2	114	111	183	54	277*	58	799
Possessing Barbiturates, Amphetamines	9	185	50	221	90	233*	49	837
Selling Barbiturates, Amphetamines	3	144	106	205	57	289*	46	850
Possessing Cocaine	5	140	75	191	77	249*	61	798
Selling Cocaine	3	120	107	184	57	274*	58	803
Totals	49	1,195	662	1,614	548	2,067	417	6,552

\*Most frequent actions

#### Comparison of School Measures and City Trends Regarding Marijuana

Many of the schools referring students to the police for possession of marijuana are in cities where the trend is toward decriminalization or less enforcement. Thus, this school disciplinary measure is running counter to the prevailing sentiment. In six cities over 500,000 in population, there are school systems referring students to the police

for possession of marijuana, but four of the corresponding city governments are moving toward less enforcement, one toward decriminalization, and one no change. In cities between 500,000 and 250,000 in population, there are seven school systems following this same stringent policy toward possession of marijuana, but three of the corresponding city governments are moving toward decriminalization, two toward less enforcement and two no change. While the contrast is not so great as the cities decline in population, there is a discernible dichotomy between the school policies and the city trends regarding marijuana, as set forth in the following table.

Comparison of School Policy  
Corresponding to Policy Trend Regarding Marijuana

Number of Schools Referring Students to Police for Possession of Marijuana	6	7	25	52	97
Population Categories	500,000 and over	500,000 - 250,000	250,000 - 100,000	100,000 - 50,000	50,000 - 30,000
Corresponding City Trend Regarding Marijuana:					
Decriminalization	1	3	6	14	23
Less Enforcement	4	2	13	11	25
No Change	1	2	5	16	42
More Enforcement	0	0	1	9	6
More Severe Penalties	0	0	0	2	1

## FUNDING

*COMPARISON OF TOTAL DOLLARS FOR ALL DRUG ABUSE SERVICES -  
IN FISCAL YEAR 1976*

A total of \$37.4 million city-generated revenue is spent on drug abuse activities, as reported by 242 responding cities. An additional \$2.7 million in general revenue sharing dollars is allocated to drug abuse services by 53 cities, bringing the city total to \$40.1 million. This compares with a total of \$48.6 million in federal funds as reported by 122 cities and \$25.8 million in state funds cited by 128 cities. Surprisingly, counties only are spending \$5.0 million on drug abuse services as reported by 78 responding cities. Private organizations contribute \$12.9 million in 81 cities.

Distribution of Federal and State Treatment Funds by Population

Eighty percent of the total reported federal and state funds are spent on treatment and counseling in the responding cities, \$38.8 million and \$20.6 million, respectively. In regard to heroin addiction, the distribution of federal and state funds, as well as those of the cities, approximately corresponds to the high concentration of estimated heroin addicts in the responding cities over 500,000 in population, as indicated below. (However, it must be assumed that some of these funds are used for treatment of drugs other than heroin.) Counties are the notable exception, with the major portion of their treatment funds going to cities below 250,000 in population.

Distribution of Treatment Funds in Cities over 500,000  
As Compared to Estimated Number of Heroin Addicts

Estimated Heroin Addicts	Estimated Heroin Addicts in Treatment	Federal Funds for Treatment	State Funds for Treatment	City Funds for Treatment	County Funds for Treatment
229,800	31,970	\$22 mil	\$12.8 mil	\$6.2 mil	\$5 mil
45% (of nat. total)	49% (of national total)	57% (of fed. total)	62% (of state total)	64% (of city total)	22% (of county total)

However, when the same percentages are examined for cities 250,000 to 500,000 in population, which have 22% of the estimated heroin addicts, the pattern of consistent apportionment holds for the federal government, but not for the cities and even less for the states and counties. Additionally, only 13% of the identified heroin addicts are in treatment in these cities despite the fact that 94% of the cities in this population category report an increase in heroin addiction during the past year as compared to 41% of all cities reporting an increase. The distribution is as follows.



Distribution of Treatment Funds in Cities Between  
250,000 and 500,000 in Population As Compared to  
Estimated Number of Heroin Addicts

Estimated Heroin Addicts	Estimated Heroin Addicts in Treatment	Federal Funds for Treatment	State Funds for Treatment	City Funds for Treatment	County Funds for Treatment
111,390 22% (of nat. total)	8,568 13% (of national total)	\$7.7 mil 20% (of fed. total)	\$1.0 mil 5% (of state total)	\$1.2 K 12% (of city total)	\$1.1 mil 4% (of county total)

#### Maintenance of Local Effort

Despite financial strains at the local level, the majority of cities plan to maintain their current support of drug abuse programs in fiscal year 1977, as indicated by 92% (252 out of a total of 274) of the responding cities. Only 22 cities said they plan to reduce their commitment, citing lack of local funds most frequently as the reason (14 responses). This continued city support reflects the concern that cities have expressed in the survey regarding the increase and intensity of drug abuse within their jurisdictions.

#### Matching Funds for Federal Treatment Programs

The state is the unit of government most frequently mentioned as providing at least a portion of the match for federal treatment programs, as reported by more than 50% (126) of the 247 responding cities. The state is the largest sole provider of the match, as reported by 14% (38) of the cities.

A total of 108 cities (44%) provide a portion of the match; of these cities, 24 (10%) are the sole providers. The counties are involved almost as equally as the cities. A total of 107 (43%) provide a portion of the match; of these counties, 31 (13%) are the sole providers.

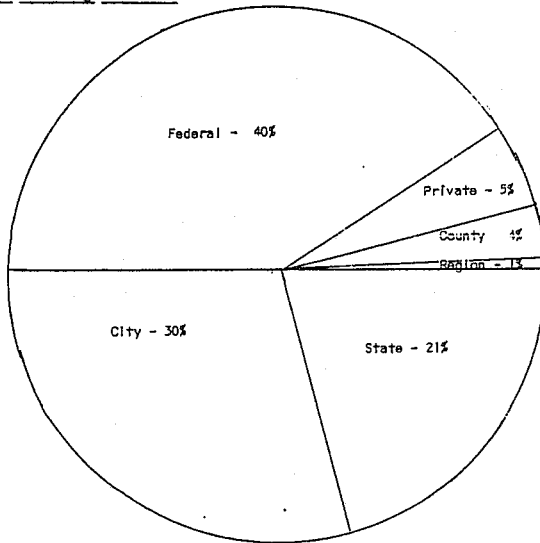
#### Unified Comparison of Funding for Drug Abuse Services

Not all cities were able to provide full financial data, especially for funds spent by other units of government and private organizations within their jurisdictions. However, some trends can be discerned. A total of 140 cities were able to provide data on city funds, as well as non-city dollars. Of course, all cities did not report funds for all categories of services and sources. These 140 cities provide the data base for the remainder of the funding analysis.

Unified Comparison of All Funding Sources

140 Cities Reporting

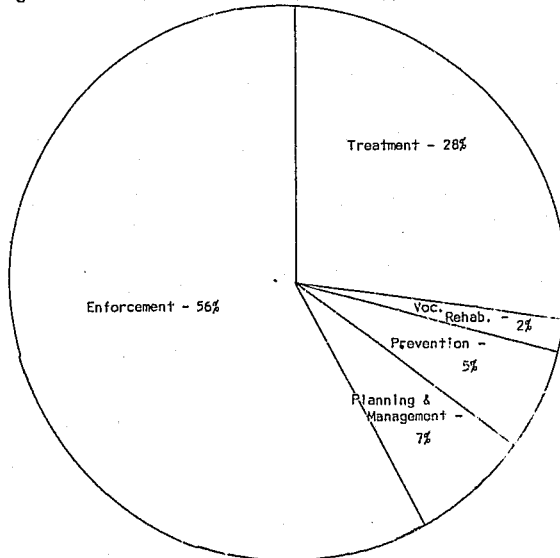
\$107.7 million

Unified Comparison of City Dollars by Service Category

The 140 reporting cities have the major responsibility for local drug abuse enforcement and, on the whole, allocate the greatest portion of their funds to these efforts, \$18.0 million (56%) of the total \$32.0 million of city funds for all drug abuse services. The breakdown follows.

140 Cities Reporting

\$32.0 million

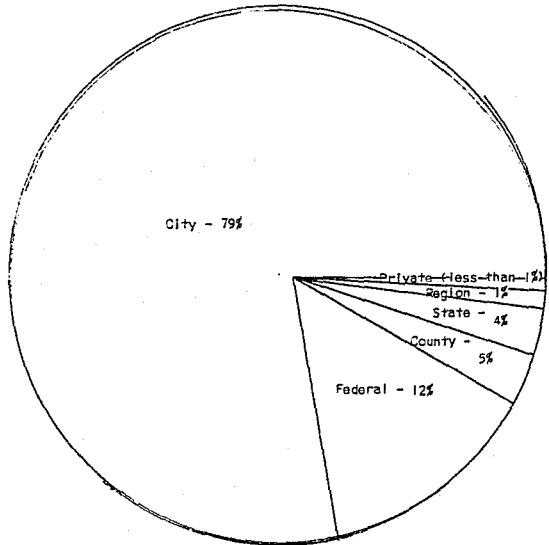


#### Unified Comparison of Intergovernmental Funds for Local Enforcement

In comparing intergovernmental funds for local enforcement efforts, cities provide 79% of the support. The breakdown follows.

140 Cities Reporting

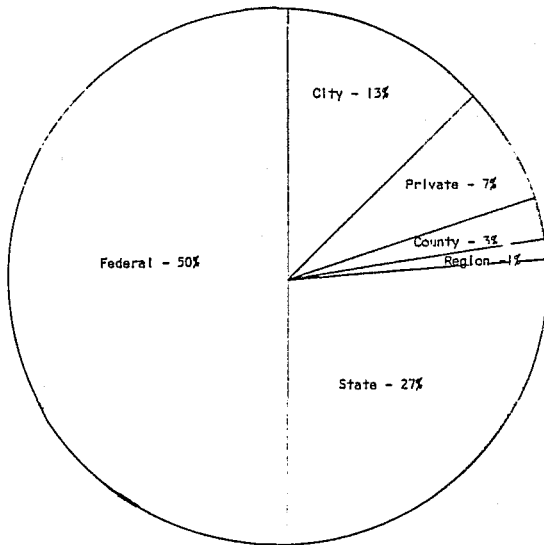
\$23.0 million



#### Unified Comparison of Intergovernmental Funds for Treatment and Counseling

However, the next area of city emphasis is treatment and counseling with \$9.0 million of city-generated revenue apportioned for these services, as well as an additional \$1.2 million in general revenue sharing. This compares to \$34.4 million in federal funds for treatment and \$18.3 million in state monies for the same services. Again, the total county contribution is small, \$1.8 million. This is surprising since counties were cited most frequently (175 times) as the unit of government administering treatment and counseling services. The breakdown follows on the next page.

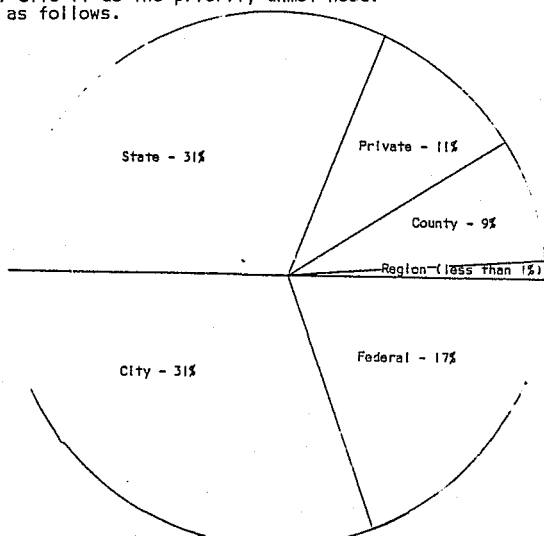
140 Cities Reporting  
\$69.0 million



Unified Comparison of Intergovernmental Funds for Prevention

Prevention is an area where the total city commitment is equal to that of the state and exceeds that of the federal government. This commitment corresponds with city government being most frequently mentioned as that unit administering prevention and education programs, as cited by 199 cities. And, cities would like to become more involved in prevention because 26% (91) cite it as the priority unmet need. Dollars for prevention are as follows.

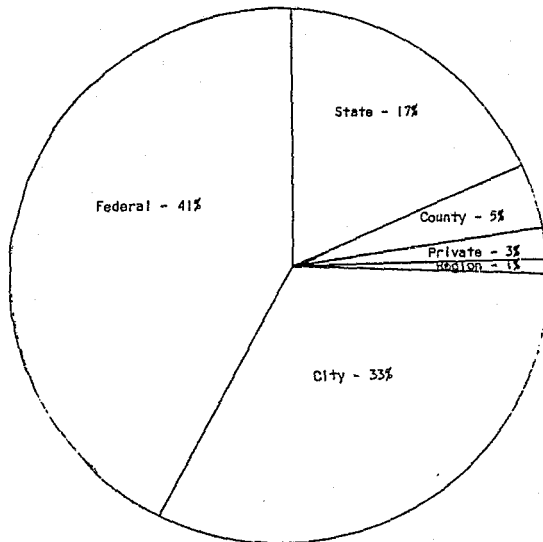
140 Cities Reporting  
\$5.5 million



Unified Comparison of Intergovernmental Funds for Planning and Management

The federal government expends the most on planning and management, \$3.0 million. Cities are next, spending \$2.4 million. However, in regard to the administration of planning and management, the states are cited most frequently as the unit of government involved, accounting for 146 responses regarding this issue. The breakdown follows.

140 Cities Reporting  
\$7.3 million

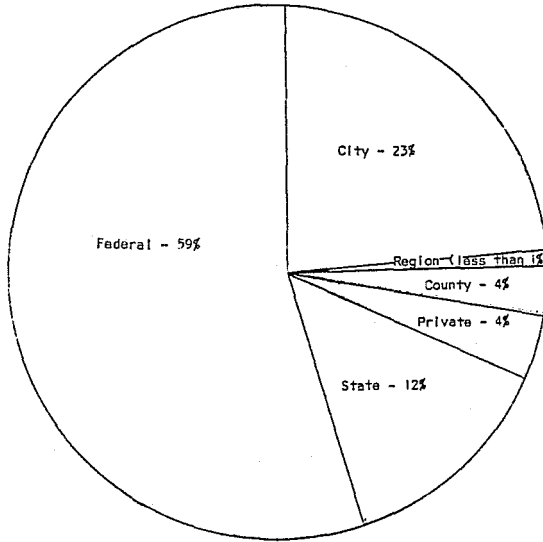


Unified Comparison of Intergovernmental Funds for Rehabilitation and Vocational Training

The federal government also spends the most on rehabilitation and vocational training, \$1.7 million. However, again, cities cite states most frequently as the unit of government administering these services, accounting for 175 of the responses. The breakdown follows.

140 Cities Reporting

\$2.9 million



It is significant to note that employment is considered by professionals and laymen alike as a key factor in assisting drug abusers to become part of the mainstream of society. The White Paper on Drug Abuse, issued September, 1975, states the case clearly for vocational rehabilitation: "Vocational rehabilitation is a critical part of the treatment process, since society's objective of altering the drug-using lifestyle of a former addict is clearly linked to his ability to find and hold a job. A job not only enables one to be self-supporting, it enhances the dignity and self-reliance that people need to be responsible members of society." However, with the exception of the federal government which has a relatively small commitment, job training and rehabilitation receive the smallest amount of funds from all other levels of government, as well as the private sector, as reported by the responding cities.

"White Paper on Drug Abuse", A Report to the President From The Domestic Council Drug Abuse Task Force, September, 1975, U.S. Government Printing Office, Washington, D.C., p. 77.

OBSTACLES IN COPING WITH DRUG ABUSEFactors Within the Community

Lack of funds within the community, particularly for prevention and education, is the most frequently mentioned problem, accounting for 20% of the 569 total factors cited. The next three factors most frequently mentioned are related to prevention and education. Lack of awareness within the community regarding the extent of the problem is mentioned 61 times; public apathy until there is personal contact with the drug abuse problem is cited 48 times; and lack of leadership and community support is mentioned 39 times. These three factors account for 27% of the total responses. Thus, 47% (256), or almost half of the factors, relate to prevention, as broadly defined. And, as noted earlier, prevention is most frequently cited as the first or second priority unmet need by 147 responding cities.

Other frequently mentioned factors are: lack of coordination among service providers, 7% (41 responses); lack of manpower, 7% (39 responses); lenient courts, 6% (35 responses); lack of services, again especially for education, prevention, and treatment programs, 6% (37 responses); and public acceptance of the inevitability of drug abuse, 5% (31 responses).

Factors Outside the Community

Again, lack of funds, especially for prevention, is the most frequently mentioned factor outside the community presenting the greatest obstacle in coping with drug abuse, accounting for 22% of the 466 total responses.

Other factors are: drug availability, 13% (59 responses); lack of coordination and bureaucratic red tape, 12% (56 responses); lack of unified national laws and philosophy, 9% (40 responses); lack of international enforcement, 8% (36 responses); public acceptance of drug abuse, 7% (30 responses); ineffective programs, 6% (27 responses); and, lenient and inconsistent courts, 6% (26 responses).

Additional Comments

The additional comments underscore, again, the problems regarding lack of coordination among service providers and planning agencies, lack of funds, and lack of unified national laws and philosophy regarding drug abuse, accounting for almost half of the factors cited--54 out of 120 total.





U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., August 20, 1976.

Mr. JAMES M. CANNON, Mr. RICHARD D. PARSONS,  
*The Domestic Council, The White House,*  
*Washington, D.C.*

DEAR SIRs: The new Select Committee on Narcotics Abuse and Control has been charged with the responsibility of reviewing in depth all ongoing programs concerned with narcotics traffic and abuse with an objective of recommending to Congress a comprehensive plan of attack on this problem.

In accord with this mandate, while the physical procedures of amassing and reviewing all available material on this subject is underway, the Select Committee will begin a series of hearings to thoroughly ground its membership on the programs of all agencies and departments involved in drug-related activities. Included in the jurisdiction of the Select Committee is the authorization to "review any recommendations made by the President or by any department or agency of the Federal Government, relating to programs or policies affecting narcotics abuse and control."

Since your Council has a responsibility in this area, it would be appreciated if you would make yourself available to appear before the Committee in public hearings during the week of September 20-24, 1976. Should it be necessary for part of your testimony to be taken in executive session, I would appreciate it if you could notify the committee in advance so that appropriate arrangements can be made.

These public hearings will begin the Committee's study of the Federal response to the current drug abuse epidemic. The Select Committee is concerned with both the domestic and international aspects of the drug problem and the task of supply and demand reduction. I hope that you will contribute to the efforts of the Select Committee by taking this opportunity to brief the Members of the Select Committee on the scope of your operations and the approach which your organization takes toward the complex issue of narcotics abuse and control.

It would be helpful if you could include in your testimony any recommendations which you feel would improve the effectiveness or the efficiency of the Federal effort to control, treat or prevent drug abuse. Tom Vogel of our staff will be in touch with your secretary to discuss your role in the hearings and the necessary arrangements.

Sincerely,

LESTER L. WOLFF, *Chairman.*

THE WHITE HOUSE,  
Washington, D.C., September 16, 1976.

HON. LESTER L. WOLFF,  
*Chairman, Select Committee on Narcotics Abuse and Control,*  
*U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Thank you for your letter of August 20, inviting Mr. Richard Parsons of my staff and me to appear and give testimony before the newly created Select Committee on Narcotics Abuse and Control.

As you know, the President has a keen interest in reducing the level of drug abuse in the United States and he has made this one of the priority objectives of his Administration. As members of his staff, Mr. Parsons and I have served to communicate the President's interest and policy guidance to the Administration officials having direct program responsibility in this area and to help to insure coordination of the total Federal effort.

I am advised by counsel that, as a matter of principle and precedent, members of the President's immediate staff customarily do not appear before Congressional committees to testify with respect to the performance of their duties on behalf of the President. This limitation, I am further advised, has been recognized by the Congress and the Executive as a principle of comity between the respective Branches. I must, therefore, on behalf of myself and Mr. Parsons, respectfully decline the invitation to testify before the Committee in public hearings.

The creation of the Select Committee on Narcotics Abuse and Control is a clear sign that the Congress shares the President's sense of concern about the tragic problem of drug abuse, and he is eager for those in the Administration with direct program responsibility to work with the Committee in carrying out its mission. Further, I would be pleased to submit to the Committee a written statement concerning the role of the Domestic Council in coordinating drug abuse related activities if it would be helpful.

Sincerely,

JAMES M. CANNON,  
*Assistant to the President for Domestic Affairs.*

SEPTEMBER 20, 1976.

Mr. JAMES M. CANNON,  
*Assistant to the President for Domestic Affairs,  
The White House, Washington, D.C.*

DEAR MR. CANNON: Thank you for your letter of September 16, in which you explain why, for reasons of principle and precedent, you and Mr. Richard Parsons are unable to participate directly in the hearings about to be conducted by the Select Committee.

I would like to thank you for your kind offer to provide the Select Committee with a written statement concerning the role of the Domestic Council in coordinating drug abuse related activities. This would be most helpful indeed, and I hope you will send it to us as soon as possible.

I appreciate your kind words about the creation of the Select Committee and look forward to working with you on this important subject in the months ahead.

Sincerely,

LESTER L. WOLFF, *Chairman.*

THE WHITE HOUSE,  
*Washington, D.C.*

STATEMENT OF JAMES M. CANNON, ASSISTANT TO THE PRESIDENT FOR DOMESTIC AFFAIRS, EXECUTIVE DIRECTOR, DOMESTIC COUNCIL FOR THE HOUSE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

Mr. Chairman and members of the select committee, I appreciate this opportunity to outline the role of the Domestic Council in coordinating drug abuse related activities on behalf of the President. I would also like to take advantage of the opportunity to briefly summarize the President's personal activity in this crucial area.

As you know, drug abuse is a problem of great national concern. Its cost to the nation is staggering. Counting narcotic-related crime—estimated to account for as much as one-half of all street crime—health care, drug program costs and addicts' lost productivity, the dollar cost is estimated at upwards of \$17 billion per year. To that must be added more than 5,000 deaths each year, and the incalculable burden of ruined lives, broken homes, and divided communities.

Drug abuse is a problem which affects millions of Americans either directly or indirectly and which strikes at the very heart of our national well-being.

President Ford has made reducing the tragic toll of drug abuse one of his Administration's highest priorities and he has invested a great deal of his time and attention to this effort. He initiated and then endorsed a major study of the issue which has resulted in wide understanding and acceptance of the Federal policy in this area, as well as major improvements in agency operations. He has met frequently with foreign heads of State, Members of Congress, and members of the Cabinet to seek ways to improve the program. He has requested additional funds for both law enforcement and drug abuse treatment and proposed legislation to the Congress aimed at getting drug traffickers off the street.

He has created new Cabinet committees to ensure that all government resources are brought to bear on the problem in a coordinated manner. He has directed the Internal Revenue Service to develop a tax enforcement program aimed at high-level traffickers. And he has brought the issue to the American public in several major addresses calling for a national commitment to combatting this menace to the health of our nation.

Most recently, President Ford met with Mexican President-elect Lopez-Portillo to stress the importance to this country of effective drug eradication and interdiction by the Mexican Government. I am particularly pleased to be able to tell you that Mr. Lopez-Portillo pledged that his administration would continue—indeed, expand—the programs developed under President Echeverria.

In short, the President is deeply concerned about the ravages of drug abuse on American society and his commitment to improving the Federal narcotics program is absolute. He is, therefore, pleased that the House of Representatives has seen fit to establish this Select Committee to bring together the broad expertise of the several committees of the House having some responsibility in the drug field.

#### *Role of the Domestic Council*

The Domestic Council was established by the President on July 1, 1970, in accordance with the provisions of Reorganization Plan #2 of 1970. Its mission was to coordinate policy formation in the domestic area, to provide a forum for discussion and resolution of policy matters that cut across departmental jurisdictions, to maintain a continuous review of on-going programs from a policy standpoint and to propose reforms as needed.

Our staff is small, in keeping with the President's intent that we draw on Department and agency experts for staff support. Our role is catalytic and our working structure flexible: the President wants the Domestic Council to provide a mechanism for bringing together the expertise within the Departments and agencies of the government having statutory responsibility in an area, not to supplant those Departments and agencies. As a result, much of our work is accomplished by ad hoc project committees drawn from the rest of the Executive Branch to accomplish a specific mission (such as the presentation of broad policy options to the President).

Our involvement in the area of drug abuse control provides almost a textbook example of the working of the Domestic Council.

The Federal program to control drug abuse is composed of activities as diverse as any in government, involving seven Cabinet Departments and seventeen agencies. Clearly, strong coordinating mechanisms are necessary to ensure that the efforts of these Departments and agencies are integrated into an effective overall program and that the approach adopted in each is consistent with the President's priorities.

To meet this need, a variety of permanent and temporary offices were created in the early 1970's to provide policy guidance, program oversight, and interagency coordination of the rapidly expanding Federal drug program.<sup>1</sup> These included:

The Cabinet Committee on International Narcotics Control (CCINC), created in 1971 to coordinate the international control program.

The Special Action Office for Drug Abuse Prevention (SAODAP), created in 1971 to oversee and coordinate the development of a comprehensive treatment and prevention program to balance the existing law enforcement program.

The designation of the head of the Justice Department's Office of Drug Abuse Law Enforcement (ODALE) as Special Consultant to the President for Narcotics Affairs in 1972.

The creation of a temporary special drug abuse staff within the Domestic Council to provide program oversight and limited interagency coordination at the Executive Office level during a period of rapid expansion and change.

As the Federal drug program matured, many of these temporary offices were replaced with permanent structures. By mid-1973, for example, the specialized Domestic Council staff had evolved into a small office in the Office of Management and Budget (OMB), and the executive directorship of CCINC had been transferred from the Domestic Council to the Senior Adviser for Narcotic Matters (S/NM) in the Department of State. In July of 1973, ODALE was merged with the Bureau of Narcotics and Dangerous Drugs, the Office of National Narcotics Intelligence and those U.S. Customs Service officers involved in drug-related intelligence and investigations activities to create a new Drug Enforcement Administration (DEA) in the Department of Justice, and the Attorney General

<sup>1</sup> When the full magnitude of this problem became apparent in the late 1960's and early 1970's, the Administration, with strong Congressional support, responded quickly. A vigorous prevention and treatment component was added to the then-existing law enforcement efforts. Federal spending for a broad range of programs aimed both at demand reduction (prevention, treatment, rehabilitation and research) and supply reduction (law enforcement and international control) tripled, and then tripled again—all within five years.

was given overall responsibility for drug law enforcement. Finally, by early 1974, the permanent successor to SAODAP, the National Institute on Drug Abuse (NIDA), was established in the Department of Health, Education, and Welfare.

Thus, a steady decrease in direct Executive Office involvement paralleled the assumption of authority by the lead agencies in the drug field: NIDA for prevention and treatment; DEA for law enforcement; and the Office of the Senior Advisor for Narcotics Matters in the Department of State for international activities. The Administration's goal was to develop effective management within each of the three segments of the Federal drug program and, as their management capacity increased, to gradually reduce direct Executive Office involvement to that of program oversight.

As you will recall, sufficient substantive progress had been made by late 1973 and early 1974 that Administration spokesmen, including the former President, began to make cautious statements about "turning the corner on drug abuse". We now know that the very real progress which led to this confidence was, in the main, temporary and regional. In fact, at that very time, the underlying trends had already begun to turn upward after having declined steadily for almost two years.

By the summer of 1974, Federal drug abuse program administrators began to realize that conditions were worsening and that the gains of prior years were being eroded. The deteriorating situation was confirmed over the next several months and, by early 1975, it was clear that a major drug abuse problem still faced the nation.

In February of 1975, the President designated Vice President Rockefeller as Vice Chairman of the Domestic Council and charged him with overseeing its activities. He asked the Vice President to recommend specific program areas in which task forces should be formed to assess existing Federal policies. The Vice President, faced with evidence that the gains made in controlling drug abuse during 1972 and 1973 were being eroded and that the use and availability of drugs was again increasing, recommended such a review for the drug program.

#### *The White Paper on Drug Abuse*

Accordingly, in May, 1975, the President directed the Domestic Council to undertake a thorough review and assessment of the effectiveness of the Federal program to control drug abuse, to give him a frank assessment of our effectiveness, and to make recommendations concerning ways to make the Federal drug abuse program more effective in the future.

To accomplish this mission, a task force, consisting of high-level representatives of twelve Federal Departments and agencies having responsibilities in the drug abuse area, was created and charged by the Vice President with responsibility for preparing a comprehensive report on drug abuse which would be responsive to the President's concerns. As its first order of business, the task force established working groups to perform the analysis and to prepare initial drafts for its consideration. During the course of the review, more than 80 individuals from more than 20 different government organizations participated in work group activities. More than 30 other individuals, representing almost as many community organizations involved in the drug abuse area, also contributed valuable perspective and ideas to the effort.

The Domestic Council Drug Abuse Task Force was chaired by Mr. Richard D. Parsons, Associate Director and Counsel of the Domestic Council, and its work group was directed by a member of the staff of the Office of Management and Budget, Mr. Edward E. Johnson, but the majority of the work was done by the many departmental agency personnel "borrowed" for the purpose of preparing the report to the President.

The Drug Abuse Task Force presented its report, the "White Paper on Drug Abuse," to the President on September 29, 1975. Shortly thereafter, at the President's direction, the White Paper was released to the public. It quickly won wide praise in the Congress and throughout the country for its candor, practical tone and sensible recommendations.

On December 27, 1975, after the White Paper's unanimous endorsement by the members of the Cabinet having drug program responsibility, the President endorsed it and made it the centerpiece of a revitalized Federal program. Because of its importance, I urge you to make the White Paper a part of the record of these hearings.

Since December, 1975 a great deal of progress has been made in improving the Federal drug abuse program and in putting it on a sound basis. I understand that other witnesses directly involved in the drug program have already testified concerning much of this progress.

The role of the Domestic Council since publication of the White Paper has been to encourage and monitor progress in implementing its many recommendations, to work with OMB in developing a Federal drug program budget which is responsive to program needs, to assist program managers with interagency coordination, and, of course, to keep the President fully apprised of progress and assist him in the further development of policy in this area. Our role has gradually diminished as the more permanent Cabinet committees established by the President in April, 1976, have begun to provide direction for, and coordination of, Federal drug programs and activities.<sup>2</sup> Both of these new Cabinet committees and their supporting working-level subcommittees are now fully operational and extremely active.

### *The Remaining Agenda*

It should be clear from this discussion that I believe that a great deal of progress has been made over the past 18 months, and that I am proud of the catalytic role the Domestic Council has played. But there is more which needs to be done:

- Federal drug enforcement efforts can still be more narrowly focused on high-level, interstate and international traffickers;
- our narcotics intelligence system—despite progress in the past year—is still inadequate;
- the potential contribution of the Internal Revenue Service and the Federal Bureau of Investigations have yet to be fully realized; and
- we can still do much more to encourage other nations to join us in this truly international struggle.

The Domestic Council will continue to urge action in these areas. We are convinced that the necessary organizational entities and interagency mechanisms are already in place to deal with these problems, and we assure you that we will closely monitor progress toward more coordinated, effective performance.

We need also to secure passage of the legislation which the President proposed in his recent Special Message to the Congress on Drug Abuse. This legislation is aimed at improving our ability to put major traffickers in prison and at closing loopholes in the law which allow them to continue to prey on our young.

It has become all too clear that gathering sufficient evidence to prosecute a trafficker does not guarantee his immobilization. An indicted trafficker may be operating in a foreign country, out of reach of effective prosecution and sentencing. Even in the United States, indictment and arrest do not guarantee immobilization; these events merely begin a long criminal justice process during most of which the trafficker is now free to continue operating. At the end of this process, incarceration may be relatively short.

This failure to immobilize traffickers against whom a substantial case has been developed is very costly—costly in terms of wasted investigative resources and lowered law enforcement morale, costly in terms of weakening the deterrent value of the law, and costly in terms of reduced public trust in the criminal justice system.

Now that Federal law enforcement agencies are demonstrating the ability to shift their focus to high-level violators, we must make a significant change in the way the criminal justice system handles major traffickers after arrest to capitalize on this progress. Accordingly, the President has proposed legislation which would, among other things:

- Require minimum mandatory prison sentences for persons convicted of high-level trafficking in heroin and similar narcotic drugs.

Enable judges to deny bail in the absence of compelling circumstances for certain categories of notorious defendants.

Raise the value of property used to smuggle drugs which can be seized by Administrative, as opposed to Judicial, action from \$2,500 to \$10,000, and extend this forfeiture provision to include cash or other personal property found in the possession of a narcotics violator.

<sup>2</sup> The Cabinet Committee for Drug Law Enforcement and the Cabinet Committee for Drug Abuse Prevention, Treatment and Rehabilitation.

These proposals are now before the House in the form of H.R. 6568 and H.R. 13577.<sup>3</sup> They should receive bi-partisan support and swift Congressional passage. I therefore call upon the members of this committee to work with the Administration in securing prompt passage of this important legislation. Its enactment will represent a major contribution to the national anti-narcotic effort.

Thank you for this opportunity to present my views on this vital issue. I hope that these remarks are helpful to the committee in developing a complete and impartial understanding of the drug abuse problem.

<sup>3</sup> I also urge prompt passage of H.R. 5359, the implementing legislation for the 1971 Convention on Psychotropic Substances, which the President also called for in his special message.

**WHITE PAPER  
ON  
DRUG ABUSE**



**September 1975**

**A REPORT TO THE PRESIDENT  
FROM  
THE DOMESTIC COUNCIL DRUG ABUSE  
TASK FORCE**

**WHITE PAPER  
ON  
DRUG ABUSE**

Reprinted by

U.S. Department of Health, Education, and Welfare  
Public Health Service  
Alcohol, Drug Abuse, and Mental Health Administration  
National Institute on Drug Abuse

**September 1975**

**A REPORT TO THE PRESIDENT  
FROM  
THE DOMESTIC COUNCIL DRUG ABUSE  
TASK FORCE**





THE VICE PRESIDENT  
WASHINGTON

September 29, 1975

Dear Mr. President:

I am pleased to submit for your consideration the White Paper on Drug Abuse prepared at your request by the Domestic Council Drug Abuse Task Force. The White Paper documents the principal findings of the Task Force, assesses the current extent of drug abuse in America and presents a number of recommendations for improving the Federal government's overall program to reduce drug abuse.

Drug abuse is one of the most serious and most tragic problems this country faces. Its cost to the nation is staggering: counting narcotics-related crime, health care, drug program costs and addicts' lost productivity, estimates range upwards of \$17 billion a year. In addition to these measurable costs, the nation bears an incalculable burden in terms of ruined lives, broken homes and divided communities.

The Task Force believes that the optimism about "winning the war on drugs" expressed so eloquently and confidently only a few years ago was premature. It urgently recommends that the federal government reaffirm its commitment to combatting drug abuse and that public officials and citizens alike accept the fact that a national commitment to this effort will be required if we are to ultimately succeed.

The Task Force submits this White Paper in the knowledge that it does not provide all of the answers to solving the drug abuse problem. The issues are complex and changing and the Federal effort represents only part of the nation's total response. However, I believe that the recommendations contained in the White Paper provide a solid base upon which a re-invigorated national effort can be built.

The Members of the Task Force, the contributors to the White Paper and I appreciate the opportunity to have participated in this vital undertaking.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Nelson A. Rockefeller".

The President  
The White House  
Washington, D. C.

**DOMESTIC COUNCIL DRUG ABUSE TASK FORCE**

**RICHARD D. PARSONS**, Chairman, Associate Director and Counsel,  
Domestic Council.

Special Assistant for Coordination of Foreign Narcotics Information,  
Central Intelligence Agency.

**WILLIAM A. CARLSON** (to July 31), Director, Office of Planning and  
Evaluation, Department of Agriculture.

**JOHN FEDKIW** (Dr.) (from August 1), Assistant Director, Economic  
Analysis and Program Evaluation, Office of Management and  
Finance, Department of Agriculture.

**JAMES R. COWAN** (Dr.), Assistant Secretary, Health and Environ-  
ment, Department of Defense.

**THEODORE COOPER** (Dr.), Assistant Secretary for Health, Department  
of Health, Education, and Welfare.

**ROBERT L. DUPONT** (Dr.), Director, National Institute on Drug  
Abuse, Department of Health, Education and Welfare.

**JONATHAN C. ROSE**, Deputy Assistant Attorney General, Anti-Trust  
Division, Department of Justice.

**JOHN R. BARTELS, JR.** (to May 30), Administrator, Drug Enforcement  
Administration.

**HENRY S. DOGIN** (from June 1), Acting Administrator, Drug Enforce-  
ment Administration.

**ABRAHAM WEISS** (to August 12), Assistant Secretary for Policy,  
Evaluation and Research Department of Labor.

**WILLIAM KOLBERG** (from August 13), Assistant Secretary for Man-  
power Department of Labor.

SHELDON B. VANCE (Ambassador), Senior Adviser to the Secretary and Coordinator for International Narcotics Matters, Department of State.

DAVID R. MACDONALD, Assistant Secretary, Enforcement Operations, and Tariff Affairs, Department of the Treasury.

VERNON D. ACREE, Commissioner of Customs Department of the Treasury.

JOHN D. CHASE (Dr.), Chief Medical Director Department of Medicine and Surgery Veterans Administration.

HAROLD HORAN, Senior Staff Member, National Security Council.

EDWARD E. JOHNSON, Assistant to the Deputy Director, for Federal Drug Management, Office of Management and Budget.

**Ex-Officio**

RAYMOND P. SHAFER, Counsellor to the Vice President.

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**3 OF 6**

# PREFACE

Commencing in 1969, the Federal Government launched a major commitment toward eliminating the drug abuse problem in America. Sufficient progress had been made by late 1973 that Administration spokesmen, including, the former President, began to make cautious statements about "turning the corner on drug abuse." These statements were always accompanied by warnings that the data were not yet conclusive and that there was still a long way to go even if the corner had been turned. But, somehow, the qualifying statements were overlooked and the notion that we had "turned the corner on drug abuse" became accepted as fact by many in government and by most of the public and the press.

We now know that the very real progress which led to this confidence was, in the main, temporary and regional. In fact, at that very time, the underlying trends had already begun to turn up after having declined steadily for almost two years.

By the summer of 1974, Federal drug abuse program administrators began to realize that conditions were worsening and that the gains of prior years were being eroded. The deteriorating situation was confirmed over the next several months and, by early 1975, the Congress, the press and the public at large were becoming aware of the new and worrisome situation the Nation faced.

Deeply concerned over evidence indicating an increase in the availability and use of illicit drugs, President Ford, in April, called for a thorough appraisal of the nature and extent of drug abuse in America today. The President directed the Domestic Council, under the leadership of the Vice President, to undertake a priority review of the overall Federal effort in the prevention and treatment of drug abuse, to give him a frank assessment of our effectiveness, and to make recommendations concerning ways to make the Federal drug abuse program more effective in the future.

The specific objectives of the review were to:

- Assess the effectiveness of current drug programs and policies; and
- Determine if the Federal drug strategy, priorities and organizational structures are appropriate to meet current needs.



In addition, the review was to examine the need for, and structure of, a drug management and coordination mechanism in the Executive Office of the President.

To accomplish this mission, a task force, consisting of high-level representatives of twelve Federal departments and agencies having responsibilities in the drug abuse area, was created and charged with responsibility for preparing a comprehensive white paper on drug abuse which would be responsive to the President's concerns. As its first order of business, the task force established working groups to perform the analysis and to prepare initial drafts for its consideration. During the course of the review, more than 80 individuals from more than 20 different government organizations participated in work group activities. More than 30 other individuals, representing almost as many community organizations involved in the drug abuse area, also contributed valuable perspective and ideas.

The white paper does not attempt to evaluate each Federal drug agency or program in terms of its past performance or to compile a scorecard showing which agencies or programs produced the most impressive numbers of arrests, or seizures, or reformed addicts. It was the view of the task force that this type of statistical approach to evaluation is responsible, in large measure, for much of the ineffectiveness of our current efforts. Nor did the task force attempt to perform a management audit. Rather, the white paper seeks to review and assess the agencies and the programs in an operational context to see if they are rational (Do they make sense?), properly targeted (Are our objectives and priorities appropriate?), and reasonably structured to achieve their intended purposes (Can we expect them to accomplish what we created them to accomplish?).

The task force recognizes that, while this kind of analysis may not highlight where we have stumbled in the past, it will tell us where we should be headed in the future. The task force views the making of recommendations for improving the Federal drug program as its most important assignment.

Finally, the task force made every effort to reach unanimity on each recommendation, but this was not always possible given the widely disparate institutional and individual perspectives of its members. Accordingly, to provide the most useful document possible, the task force decided to work by consensus, identifying conflicts or differences of opinion where necessary. To ensure that all views were properly represented, however, members of the task force who did not share the majority view on any issue were invited to submit memoranda outlining points of disagreement. These memoranda are appended to, and made a part of, the white paper.

# 1. OVERVIEW:

## A STRATEGY FOR CONTAINING DRUG ABUSE

The "drug problem" is not a recent phenomenon; the use of narcotics in the United States began prior to the Civil War. The fact that the earliest narcotics laws were passed over 60 years ago indicates that drugs have been a matter of national concern since the turn of the century.

Early efforts to deal with the problem focused on limiting the supply of drugs, first through taxation, then by prohibition and strict legal controls. The ever-increasing severity of Federal anti-narcotic laws reached a peak in the late-1950's with the passage of laws calling for life imprisonment and even death in certain cases.

The assumption behind this increasingly tough approach to the drug problem was that reducing the supply of illicit drugs would encourage drug-dependent individuals to detoxify and would keep drugs out of the hands of new users. Some did detoxify, but many did not, and the behavior and condition of those who did not detoxify continued to deteriorate. By the end of the 1950's there was general agreement that Federal policy was ineffective.

The belief that strict supply reduction by itself wasn't enough, coupled with the spread of drug use to new population groups, led to increasing experimentation with treatment for drug abusers during the 1960's. Finally, with the passage of the Drug Abuse Office and Treatment Act of 1972, Federal policy clearly called for a balanced response to the problem of drug abuse by adding a vigorous prevention and treatment component to the existing law enforcement efforts.

The Domestic Council Task Force on Drug Abuse strongly endorses the concept of a Federal program which balances the effort to control and, ultimately, reduce the supply of drugs with an effort to control and, ultimately, reduce the demand for drugs.<sup>1</sup> We believe

<sup>1</sup> The demand reduction program is intended to: (1) Dissuade the nonuser from experimenting with drugs; (2) deter the occasional user or experimenter from progressing to the abuse of drugs; (3) make treatment available for abusers of drugs who seek it; and (4) help the former abuser regain his place as a productive member of society.

that this concept should continue to be the cornerstone of the Federal strategy.

In addition to confirming the validity of this fundamental strategy, the past several years have taught us several lessons which are the basic themes upon which our specific recommendations are based.<sup>2</sup> This chapter discusses these basic themes, after first outlining the rationale for a balanced strategy.

## NEED FOR A BALANCED PROGRAM

The fundamental objective of supply reduction efforts is to make drugs difficult to obtain, expensive, and risky to possess, sell or consume. The basic assumption is that if taking drugs is hazardous, inconvenient and expensive, fewer people will experiment with drugs, fewer who do experiment will advance to chronic, intensive use of drugs, and more of those who currently use drugs will abandon their use.

This assumption is well supported by historical evidence. Both in cases of individual drug use and in outbreaks of drug epidemics, the easy availability of the drugs themselves has been found to be a major factor. For example:

- Following the passage of the Harrison Act in 1914, which made opiates illegal for the first time, the number of opiate users in the United States was halved.
- An analysis of a Chicago heroin epidemic which began shortly after World War II, reached its peak in 1949, and declined in the early 1950's determined that: "The decline of this epidemic \* \* \* (was) \* \* \* most clearly associated with decreased quality and increased cost of heroin."<sup>3</sup>
- Immediately after World War II, an epidemic of amphetamine use swept Japan when this drug became readily available. A similar epidemic of amphetamine use occurred in Sweden in the early to mid-1960's. The Japanese experience is of particular interest because it developed in a country noted for low rates of alcoholism and other forms of excessive drug use.
- When relatively pure heroin at low cost became available to U.S. servicemen serving in Southeast Asia in 1970-71, use was

<sup>2</sup> These themes are in large part consistent with the basic findings of the National Commission on Marihuana and Drug Abuse as well as those expressed in three issues of the *Federal Strategy for Drug Abuse and Drug Traffic Prevention* prepared by the Strategy Council on Drug Abuse. Thus, this white paper represents a gradual evolution of a consistent policy, rather than any abrupt departure.

<sup>3</sup> Hughes, Patrick H., et al. "The Natural History of a Heroin Epidemic," *American Journal of Public Health*, July, 1972.

widespread. When these same servicemen returned to the United States, where heroin is much more costly and much more hazardous to obtain, use dropped dramatically.

- During the period 1972-73, a shortage of heroin on the East Coast coincided with significant reductions in both the incidence and prevalence of heroin use on the East Coast.

Furthermore, most studies indicate that experimental users rarely search intensively to find drugs. In over 90 percent of the cases, they "happen on" drugs, or are introduced to drug use by a friend. This finding implies that if new users had to go beyond their normal contacts to find drugs, many would probably not use them.

In addition, several studies have shown that some people who began and enjoyed drug use, but eventually abandoned it, did so because drugs became expensive, inconvenient or dangerous to procure. A study of neophyte heroin users abandoned use in Los Angeles indicated that 55 percent did so because they lost their "connection."<sup>4</sup> Most did not make a concerted effort to establish a new connection. The definitive survey of heroin users returning from Vietnam indicated that 60 percent of those abandoning use indicated inconvenience, cost, or fear of arrest and prosecution as reasons.<sup>5</sup>

Thus, successful supply reduction efforts can: (1) minimize the number of new users, (2) increase the number of old users who abandon use, and (3) decrease the consumption of current users.

These benefits are not attained without cost or limitations.

First, a supply reduction strategy is expensive. The Federal Government spends over \$350 million on supply reduction efforts annually. Moreover, our efforts to encourage other countries to intensify their supply reduction efforts could in some instances have an effect on our bilateral relations.

Second, it is clear that there are significant adverse side effects of supply reduction efforts: young, casual users of drugs are stigmatized by arrest; the health of committed users is threatened by impure drugs; black markets are created and with them significant possibilities for corruption of public officials; and crime rates increase, as users attempt to meet the rising cost of scarce, illegal drugs.

Finally, no supply reduction effort can be completely effective. Even if we were willing to drastically restrict civil liberties—which we are not—or spend enormous sums on supply reduction efforts, some drugs would continue to flow into illicit markets. Further, supply reduction is not very effective in discouraging the casual illicit use of legitimate

<sup>4</sup> Schasre, Robert, "Cessation Patterns Among Neophyte Users," *International Journal of Addiction*, Vol. I, No. 2, 1966.

<sup>5</sup> Robins, Lee, "The Vietnam Drug User Returns; Final Report," SAODAP, Sept., 1973.

drugs, since it is practically impossible to develop a system of controls that will prevent legitimate drugs from occasionally being available to illicit users.

Listing the costs and limitations of the supply reduction strategy is not meant to imply that supply reduction efforts are not justified; on the contrary, the task force believes that the effort to control availability through supply reduction should remain a central element of our strategy. But we must be mindful of the consequences of supply reduction efforts, so that we concentrate on ways of securing the benefits of supply reduction while ameliorating, to the extent possible, its adverse effects.

Balancing supply reduction efforts with complementary demand reduction efforts is one way to reduce the adverse costs of supply reduction, as well as being itself another avenue for reducing drug abuse. For example, the availability of treatment gives the drug user who finds drugs becoming scarce and expensive an alternative. The problems created for users by high prices, impure drugs, uncertain doses, arrests, and victimization by other drug users can be reduced by making a range of treatment easily available to users.

In fact, supply reduction and demand reduction are not only complementary in that one compensates for the limitations of the other, they are also interdependent, in that increases in the resources devoted to one activity will be most effective only if increased resources are simultaneously devoted to the other.

For example, reduced drug availability increases pressure on drug users to seek treatment. If law enforcement is intensified in a city, additional treatment capacity will be required to care for the increased number of addicts forced to seek treatment. A good illustration of this occurred during the East Coast heroin shortage of 1973, when the number of people seeking treatment grew by 42 percent.

Secondly, demand reduction efforts complement the limited but valuable prevention effects of supply reduction efforts. Programs to provide employment, counselling, and recreation may succeed in preventing experimentation with drugs among inner-city youth despite the difficulty of substantially decreasing the availability of drugs in those areas.

For many years, social and legal policy dichotomized drug use as either a "criminal" or "social" problem. The fact is that it is both at once, and that activities aimed at reducing supply (including law enforcement) and those aimed at reducing demand (prevention, treatment, and rehabilitation) are mutually supportive. Thus, a balanced program of supply and demand reduction should be the cornerstone of the Federal strategy to reduce drug abuse in America.

## SUPPORTING THEMES

In addition to confirming the validity of the basic strategy of balancing mutually supportive supply reduction and demand reduction activities, the experiences of the past six years, in which the drug program has been a major priority of the Federal Government, have taught us important lessons. These lessons become general themes which underlie findings, conclusions, and recommendations contained in the chapters which follow. Together with the supply/demand balance, these themes form the basis for the comprehensive Federal strategy to combat drug abuse. They are:

1. *We must be realistic about what can be achieved and what the appropriate Federal role is in the war against drugs.* We should stop raising unrealistic expectations of total elimination of drug abuse from our society. At the same time, we should in no way signal tacit acceptance of drug abuse or a lessened commitment to continue aggressive efforts aimed at eliminating it entirely. The sobering fact is that some members of any society will seek escape from the stresses of life through drug use. Prevention, education, treatment, and rehabilitation will curtail their number, but will not eliminate drug use entirely. As long as there is demand, criminal drug traffickers will make some supply available, provided that the potential profits outweigh the risks of detection and punishment. Vigorous supply reduction efforts will reduce, but not eliminate, supply. And reduction in the supply of one drug may only cause abuse-prone individuals to turn to another substance.

All of this indicates that, regrettably, we probably will always have a drug problem of some proportion. Therefore we must be prepared to continue our efforts and our commitment indefinitely, in order to contain the problem at a minimal level, and in order to minimize the adverse social costs of drug abuse.

We must develop better measures of program progress than the "addict counts" or gross seizure and arrest statistics which have been used in the past, and we must educate the public to shift its focus to the more relevant trend, availability, and quality arrest data which are available.

Further, we must be realistic about what the Federal Government can and cannot accomplish in this area. It *can* play a major role in limiting supplies of drugs, in maintaining a widespread treatment capacity, and in providing technical assistance, research, demonstration, and evaluation. It *can* take the lead in enlisting the cooperation of other nations of

the world in suppressing the production of illicit drugs. It can provide leadership in our domestic effort to reduce the levels of drug abuse, particularly if our national leaders clearly articulate their commitment to this effort.

We must recognize, however, that the Federal Government cannot single-handedly eliminate drug abuse or its effects on our society. Only through the combined efforts of the Federal, State and local governments, private individuals and businesses, and a variety of local organizations, working together, can we hope to ultimately succeed in this vital undertaking.

2. *Not all drug use is equally destructive, and we should give priority in our treatment and enforcement efforts to those drugs which pose the greater risk, as well as to compulsive users of drugs of any kind.* At any given level of consumption, different drugs pose different threats to the behavior and condition of users. Further, at high levels of consumption—particularly with intravenous injection—the effects are vastly increased. Public policy should be most concerned with those drugs which have the highest social cost.

This does not suggest devoting *all* resources to the highest priority drugs, and *none* to lower priority drugs. All drugs are dangerous in varying degrees and should receive attention. But where resource constraints force a choice, those drugs with the potential for causing the highest social cost should be given priority.

3. *Supply reduction is broader than law enforcement and we should utilize a variety of supply reduction tools.* Federal supply reduction efforts should be targeted at all aspects of illicit production (or diversion from licit production) and distribution of drugs. The activities involved range from crop substitution and economic development to interdiction of illicit shipments and the removal of important traffickers from the supply system through long prison terms. More effective regulation and monitoring of the legitimate production and distribution of drugs such as amphetamines and barbiturates, which are also abused or used illicitly, is one reduction tool which should receive greater attention than it does now.

Undertaking a comprehensive supply reduction program requires the cooperation of many foreign nations and the active participation of numerous Federal, State and local agencies. Full utilization of all resources should be encouraged, and closer cooperation fostered to ensure that all are contributing optimally to the overall supply reduction effort.

4. *Federal law enforcement efforts should focus on the development of major conspiracy cases against the leaders of high-level trafficking net-works, and should move away from "street-level" activities.* The most effective way to control and reduce supply is to immobilize large trafficking networks through the prosecution and conviction of their leaders. Since the leaders of trafficking organizations normally insulate themselves from overt illegal acts by delegating these acts to subordinates, conspiracy cases often are the only effective means for the law to reach them.

To optimize the development of conspiracy cases, (1) higher priority should be placed on developing and analyzing operational intelligence, (2) the percentage of Federal agent time spent on "street-level" activities should decline, and (3) cooperation with border interdiction forces and with State and local police forces must be improved. This last item, improving cooperation with border interdiction and local police forces, is also important to insure that other vital law enforcement efforts continue to be adequately performed.

5. *The current treatment focus of demand reduction efforts should be supplemented with increased attention to prevention and vocational rehabilitation.* The bulk of Federal resources and attention have gone for treatment since the drug program was elevated to a high priority. In light of the acute need which existed at that time, this focus was clearly necessary.

Yet, treatment is a response to a problem which has already developed. Given the difficulties of successful treatment, it is obvious that effective programs which prevent the problem before it develops are highly desirable. Similarly, vocational rehabilitation during and after treatment which enhances the probability that a former abuser will not return to drug use should be given priority. The task force believes both these areas should be important parts of the overall demand reduction program.

6. *Neither successful prevention or successful rehabilitation is drug specific; both should be closely integrated with other social programs.* The successful prevention models which exist have not been drug specific. That is, they have dealt with the broad range of adolescent problem behavior—drug use, alcoholism, truancy, and juvenile delinquency. Further, the more successful programs have been tailored to the specific problems and resources of a local community. Thus, prevention should be centered in broad range, community-based programs. The Federal role should be catalytic in nature, providing technical assistance, training, and limited seed money.



Rehabilitation is a critical step in returning a drug user to a productive life. Individuals need help in developing or recovering skills which enable them to support themselves. Some need basic schooling, vocational counselling, and skills training; some need a form of supported work; and still others simply need a job. All of these services are provided by existing community manpower services; we must be sure that they are available to former drug users and stabilized patients in treatment.

In addition to these six programmatic themes, there are four themes related to effective management of the drug program at the Federal level which are woven into the task force's recommendations.

1. *Cabinet management should be strengthened, and direct White House involvement should be restricted.* A central theme of this Administration is that program management is properly a function of the Cabinet departments, and White House involvement should be restricted to participating in major policy decisions, maintaining oversight to ensure that the President's policies and directives are being effectively implemented, and assisting in interagency coordination.

This theme meets the current needs of the drug program. During the past several years, a great deal of direct White House involvement was required to get the major drug agencies launched and to ensure that the Federal Government's commitment to the drug program was implemented. Now that these agencies have been in existence for several years, they are capable of assuming greater responsibility for program management and coordination.

2. *We must more effectively mobilize and utilize all the resources available in the Federal Government, State and local governments, and the private community.* While the task force endorses the "lead agency" concept, we believe that opportunities exist to more fully utilize the resources of the U.S. Customs Service and the FBI within an integrated Federal law enforcement program, and to utilize vocational rehabilitation services available in the Department of Labor as part of a comprehensive demand reduction program. Further, the Federal Government should take the lead in mobilizing the enormous potential resources available in State and local law enforcement agencies, and in State, local, and private prevention, treatment, and rehabilitation services. Only through full utilization of all available resources, and close cooperation among all involved agencies, can we hope to reduce the extent of drug abuse in America.

3. *There is a significant need to improve the efficiency and effectiveness with which the drug program is managed.* During the period of rapid growth in the drug program, there was little time for addressing management issues; rather, the focus was to launch a large drug program as rapidly as possible. Now that the program (and new agencies) have matured, it is time to consolidate the gains that have been made and to strengthen program management.

Improvement is necessary in three areas:

- Effectiveness of management within agencies.
  - Coordination between and among agencies.
  - Evaluation and follow-up of program and research results to determine their impact in reducing drug abuse in the United States.
4. *Significant progress can be made without requiring the commitment of substantial additional resources.* This is really the net result of implementing the preceding strategies and themes. In summary, a great deal of progress can be made in both supply and demand reduction efforts through better utilization and targeting of existing resources.

\* \* \* \* \*

Before discussing specific recommendations for improving supply and demand reduction efforts, Chapter 2 examines the nature and extent of the drug problem in an effort to establish an understanding of the task which faces the Nation. Chapters 3 and 4 discuss the task force's evaluation of supply and demand reduction efforts, respectively, and present specific recommendations for improvement. Chapter 5 pulls the program together by discussing overall program management. The major conclusions and recommendations are summarized in Chapter 6.

## 2. ASSESSMENT OF THE CURRENT SITUATION

The cost of drug abuse to the nation is staggering. Counting narcotic-related crime, addicts' lost productivity, and treatment and prevention programs as major items, estimates range from a conservative \$10 billion upwards to \$17 billion a year; and there is no calculating the social toll in terms of lives ruined and homes broken. This chapter attempts to put this problem in perspective by discussing the current situation in detail. Then it draws on this assessment to make recommendations concerning Federal priorities.

The terms "drug abuse" and "drug problem" mean different things to different people. For the purposes of this assessment, "drug abuse" is defined as non-medical use of any drug in such a way that it adversely affects some aspect of the user's life; i.e., by inducing or contributing to criminal behavior, by leading to poor health, economic dependence, or incompetence in discharging family responsibilities, or by creating some other undesirable condition. Using this definition, the "drug problem" is the total effect on society of these adverse effects of non-medical use of drugs, not only the physical effects of drugs on the individuals using them.

Because we are unable to accurately measure the adverse effects of drug use, we frequently use the number of users as an indicator of the magnitude of the drug problem. In using estimates of the total number of users as a measure of the problem, we must keep several factors in mind:

1. *The magnitude of the drug abuse problem is related to the particular drug being used.* At any given level of consumption, different drugs pose radically different threats to the behavior and condition of users.
2. *The magnitude of the drug abuse problem is related to the frequency and quantity of consumption (or "use pattern").* At high levels of consumption—particularly with intravenous administration—the user's behavior and physical condition may deteriorate rapidly. For this user, a reduction in drug consumption is likely to significantly alter behavior and therefore impact on the drug problem.

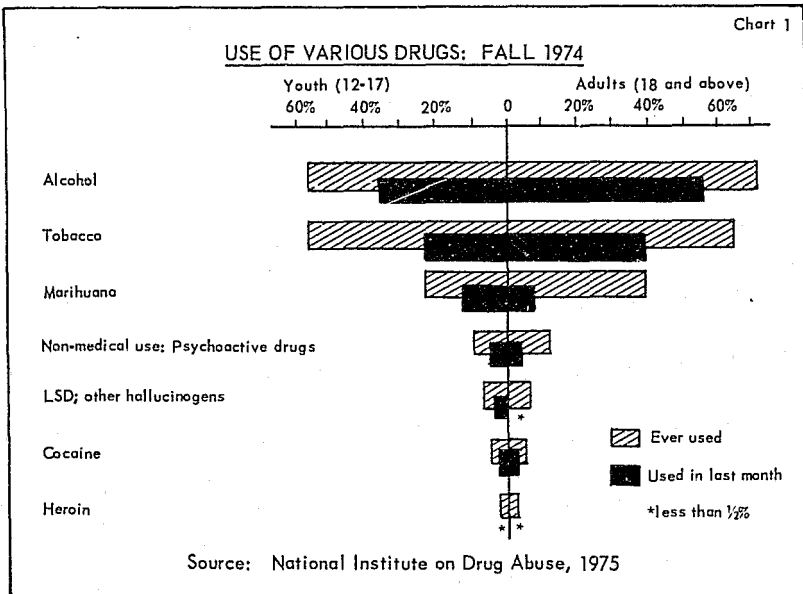
On the other hand, at low levels of use, drugs are probable not particularly important in a user's daily life, so reducing his already low consumption is unlikely to have much impact on behavior or health. Thus, the largest portion of the drug

abuse problem (and the portion where efforts at reduction should be focused) is created by chronic, intensive users of drugs.

3. *These factors are interrelated.* The likelihood of advancing to chronic, intensive levels of consumption differs from drug to drug and from individual to individual. Users of dependence-producing drugs such as heroin are more likely to advance to high levels of use than are users of non-dependence-producing drugs such as marihuana.

Thus, in using estimates of numbers of drug users as an indicator of the drug abuse problem, it is important to distinguish among drugs being used, to recognize the variation of use patterns, and to predict how use patterns will change over time. These factors, much more than the absolute number of users, determine the magnitude of the drug abuse problem.

Chart 1 shows the results of the most recent national statistical sample of drug use taken in the Fall of 1974. It shows that a majority of both adults and youth have used alcohol and tobacco,<sup>1</sup> and that exposure to marihuana and non-medical use of so-called "dangerous



<sup>1</sup> See note concerning alcohol and nicotine on opposite page.

drugs"<sup>2</sup> is widespread. The dark bands show recent use and, because the adverse effects of drug use are associated with frequent, habitual use, are a better measure of the drug problem.

#### NOTE CONCERNING ALCOHOL AND NICOTINE

Although alcohol and nicotine are the two most widely used drugs in the United States today, and are clearly psychoactive or mood-altering substances, their use and its consequences are not a central theme in this study. The task force excluded them from extensive consideration because public and social policy regarding these drugs is significantly different than that regarding the other drugs being discussed. Alcohol and nicotine are legally obtainable and socially acceptable drugs; with a few exceptions, the drugs considered in this report are not.

Clearly, alcohol and nicotine are bonafide substances of abuse whose use often create significant adverse social costs and consequences. As such, they should be dealt with along with other substances of abuse. The task force recognizes this interrelationship and encourages efforts to integrate all elements of substance abuse into broader health care programs, as is now being done in the Veterans Administration.

However, it must be remembered that the development of a discrete drug abuse health care delivery system was necessary because existing systems did not respond to the need of the hard-core narcotic addict and other chronic drug abusers. In part, this was due to a reluctance—not evident in the area of alcohol treatment of existing treatment units to treat what was considered to be a less desirable population of drug abusers.

Consequently, unlike alcohol, which has a greater historical basis of support and integration within community health care delivery systems, and which receives the vast majority of its financial support from non-Federal sources, other drugs of abuse required Federal intervention to provide needed treatment and prevention services. The Federal Government has taken a direct lead in the development and support of drug abuse prevention and treatment services which should ultimately be effectively and fully integrated into other community health systems. The task force supports those activities which are designed to better integrate the various programs developed to respond to the problems of substance abuse.

In this chapter, each of the principal illicit drugs is discussed in turn, with a summary of historical trends in use, availability, and supply, followed by a description of the current situation. Finally, the concluding section of this chapter examines the overall social cost of each drug, and recommends a priority for Federal efforts.

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<sup>2</sup> The term "dangerous drugs" is commonly used to refer to the non-medical use of prescription or over-the-counter tranquilizers, barbiturates, and amphetamines and other stimulants.

## A — PRINCIPAL DRUGS OF ABUSE

While it is convenient for the purposes of discussion to consider each of the drugs of abuse separately, in practice, these drugs are often used in combination. Even some heroin addicts do not use heroin exclusively. This multiple drug use occurs for a variety of reasons: beginning users often experiment with a variety of drugs singly and together in quest of novel experiences; experienced drug users sometimes use combinations of drugs for the more intense combined effect; and sometimes one drug is substituted for another which is unavailable.

These complicated patterns of drug use make it difficult to estimate the true scope of the drug problem. For example, estimates of the number of current abusers of different drugs are not necessarily additive, since a single individual may be counted in several groups.

Multiple drug abuse is not discussed in detail here because little reliable information is available about the combined effect of various drugs; however, research is in progress, as the matter is one of increasing Federal concern.

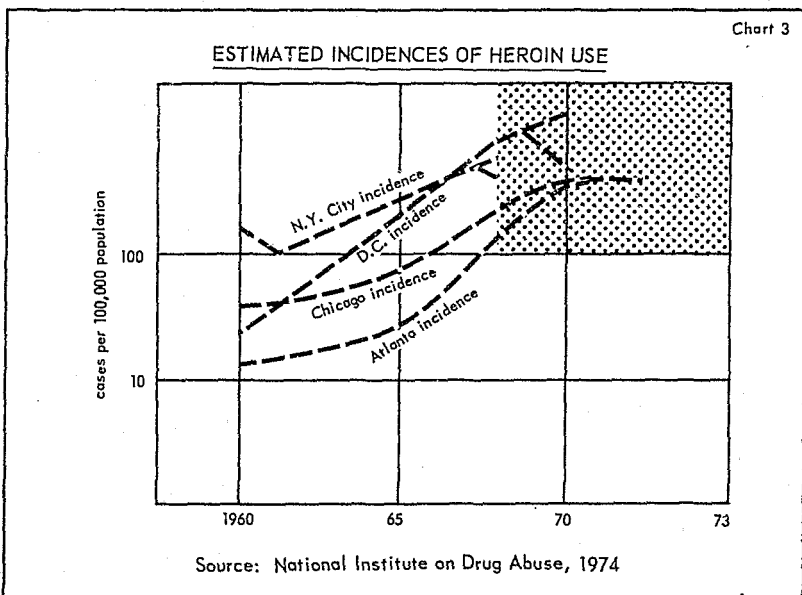
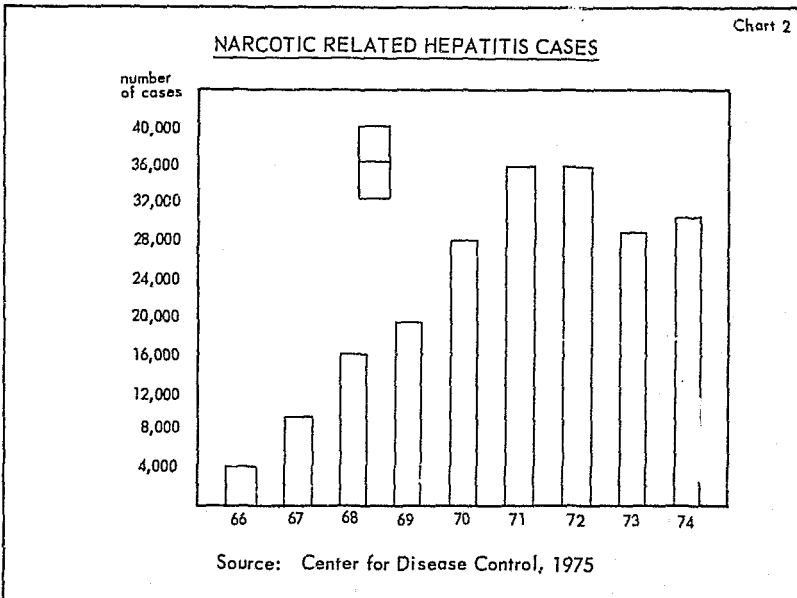
### HEROIN

Heroin. The name itself evokes fear in most of us, and many consider heroin to be the drug problem. Most of the Federal effort in the drug abuse field has been directed at it. The concern is well founded; heroin is a very serious drug of abuse. But despite the attention it has received (and perhaps because of it) heroin remains one of the most misunderstood drugs and continues to be surrounded by many myths. Hopefully, this chapter will help dispel some of the myths and place the problem in its proper perspective.

#### Historical Trends

In 1965, an epidemic of heroin use began in the United States. New use (or incidence) increased by a factor of 10 in less than seven years.<sup>3</sup> Both hepatitis data—important as an indicator because of the high rate of hepatitis among heroin users—and incidence data obtained from clients in treatment demonstrate this phenomenon (see charts 2 and 3).

<sup>3</sup> *Incidence* refers to the number of new users during a stated period of time; *Prevalence* refers to the total number of users at a particular point in time.



This widespread epidemic was composed of several smaller ones linked by a diffusion process which was surprisingly fast. The epidemic began among minority populations living in metropolitan areas on both coasts (e.g., New York City, Washington, D.C., Los Angeles, San Francisco). It spread quickly to other populations living in those same metropolitan areas, and then to other large metropolitan areas (e.g., Detroit, Boston, Miami, Phoenix). By about 1970, heroin use had begun to appear in smaller cities in the United States. Chart 4 shows the incidence of narcotic-related hepatitis among blacks and whites, and among men and women.

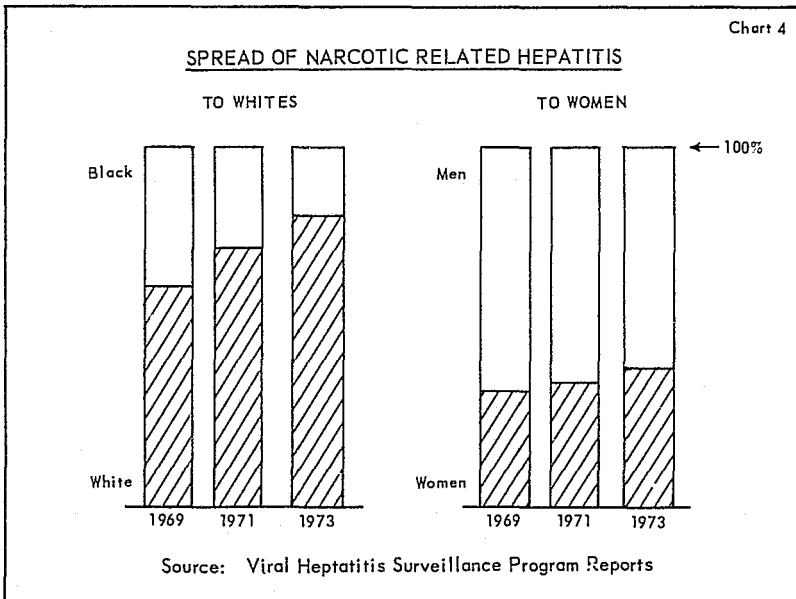


Chart 5 shows the spread of heroin use to new metropolitan areas derived from DAWN emergency room visits.<sup>4</sup>

<sup>4</sup> *Drug Abuse Warning Network (DAWN)*, a data acquisition system which routinely collects information from emergency rooms, medical examiners' offices, and crisis centers indicating trends in drug abuse.



"AGE" OF HEROIN PROBLEM IN MAJOR CITIES

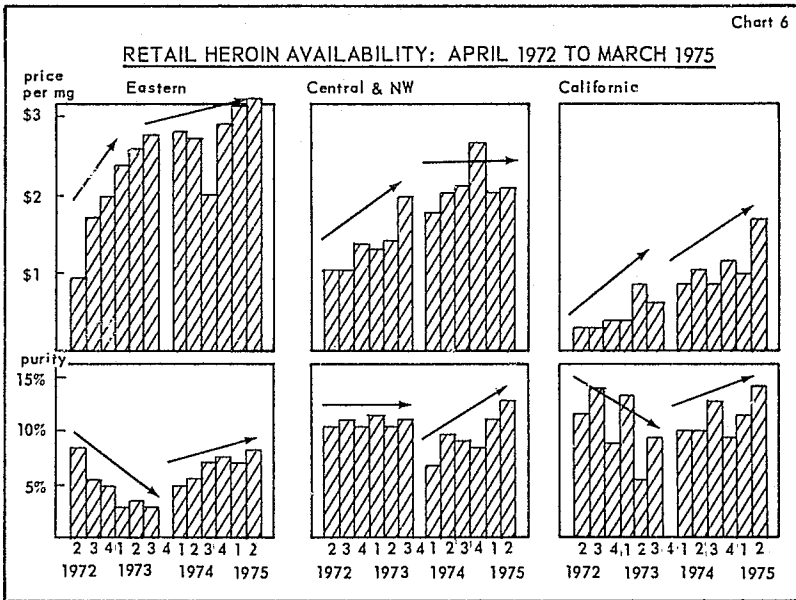
<u>% first Heroin use</u>	
<u>1970-74</u>	
Los Angeles .....	27%
New York .....	33
Detroit .....	53
Boston .....	59
Minneapolis .....	60
Miami .....	75
Phoenix .....	75

Source: Derived from DAWN data

This sudden upsurge in heroin use sparked an intensified effort by the Federal Government to reduce the supply of heroin and to seek new methods of treating heroin addicts. In 1972, as a result of this effort, the upswing in incidence and prevalence of heroin use was interrupted, and there was a subsequent decline throughout 1973.

There are at least two interdependent factors which contributed to this decline in the magnitude of the heroin problem.

- The availability of a nationwide system of drug abuse treatment and rehabilitation services provided addicts with an alternative to street life and an opportunity to return to a more productive role in society.
- Law enforcement officials at all levels of government put unprecedented pressure on the distribution system. It became much more difficult, if not impossible, for an individual to secure drugs, and those which were available were of low purity. Central to the reduction in the supply of heroin was a combination of the Turkish opium ban, aggressive enforcement by the police of several European countries (particularly France) and several significant international conspiracy cases made by Federal enforcement agencies. These combined efforts produced a shortage of heroin on the East Coast, which was reflected in higher street prices and lower purity (see Chart 6).



The effects of these efforts were clear. In the cities on the East Coast where an estimated half of the users lived, heroin use declined significantly.

In Washington, D.C., for example, both incidence and prevalence declined significantly.<sup>5</sup> The decline in the number of new users was shown through dramatically reduced numbers of clients with a recent onset of heroin use coming into treatment. The decline in the total number of users was reflected in declining heroin overdose deaths and diminishing rates of detection of heroin among arrestees.

During the period of the East Coast heroin shortage, Mexico emerged as a major source country. Mexico's share of the U.S. illicit heroin market (measured by heroin removals from the U.S. market resulting either from seizures or undercover purchases) increased from about one-third to about three-fourths between 1972 and 1974.

<sup>5</sup> While it is sometimes misleading to use single cities as indicators of general trends in drug use, the experience of Washington, D.C., during this period of shortage illustrates developments in other East Coast cities, where a similar, but less dramatic, pattern existed.

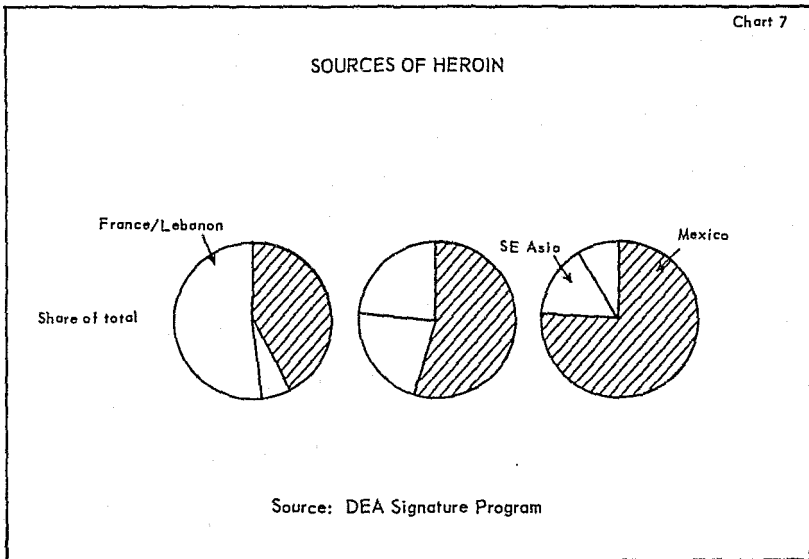
At the same time, the share supplied by the French-Turkish connection fell from slightly more than half to less than 10 percent, as shown in the following table:

#### APPROXIMATE SHARE OF U.S. HEROIN MARKET

	[In percent]		
	1972	1973	1974
France/Lebanon—Certain.....	43	53	18
Probable.....	10		
Southeast Asia.....	7	17	12
Mexico.....	38	63	77
Unknown.....	2	2	1

Note.—Estimates based on the Drug Enforcement Administration's Heroin Signature Program.

Mexico assumed this major importance not solely because traffickers operating in Mexico expanded their supply capabilities, but because other sources had disappeared and the total market had declined. In effect, Mexico became a large component of a reduced national market. By 1974, Mexico's supply capabilities had increased to a point where it was offsetting some of the reduced supply from France and Turkey. Thus, the task force estimates that the total supply available in 1974 was higher than in 1973, but still lower than in 1972.



## Current Situation

While data for 1975 are not as clear as the historical data, we can discuss several important features of the current situation.

1. There are several hundred thousand daily chronic users of heroin not currently in treatment.<sup>6</sup> These chronic users represent only a small percentage of those who have ever used heroin.
2. Incidence and prevalence of heroin use remain high on the West Coast and Southwest Border, areas which were not affected by the East Coast heroin shortage.
3. The East Coast heroin shortage appears to have leveled off and heroin is becoming more available. After increasing three-fold over the period from June 1972 to March 1974, the price of heroin on the East Coast has remained steady. The rise in purity throughout 1974 combined with steady prices indicates increasing availability.
4. A number of cities which showed a decline in heroin use in 1972-1973 are now reporting an increase in prevalence based on rising numbers of heroin-related emergency room visits and heroin-related overdose deaths. These cities are also experiencing rising heroin purity. All these factors indicate a deteriorating situation.
5. A number of serious threats to supply reduction efforts exist which could, if left unchecked, increase the street availability of heroin. Illicit supplies from Mexico continue to pose a serious problem despite the commendable efforts of the Mexican Government. Illicit production in Southeast Asia remains the highest in the world, and the fact that new trafficking routes have been established to Northern European cities is worrisome. While it appears that Turkey is effectively controlling its current poppy crop, if such control diminishes the amount of heroin reaching the United States could increase.

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<sup>6</sup> The task force debated including a more precise estimate, but concluded that any number used would be imprecise, highly influenced by the estimating methodology, and subject to misinterpretation if compared to other estimates based on different methodologies. The simple fact is that it is neither possible nor particularly relevant to make a specific estimate of the number of addicts: not possible because of the imprecision of available estimating methodologies and the difficulty of defining precisely who is an addict; and not relevant because other data—trends in availability as measured by price and purity, patients in and waiting for treatment, drug related deaths, hepatitis cases, etc.—are better measures of whether things are getting better or worse. All of these measures indicate that significant improvement was made all through late 1972 and 1973, and that conditions have been gradually worsening since early 1974. While they have not yet returned to the levels of 1972, the trend is definitely upward.

6. The demand for treatment continues to grow and is geographically dispersed. Whether this growth in treatment demand is the result of an increasing pool of users, of users recycling back into treatment or the result of more effective outreach efforts by treatment agencies is not altogether clear. It is likely, however, that an increasing pool of users is responsible for at least some of the growth in demand for treatment.

These signs, taken together, are ominous. They indicate not only that the work of 1972-1974 is uncompleted, but that some of the significant gains that were achieved during this period have been lost and that new losses may accumulate unless our efforts in supply and demand reduction are intensified.

## BARBITURATES, TRANQUILIZERS AND AMPHETAMINES

The various "dangerous drugs" present a special problem, for, unlike heroin, cocaine, and marihuana—which are totally illegal—these categories of drugs are frequently prescribed by doctors for valid medical purposes. The existence of this legal market vastly complicates control problems and, as a consequence, procurement in the illicit market has tended to be easy and inexpensive.

### Historical Trends

At present, we are unable to track trends in the use and sources of these "dangerous drugs" as well as we can for heroin. However, it is clear that their use has increased rapidly in the United States during the last decade. Two different trends have led to this growth:

1. *These drugs are being prescribed more frequently and used more often in the general population.* Currently, about 25 percent of adult Americans have used one or more stimulants, sedatives or tranquilizers during the last year. Most of this use is under medical direction and controlled by prescription. But uncontrolled non-medical use of these drugs has grown sharply during this period of increasing usage. Currently, active non-medical use of these drugs is estimated to be 5 percent among the adult population, or 7 to 8 million Americans.
2. *Nonmedical use of prescription drugs has become widespread among youth (especially students),* a trend which roughly duplicates the recent history of wholly illegal drugs. Not only are common substances such as amphetamines and barbiturates widely abused, but there has been a continuing stream of "fad" drugs. Since 1972, this unsupervised use by young people has apparently leveled off.

Both trends are apparent in a series of surveys of different portions of the population as shown in Chart 8.

Chart 8

## TRENDS IN THE USE OF DANGEROUS DRUGS

<b>BARBITURATES - SEDATIVES</b>							
EVER USED	1968	1969	1970	1971	1972	1973	1974
National Sample of Adults	—	—	—	—	4%	—	4%
National Sample of Youths	—	—	—	—	3%	—	5%
Regional Sample of High School Graduates	—	—	16%	18%	15%	15%	17%
National Sample of High School Graduates	—	6%	9%	—	—	—	19%
<b>BARBITURATES - SEDATIVES</b>							
WITHIN LAST YEAR	1968	1969	1970	1971	1972	1973	1974
National Sample of Adults	—	—	—	—	—	—	1%
National Sample of Youths	—	—	—	—	—	—	3%
Regional Sample of High School Graduates	—	—	5%	6%	5%	5%	4%
National Sample of High School Graduates	—	3%	4%	—	—	—	6%
<b>AMPHETAMINES - STIMULANTS</b>							
EVER USED	1968	1969	1970	1971	1972	1973	1974
National Sample of Adults	—	—	—	—	3%	—	6%
National Sample of Youths	—	—	—	—	4%	—	5%
Regional Sample of High School Graduates	16%	20%	20%	23%	24%	20%	19%
National Sample of High School Graduates	—	9%	15%	—	—	—	32%
<b>AMPHETAMINES - STIMULANTS</b>							
WITHIN LAST YEAR	1968	1969	1970	1971	1972	1973	1974
National Sample of Adults	—	—	—	—	—	—	2%
National Sample of Youths	—	—	—	—	—	—	3%
Regional Sample of High School Graduates	6%	8%	7%	9%	10%	8%	7%
National Sample of High School Graduates	—	9%	13%	—	—	—	21%

These drugs are much more readily available in the illicit market than are wholly illicit drugs such as cocaine and heroin. This ready availability is reflected in the relatively low cost of a day-long "binge" with tranquilizers and amphetamines: less than \$10, compared with \$50-\$100 per day for heroin or cocaine. The individual and social cost of dangerous drug abuse is, however, as high as that of almost any other abused substance.

There are three important sources of "dangerous drugs": (1) Diversion from legitimate domestic production and distribution; (2) illicit domestic production; and (3) illicit foreign production and smuggling.

It is possible to estimate the share of the illicit market from each source by looking for tell-tale "signatures" on seizures and undercover purchases made by law enforcement officials. (Signatures can be as complicated as a trace chemical due to faulty processing or as simple as a letter stamped on each tablet.) While these signatures are somewhat less developed than are the signatures for heroin, the estimating procedure provides the best available indicator of the relative market share of the various sources of "dangerous drugs."

Barbiturates are primarily a diversion problem, methamphetamines are primarily a problem of illicit production, and amphetamines are obtained from both sources.<sup>7</sup> The share of the illicit market for

<sup>7</sup> Chart 13 in chapter 3 illustrates relative market shares.

methamphetamines diverted from legitimate sources has decreased dramatically, and the share for amphetamines has decreased somewhat, both declines reflecting significant quota tightening by the Drug Enforcement Administration (DEA) under the Controlled Substances Act. At the same time, the share from legitimate sources for barbiturates has remained roughly constant.

### Current Situation

Based on the survey data summarized in Chart 8, we can make the following general statements about the use of these drugs:

*First*, chronic, intensive, medically unsupervised use of amphetamines and barbiturates probably ranks with heroin use as a major social problem. Even if we restrict our attention to users "in trouble"—meaning those who regularly use a number of these drugs for non-medical purposes—a large group is involved.

Chart 9 illustrates how this estimate of users "in trouble" is derived. Assuming a substantial overlap among drugs, this chart shows that there are still more than one-half million regular, medically unsupervised users of different "dangerous drugs."

Chart 9

REGULAR USE OF DANGEROUS DRUGS

% of Population aged 14 or over

	<u>Ever Used</u>	<u>Regular Use</u>	<u>Regular Non-Medical Use</u>	<u>Regular Non-Medical Multiple Drugs</u>	<u>Number of Users in trouble</u>
Sedatives	5.7%	2.3%	0.3%	0.2%	270,000 300,000
Stimulants	3.1	1.8	0.7%	0.3	400,000 490,000
Tranquillizers	9.1	4.9	1.6%	0.3	400,000 490,000

*Second*, the problem could easily get worse. Serious individual and social consequences from drug use occur primarily among chronic, intensive users. Until recently, only a small fraction of all users of these drugs fell into this category.

However, the probability of moving to a chronic, intensive use pattern is related to the age at which one began using drugs, as well as the number of different drugs used and the length of time since first use. We know that a large number of people: (1) Began using drugs in the early 1970's in their mid-teens; and (2) have used many different drugs. If many in this group follow the traditional pattern of falling into chronic use around age 20, the number of "in trouble" users of dangerous drugs will increase substantially.

## COCAINE

Cocaine, though available for many years, is the new "in" drug, and the various implements and rituals associated with the use of cocaine have recently become subject to extensive commercial exploitation.

### Historical Trends

Except for use in several highly publicized "in-groups" (e.g., musicians), cocaine use in this country was apparently insignificant as late as the early 1960's. Since then, however, use has increased rapidly, a trend which has received a great deal of attention in the press.

The increasing popularity of cocaine is reflected in law enforcement data. Since 1970, there has been a steady upward trend in the amount of cocaine seized en route to the United States from South America. DEA seizures and undercover purchases of cocaine have increased steadily in the last five years, both in the United States and internationally. Cocaine arrests by State and Federal agents have also risen sharply.

Virtually all of the cocaine entering the United States comes from South America and principally from Colombia, where the refining process is completed.<sup>8</sup>

### Current Situation

Chart 1 showed that 4 percent of youths and 3 percent of adults have used cocaine at least once, and that 1 percent of each group used it in the month prior to the survey.

Rates of cocaine use vary greatly among specific groups within the general population. In a national survey conducted in 1972, 1.2 percent of junior high school students, 2.6 percent of senior high school students, and 10.4 percent of college students reported experience with cocaine. Almost half of those youths reported that their first use occurred recently—that is, during the previous twelve months.

<sup>8</sup> The finished cocaine is smuggled from Colombia into the United States by a variety of routes; direct, through Mexico, through the Caribbean, and even through Europe or Canada.



Additional studies indicate that as many as 16 percent of male high school graduates followed in a national sample had used cocaine at some time during the five years following graduation. There are other subpopulations in which use of cocaine is also high.

The data indicate that cocaine is used for the most part on an occasional basis (several times a month or less); usually in the company of others; and is likely to be taken in combination with alcohol, marihuana, or some other drug. Cocaine is not physically addictive.

About one percent of patients admitted to Federally funded treatment facilities reported cocaine as their primary drug of abuse; an additional 12 to 13 percent reported that they used cocaine in association with other drugs, mainly heroin. Thus, the data obtained from treatment programs and surveys generally reflect the fact that cocaine, as currently used, usually does not result in serious social consequences such as crime, hospital emergency room admissions, or death.<sup>9</sup> The implications of this conclusion are discussed later in this chapter.

In summary, although the rate of increase of first use of cocaine is alarming, significantly less is known about cocaine use in the United States than about the other drugs described in this assessment.

## MARIHUANA<sup>10</sup>

Marihuana is the most widely used illicit drug, with an estimated 20 percent of Americans above the age of 11—25 to 30 million people—

<sup>9</sup> The phrase "as currently used" is important. The effects of cocaine if used intensively—particularly if injected—are not well known, but recent laboratory studies with primates, as well as reports of the effects of chronic cocaine injection during the early 1900's suggest that violent and erratic behavior may result. For this reason, the apparently low current social cost must be viewed with caution; the social cost could be considerably higher if chronic use began to develop.

<sup>10</sup> A great deal of controversy exists about marihuana policy. On the one hand, recent research indicates that marihuana is far from harmless, and that chronic use can produce adverse psychological and physiological effects. Therefore, its use should be strongly discouraged as a matter of national policy.

However, in light of the widespread recreational use—and the relatively low social cost associated with this type of use—the Federal Government has been deemphasizing simple possession and use of marihuana in its law enforcement efforts for several years. For example, very few persons are arrested by Federal agents for simple possession and use; those who are charged with this offense normally are also being charged with some other, more serious offense as well. However, vigorous law enforcement aimed at major *traffickers* has been and should continue to be undertaken at the Federal level.

The task force endorses this moderate view and expects the lower priority that has been established for marihuana will also be reflected in our demand reduction efforts by the elimination of many non-compulsive marihuana users now in our treatment system.

having used it at least once. In short, marihuana has joined alcohol and tobacco as one of the most widely used drugs in the United States.

### Historical Trends

National attention first focused on marihuana following reports of widespread use during the mid-1930's. Discussion culminated in legislation which imposed Federal criminal sanctions against both the distribution and use of marihuana. Although proscribed by Federal law, the use of marihuana continued during the ensuing years, but at relatively low levels. Marihuana use was most common among urban minority groups and Mexican-American workers in the Southwest during this period.

A significant increase in the use of marihuana began to occur during the mid-1960's when its use became associated with artistic and anti-establishment life-styles; use then rapidly spread across geographic, demographic, and social boundaries.

The sources of supply have traditionally been Mexico, the Caribbean and South America. They remain so today.<sup>11</sup>

### Current Situation

Rates of marihuana use have been rising steadily over recent years as shown in chart 10.

Chart 10

<u>TRENDS IN THE USE OF MARIHUANA</u>							
<b>EVER USED</b>							
	1968	1969	1970	1971	1972	1973	1974
National Sample of Adults	—	—	—	15%	16%	—	19%
National Sample of Youths	—	—	—	14%	14%	—	23%
Regional Sample of High School Graduates	32%	40%	43%	50%	51%	55%	—
National Sample of High School Graduates	—	20%	35%	—	—	—	62%
<b>CURRENTLY USED</b>							
	1968	1969	1970	1971	1972	1973	1974
National Sample of Adults	—	—	—	5%	8%	—	7%
National Sample of Youths	—	—	—	6%	7%	—	12%
Regional Sample of High School Graduates	18%	25%	25%	33%	35%	36%	38%
National Sample High School Graduates	—	6%	9%	—	—	—	21%

<sup>11</sup> In addition, there is an unknown but presumed small amount of domestic growth.

Current estimates suggest that up to 20 percent of the general population over the age of 11 has used marihuana at least once, and that use is encountered in nearly all population groups. Over 40 percent of those who have ever used marihuana are current users, and at least half of the current users use it at least once a week.

Rates of use may be considerably higher or considerably lower, depending on the segment of the population under study. The highest rates of use have been reported among so-called "hippies" and high school dropouts. There appears to be a slight preponderance of males among marihuana users, although this distribution varies considerably from study to study. Other findings which occur consistently include the following:

- Urban residents use at higher rates than rural residents;
- Use is greater among those with higher levels of education and income;
- Use is more frequent in the northeastern and western United States than in other regions.

A recent development which is cause for great concern is the increasing availability of the much more potent marihuana derivations—hashish, and other preparations of high THC (tetrahydrocannabinol) content. Unlike common forms of marihuana, these potent drugs are known to have serious physical and social effects on the user.

DAWN provides some interesting data on various drug crises attributed to marihuana. During the nine months between July 1973 and March 1974, marihuana comprised only one percent of all emergency room drug mentions, but 51 percent of all crisis center drug mentions. This distribution of mentions by facility type reflects the kind of acute psychological problems likely to occur in association with the use of marihuana, with panic reactions or "bad trips" predominating over the more life-threatening reactions which would lead to appearance in an emergency room.

From a treatment point of view, data show that approximately 17 percent of patients admitted to Federally funded drug treatment programs from January to April 1975, reported marihuana as their primary drug of abuse.<sup>12</sup> There is considerable controversy regarding the interpretation of these data for a number of reasons. The frequency of use reported by these "primary marihuana abusers" is less than once a week for nearly 45 percent of the patients. It seems clear that these people do not have a serious drug problem and should not be in treatment. Most likely, they were referred to treatment by the criminal justice system, by schools, or by parents who were concerned about

<sup>12</sup> This includes NIDA, VA, and DOD. When NIDA is viewed alone, the marihuana figure is 21 percent.

the marihuana use. But when treatment facilities are full, this is a poor utilization of resources and these occasional marihuana users should not be occupying treatment slots. (Chapter 4 will develop this concept further.)

## OTHER DRUGS

In addition to these four major categories of drugs, Americans abuse a variety of other substances.

### Hallucinogens<sup>13</sup>

Except for the use of peyote in the religious ceremonies of some American Indian tribes, the use of hallucinogens is a recent development in the United States.

Limited, nonmedical use of LSD began in California in the 1950's, but was greatly accelerated in the early 1960's as publicity associated with its use grew. In the early 1960's this drug was diverted from legitimate research sources, but by 1964 illegal manufacture of LSD was established. Today, virtually all LSD in the United States is produced illicitly and, because only very small amounts are needed to produce an effect, it is easily concealed.

Hallucinogen use is very different from most other drugs. Addiction, or even extended regular use is very unusual. These drugs are rarely used more than twice a week. Since a major reason people use these drugs is to experience unusual mental effects, most users stop taking these drugs entirely after the "trips" lose their novelty.

Surveys of hallucinogen use show that most who use do so less than once a month, and that weekly use is very rare. None of the surveys support conclusively the widespread belief that these drugs are not as popular as they once were, but there has been a definite decline in the number of hallucinogen-related medical problems.

Hallucinogens can cause a number of side effects, including panic reactions and long psychotic or depressive episodes. Most reactions are unpredictable and the negative side effects can occur after several "safe trips." The possibility of medical side effects such as chromosomal or genetic change has neither been thoroughly documented nor entirely eliminated.

### Solvents and Inhalants

These are chemicals that are used for a variety of medical, industrial, and household purposes, and can also be inhaled to produce intoxication. The ingredients of these products are often unknown to the purchaser, abuser or doctor treating an adverse reaction.

<sup>13</sup> LSD, (Lysergic Acid Diethylamide Tartrate), mescaline, psilocybin, peyote, etc.

Very little is known about the pharmacology of solvents. Partial tolerance may develop, and the effects of these substances are intensified when used with other depressants, especially alcohol.

Data on solvent use are sparse. The few available surveys indicate that about 7 percent of junior and senior high school students may have inhaled solvents once or twice and that about one percent of these experimenters continue to inhale periodically.

Volatile substance abuse occurs almost exclusively among the young, perhaps because solvents are often the most readily available intoxicants to children. Accordingly, maturing out of the inhalant habit is the general rule. Even heavy users will persist for only a few years, and then abandon solvent sniffing by their teens. (Many of these individuals, however, then begin the excessive use of alcohol, barbiturates or other substances.)

The fact that solvent inhalation lasts for such a short time for most users leads to the conclusion that it is primarily a reflection of the immaturity of those young people who become involved with it. Nonetheless, abuse must be monitored and action taken as appropriate. One simple action might be to use unpleasant additives in the manufacturing process. Further, the task force believes that the intervention efforts using peer groups discussed in chapter 4 will help some young people resist the pressure to experiment with these substances if and when the inhaling of solvents becomes temporarily popular among their friends.

## B — DRUG PRIORITIES

One of the major themes of the Federal strategy discussed in chapter 1 was the importance of differentiating in terms of the particular drug of abuse, and the frequency and quantity of use. Implicit in that decision to differentiate is the assumption that public policy should be most concerned with those drugs which have the highest costs to both society and the user, and with those individuals who have chronic, highly intensive patterns of drug use.

In order to determine the social cost of a particular drug, we should consider the following factors:

- *The likelihood that a user will become a compulsive user, either physically or psychologically dependent on the drug:* closely linked to this concept is the ability of the drug to produce tolerance, requiring successively higher intake to achieve the same result.
- *Severity of adverse consequences of use, both to the individual and to society:* in terms of criminal behavior, health consequences, economic dependence and the like. (This is discussed in greater detail below.)

- *Size of the core problem:* the number of compulsive users who are currently suffering (or causing others to suffer) adverse consequences.

## ADVERSE CONSEQUENCES TO THE INDIVIDUAL

The adverse consequences of drug use are of two types: consequences which are the direct result of drug use, and indirect consequences which are associated with drug use. *Direct* consequences include:

- *Illness or death:* Illness or death can occur from overdose, a severe toxic or allergic reaction to a drug, or from rapid withdrawal. In New York City, drug-related deaths are a major cause of death for males aged 15 to 25. Death due to drug abuse is often the result of ignorance—ignorance of possible contaminants in drugs, ignorance of the danger of using combinations of drugs, ignorance of the strength of the drug purchased and of techniques to determine nonlethal doses. If drug use affects reproductive organs, or when certain drugs are taken during pregnancy, a second generation may suffer casualties.
- *Acute behavioral effects:* The paranoia produced by intravenous injection of amphetamines can cause violent behavior and consequent criminal acts such as rape and homicide. Acute paranoia and extreme anxiety from the effects of hallucinogenics, and depression (in the withdrawal state) from stimulants such as amphetamines, are other examples of behavior effects.
- *Chronic behavioral impairment:* Adverse behavioral effects may also be chronic as with the inertia, apathy and depression associated with long-term heroin use. Also, impairment can be measured in things such as loss of productivity, health costs, welfare assistance, and criminal costs.
- *Intellectual Impairment:* Some evidence of intellectual impairment has been reported by clinicians on the West Coast. Specifically, mental status evaluations of chronic users of hallucinogens who stopped after two or more years revealed a clinical impression not unlike that of mild chronic brain disease.

*Indirect* consequences include:

- *Injury or death associated with impaired judgment:* Potent, mind-altering drugs such as LSD can affect judgment, which may for example, result in accidental death by succumbing to bizarre hallucinations, such as believing one can fly. Even a "mild" drug such as marihuana may distort preception and thus increase the risk of death in automobile accidents of either a driver or pedestrian.
- *Injury or death associated with conditions of use:* Poor nutrition and neglected hygiene stemming from the total focus of energy

on obtaining drugs can cause damage to vital organs. Transmission of viral hepatitis from shared needles is another medical problem of drug abusers. Young people in the drug culture are particularly susceptible to pneumonia. Infections associated with injections using unsterile needles may be fatal.

- *Developmental difficulties:* The potential for personality impairment due to drug use is an important consequence, but one difficult to assess. There are crisis periods in the course of every individual's development, but adolescence is a particularly vulnerable period because the individual seems inundated with crises. These crises provide an opportunity for growth, formation of new ideas, and the emergence of a healthier and more mature personality. The use of drugs as a means to deal with these crises may diminish, delay, or prevent this maturation process.
- *Barriers to social acceptance:* The public image of the drug user is extremely negative; thus, the user is often stigmatized, making it extremely difficult for a current or former drug user to find acceptance in society. Moreover, arrest and conviction for violation of drug laws results in the creation of a criminal record which may follow a user for the rest of his life.

## ADVERSE CONSEQUENCES TO SOCIETY

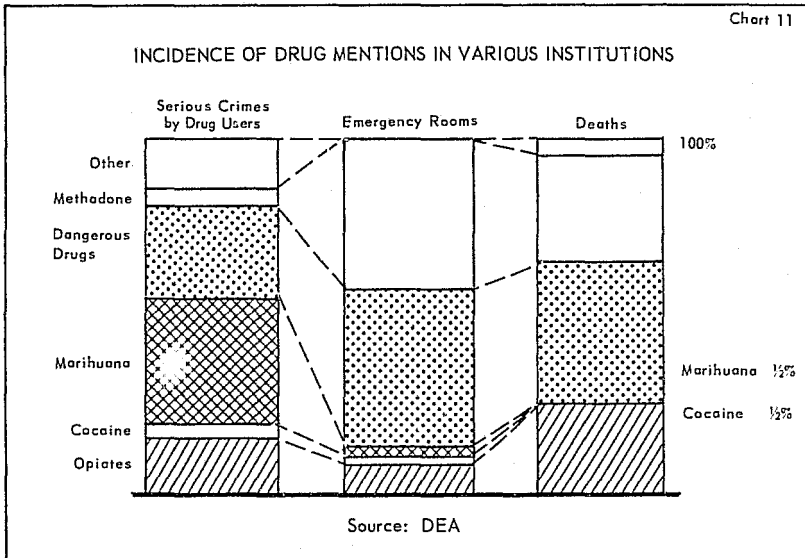
Obviously the above adverse effects to individual drug users are society's loss, too. But there are also more directly measurable costs to society. A recent study estimated that the total measurable cost of drug abuse—direct program costs, health care costs, property losses attributable to drug-related theft, and lost productivity—was \$10 billion to \$17 billion per year.<sup>14</sup>

Still another way to look at the social cost of drug abuse—one which is of particular interest in this discussion of drug priorities because it can be broken down by drug—is to look at drug users' appearances in the various institutions we have established to deal with people in trouble.

Among the largest and most important of these institutions are the welfare system, the criminal justice system, and the health care delivery system. Drug users often appear in these institutions, and may be identified as users. If we assume that at least part of the reason for their appearance is drug use, the frequency of appearance provides one rough indicator of the magnitude of the social cost of drug abuse.

<sup>14</sup> Social Cost of Drug Abuse, Special Action Office for Drug Abuse Prevention, 1974: This excellent survey is summarized in the *Federal Strategy*, 1975.

Our capability to monitor these appearances is irregular and limited in scope, but some data exist. Chart 11 illustrates the fraction of drug users who had used various drugs prior to their appearance in three different places where people in trouble show up: the criminal justice system (serious crimes only);<sup>15</sup> emergency rooms and medical examiners' offices.



## SUMMARY: DRUG PRIORITIES

Chart 12 ranks the various drugs according to the following criteria: (1) likelihood that a user will become physically or psychologically dependent; severity of adverse consequences, both (2) to the individual and (3) to society; and (4) size of the core problem.

<sup>15</sup> The large proportion of marihuana mentioned is probably a reflection of its widespread use in society.



SUMMARY OF DRUG PRIORITIES

		DEPENDENCE LIABILITY	SEVERITY of CONSEQUENCES		SIZE OF CORE PROBLEM
			PERSONAL	SOCIAL	
HEROIN		HI	HI	HI	HI 400,000
AMPHETAMINES	NEEDLE	HI	HI	HI	HI
	ORAL	LOW	MED	MED	500,000
BARBITURATES	MIXED	HI	HI	HI	MED
	ALONE	MED	HI	MED	300,000
COCAINE		LOW	LOW	MED	LOW
MARIHUANA		LOW	LOW	LOW	LOW
HALLUCINOGENS		MED	MED	MED	LOW
INHALENTS		MED	HI	MED	LOW

Though the data are flawed and the rankings therefore imprecise, a clear pattern emerges.

- Heroin ranks high in all four categories;
- Amphetamines, particularly those injected intravenously, also rank high in all four categories;
- Mixed barbiturates rank high three out of four categories;
- Cocaine,<sup>16</sup> hallucinogens, and inhalants rank somewhat lower; and
- Marihuana is the least serious.

On the basis of this analysis, the task force recommends that priority in Federal efforts in both supply and demand reduction be directed toward those drugs which inherently pose a greater risk to the individual and to society—heroin, amphetamines (particularly when used intravenously), and mixed barbiturates—and toward compulsive users of drugs of any kind.

This ranking does not mean that *all* efforts should be devoted to the high priority drugs, and none to the others. Drug use is much too complicated and our knowledge too imprecise for that. Some attention must continue to be given to all drugs both to keep them from exploding into major problems and because there are individuals suffering severe medical problems from even a low priority drug, such as marihuana.

<sup>16</sup> This ranking is on the basis of current use patterns. As mentioned earlier, if intensive use patterns develop, cocaine could become a considerably more serious problem.

However, when resource constraints force a choice, the choice should be made in favor of the higher priority drugs. For example:

- In choosing whom to treat, we should encourage judges and other community officials not to overburden existing health facilities with casual users of marihuana who do not exhibit serious health consequences. (But, a person who is suffering adverse consequences because of intensive marihuana use should have treatment available.)
- In assigning an additional law enforcement agent, preference might be given to Mexico, which is an important source of both heroin and "dangerous drugs", rather than to Miami, where an agent is more likely to "make" a cocaine or marihuana case.

This drug priority strategy is essential to better targeting of limited resources and it will be further addressed in relation to supply and demand reduction activities in chapters 3 and 4. Further, the process of assessing the current social costs of drug abuse should be a continuing one, to ensure that resources are allocated on the basis of priorities which reflect current conditions and current knowledge.

### 3. SUPPLY REDUCTION

Chapter 1 summarized the basic objective of supply reduction efforts: to make obtaining drugs inconvenient, expensive, and risky, so that fewer people will experiment with drugs, fewer who do experiment will advance to chronic, intensive use, and more of those who currently use drugs will abandon their use and seek treatment. The effectiveness of supply reduction as a means of reducing drug abuse has been illustrated earlier and supply reduction will remain a basic part of the Federal strategy.<sup>1</sup>

Unfortunately, total elimination of illicit drug traffic is impossible. Participants at each level of the distribution network are replaceable, as are the drugs removed from the illicit pipeline through seizure. Sufficient resources are not available to eliminate all illicit drug traffic; nor would a free society tolerate the encroachment on civil liberties which such a policy would require. The realistic goal of supply reduction efforts, then, is to contain and disrupt the distribution system, and hopefully to reduce the quantity of drugs available for illicit use. From this perspective, supply reduction efforts must be selective, and scarce enforcement resources must be used in a way which will produce the greatest disruptive effects in the supply of those drugs which cause the most severe social consequences.

Allocation of resources should focus on two areas:

- *Highest priority drugs.* Chapter 2 discussed the risk associated with the use of various drugs and suggested that highest priority be given to those drugs causing the greatest social cost. Many supply reduction techniques cannot be focused on specific drugs, and some attention must be given to all drugs to keep them from exploding into larger problems; but when a choice is necessary, efforts should be devoted to reducing the illicit supply of high priority drugs.
- *Greatest disruption of distribution systems.* The total variety of supply reduction techniques—law enforcement, regulatory programs, crop eradication, etc.—must be weighed and resources concentrated on the combination of techniques which have the greatest overall impact on supply. Efforts should

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<sup>1</sup> This benefit is not gained without costs and adverse effects—direct program costs, stigmatization of casual users through arrest, deteriorating health of continuing users, encouragement of black markets, crime to meet black market prices and the possibility of corruption. To partially offset these disadvantages, we recommend a complementary demand reduction effort, discussed in the next chapter.

focus on that portion of the supply system which appears to be most vulnerable at the time.

This concept of causing the greatest disruption of the distribution system has been useful in targeting efforts in the past. It has motivated agents to develop cases against financiers, chemists, and managers of major trafficking organizations; it has led the Cabinet Committee on International Narcotics Control (CCINC) to direct its primary attention to countries producing raw materials and harboring major traffickers; and it has resulted in greater emphasis on the regulatory program to combat the growing problem of retail diversion of amphetamines and barbiturates.

Identification of the most vulnerable parts of the illicit distribution system, and re-allocation of resources as necessary, should be a continuing activity of program managers. At various times, raw materials, processing facilities, inventories, wholesale distribution capacity, entrepreneurial skill, or capital will be in short supply. Any of these constraining factors which determine the capacity of the system should be the target of supply reduction efforts. For example, illicitly produced raw materials can be intercepted by locating and destroying lab facilities, or by arresting illicit chemists; distribution systems can be upset by aggressive investigative activity, interdiction efforts, and action by State and local authorities.

Strategic calculations about where to focus supply reduction efforts must recognize that major segments of both licit and illicit supply systems operate in foreign countries. For example, all of the opium used to produce heroin that is consumed in the United States is grown abroad; and a significant fraction of the processing facilities which supply methamphetamines and amphetamines are located in foreign countries. Thus, our strategy to control supply must often rely on foreign governments' capabilities to control drugs, and foreign commitment and capability may place an upper limit on this Nation's ability to control the supply of drugs at home.

Continued attention to this process of continually identifying the most vulnerable parts of the illicit distribution system—isolating current bottlenecks in terms of resources, capabilities, or activities in short supply—should be an on-going activity of program managers. Reallocation of resources should follow as necessary.

The balance of this chapter discusses the Federal supply reduction effort in five sections. Although these activities can be isolated for convenience in discussion, it is important to recognize that they are interdependent and mutually supportive, and that they must be

continually balanced against each other in designing the supply reduction program appropriate at a given time. They are:

- *Enforcement:* The enforcement program is designed to deter, immobilize, and inconvenience illicit producing and trafficking organizations, to discourage potential new trafficking organizations from forming, to reduce smuggling, and to remove drugs from the illicit market.
- *Intelligence:* The worldwide intelligence program provides information needed to make strategic and tactical decisions with respect to design of the overall supply reduction program, and deployment of enforcement resources.
- *International:* The purpose of the international program is to enlist the cooperation of foreign governments in worldwide drug control efforts, and to encourage those governments to intensify their efforts by providing them with training, technical assistance and material resources, and through suitable diplomatic initiatives.
- *Regulatory:* The regulatory program focuses on the diversion of legitimate domestic production to illegitimate use. Devices available to the Federal Government include scheduling drugs, establishing production quotas and auditing firms to ensure compliance with the security and recordkeeping provisions of the Controlled Substances Act.
- *Science and Technology:* Science and technology essentially serve a supporting role by increasing the effectiveness and efficiency of operating programs. This area includes not only engineering and hardware, but also operations research and program analysis.

## ENFORCEMENT

Drug law enforcement is often assumed to be supply reduction, and vice versa. As discussed previously, that impression is not correct; law enforcement is but one of many activities which limit the supply of illicit drugs. Nonetheless, drug law enforcement has been and probably will continue to be the single most important and most visible part of the overall supply reduction effort.

Reorganization Plan 2 of 1973 consolidated the principal drug investigative and intelligence resources in the Drug Enforcement Administration (DEA) for the purpose of ensuring optimal utilization and integration of these resources. While the task force did not undertake a comprehensive review of Reorganization Plan 2, all members

concur in the basic concept of an integrated drug law enforcement agency charged with lead responsibility.<sup>2</sup> DEA is that lead agency and has made considerable progress in its two-year existence.

The concept of a "lead agency," however, does not denigrate in any way the vital roles played by other agencies in the drug law enforcement effort. For example, Justice's Federal Bureau of Investigation (FBI) and Treasury's Internal Revenue Service (IRS) and Alcohol, Tobacco, and Firearms Bureau (ATF) have important supportive roles in investigation. The Central Intelligence Agency (CIA) has a vital supportive role with respect to intelligence regarding international trafficking. Treasury's U.S. Customs Service performs an invaluable interdiction function at our borders and ports of entry. The Immigration and Naturalization Service and Coast Guard provide valuable assistance. U.S. attorneys' offices prosecute Federal cases, and the courts try and sentence traffickers. The Federal Board of Parole determines when imprisoned traffickers are released. And, finally, 400,000 State and local police officers, partly financed by Justice's Law Enforcement Assistance Administration (LEAA), are the Nation's defense against local trafficking.

The drug law enforcement program must design a strategy which maximizes the contribution of each of these organizations to the overall objectives of disrupting illicit traffic and reducing the availability of drugs for illicit use. Before discussing the task force's recommendations for accomplishing these objectives, the three ways in which enforcement achieves supply reduction will be reviewed.

*First*, the arrest, prosecution and incarceration of traffickers and immobilization of trafficking organizations results in the elimination of some illicit supply capabilities. *Second*, the seizure of quantities of drugs and of equipment and materials needed to operate drug networks (such as vehicles, aircraft and other property used in smuggling), both directly and indirectly reduces illicit supplies of drugs and cripples or inconveniences the operations of illicit traffickers. *Third*, enforcement efforts have deterrent effects. Traffickers must operate cautiously: they must carefully screen customers, keep their markets small, and arrange elaborate strategies to hide the drugs. All of this caution reduces both the efficiency of trafficking activity and the total capability of the illicit supply system.

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<sup>2</sup> Reorganization Plan 2 is perhaps the most misunderstood and misinterpreted issue in drug law enforcement, and is therefore discussed more completely later in this chapter. There is fundamental agreement and acceptance of the central concept; the disagreement which exists revolves around the relatively narrow question of how DEA and Customs interact in performing their respective missions.

The following sections discuss the task force's findings and recommendations in four key areas which together determine the overall effectiveness of law enforcement efforts. They are:

- The development of enhanced capabilities to conduct conspiracy investigations and otherwise target enforcement resources at high-level violators.
- The effective immobilization of arrested or indicted traffickers.
- Interdiction; its role and interrelationship with investigation.
- Strengthening capabilities of State and local enforcement agencies, and improved cooperation between them and Federal investigative agencies.

### **Enhancing the Capability To Focus on Major Trafficking Organizations**

To achieve maximum impact, supply reduction efforts must focus upon the prosecution and conviction of those high-level traffickers who direct major organizations, because immobilization of these leaders significantly reduces the organization's ability to move quantities of drugs for a considerable period of time.

Experience has shown that conspiracy cases are often the only way to apprehend high-level traffickers, since they purposely isolate themselves from all activities which would bring them into actual contact with drugs.<sup>3</sup> For example, DEA reports that almost half of the top violators it arrests are indicted on conspiracy charges. Use of conspiracy prosecutions is therefore one of the major tactical weapons which should be employed by enforcement personnel, prosecutors, and courts. Expansion of the use of conspiracy strategies will help to emphasize the importance of targeting enforcement resources at the leaders of trafficking organizations. Other strategies may, of course, be equally effective in certain cases. The important thing is to concentrate on top-level violators.

In the course of its work, the task force prepared very detailed recommendations for improving the Federal Government's ability to conduct conspiracy cases, and submitted them to the appropriate agencies. These detailed recommendations, which are only summarized and highlighted here, were in three broad areas:

- Building understanding and commitment to conspiracy strategy.
- Inducing cooperation of knowledgeable individuals.
- Developing long-term approaches to investigations.

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<sup>3</sup> In high-level conspiracy cases, Federal efforts have a great advantage over State and local activity, since coordination of a variety of investigative techniques can best be achieved at the Federal level, and high-level cases usually involve interstate activity.

First, it is essential to build understanding of and commitment to the conspiracy strategy among enforcement officials, prosecuting attorneys, judges, the Congress and the interested public.

Despite previous policy directives, it seems clear that current field practices in both investigating and prosecuting agencies often emphasize the quick arrest or conviction at the expense of vigorous pursuit of high-level violators. This orientation has proved resistant to change partly because of external incentives influencing the performance of the organizations, and partly because of internal personnel systems—those which recruit, train, evaluate, and reward individual agents.

Thus, more than policy exhortation is required. Leaders of the agencies involved in suppressing illegal drug traffic must publicly support the long-term conspiracy strategy, seek support for it, and be willing to accept possibly unfair criticism when sheer numbers of arrests decline. Within each organization, leaders must make the necessary shifts of resources and adjustments to the incentive and rating systems which will get agents "off the streets," and curtail the arrest of low-level employees in trafficking organizations. In particular, new measures of effectiveness must be developed which encourage building conspiracy cases rather than rewarding managers and agents on the basis of numbers of arrests.

Commitment to high-level conspiracy cases is equally necessary in the prosecuting function. Conspiracy investigations are difficult for prosecutors—they absorb time and result in relatively high rates of acquittal and reversal. In addition, rapid turnover among prosecuting attorneys works against developing skills in this area. The 19 Controlled Substance Units inaugurated by the Attorney General this year offer a potential solution to these problems, provided that these specialists are not diverted from drug conspiracy prosecutions to other work.<sup>4</sup>

Judicial support for conspiracy prosecutions has been less than enthusiastic. Conspiracy trials are time-consuming and complicated, and courts have expressed some legitimate concerns regarding the misuse of conspiracy laws by law enforcement agencies. On the other hand, the task force believes that the courts will be more responsive

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<sup>4</sup> In addition, better coordination in enforcement and prosecution of conspiracy cases is imperative. Exploiting the full potential of a complex conspiracy case requires complete responsiveness of agents and prosecutors to each other's needs. Prosecutors should advise the enforcement agency as to the kinds of evidence needed to support conspiracy and other drug violations. Similarly, enforcement and prosecution should be coordinated in case disposition; e.g., questions of whether to grant informal immunity, transfer a case to a local jurisdiction, utilize a grand jury, or to enter into plea bargaining are ones in which investigative agencies should have a say.



to this important law enforcement tool if repeatedly made aware of the fact that high-level drug traffickers seldom become involved with actual drug transactions, making conspiracy investigations the only possible avenue of prosecution.

Finally, support for this conspiracy emphasis by Congressional committees with oversight and budget responsibility must be developed, or law enforcement agencies will continue to feel compelled to generate seizure and arrest statistics, the traditional measures of success.

The *second* area for improvement is by inducing the cooperation of persons with knowledge of drug conspiracies. Due to the nature of illicit drug trafficking, only a few individuals working inside the organization have knowledge of drug distribution networks.

In developing conspiracy cases these are the people who can provide the most valuable leads. Cooperation can be induced by a wide variety of legal devices. These include decisions to grant formal or informal immunity,<sup>5</sup> postponing sentencing until defendants have delivered on their promise to cooperate, making cooperation a condition of probation, explicitly recognizing cooperation as a factor in parole decisions, and maintaining adequate protection of cooperating individuals by the U.S. Marshals Service.

The *third* way we can improve our capability to conduct conspiracy investigations is by developing long-term approaches to investigation. Since productive leads and cooperating individuals are scarce commodities, they must be preserved, if possible, by keeping these individuals out of court. This can be done by developing other evidence, or by using the border search authority of the Customs Service to arrest a known drug smuggler. In maintaining long-term sources of information, great care must be taken to avoid putting the cooperating individual in a position in which he is forced to actually participate in an illegal act.

### **Immobilizing Drug Traffickers**

Gathering sufficient evidence to prosecute a trafficker does not guarantee his immobilization. He may be operating in a foreign country, out of reach of effective prosecution and sentencing. Even in the United States, indictment and arrest do not guarantee immobilization; these events merely begin a long criminal justice process during most of which the trafficker may be free to continue operating. At the end of this process, incarceration may be relatively short.

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<sup>5</sup> As tools to secure cooperation, grants of immunity can be effective. Yet they should be used sparingly. The Justice Department has recently reviewed the process of granting immunity with an eye toward tightening procedures.

This failure to immobilize traffickers against whom a substantial case has been developed is very costly—costly in terms of wasted investigative resources, weakened deterrent, and reduced public trust in the criminal justice system. Consequently, the task force believes that efforts to more effectively immobilize indicated traffickers are vitally important.

The United States has two broad options for denying traffickers safe havens in foreign countries. First, U.S. enforcement officials can cooperate with foreign law enforcement officials in developing cases to be tried in foreign countries.<sup>6</sup> In some countries—for example, France and Mexico—laws permit evidence gathered in the United States for violations committed here to be used in prosecuting a trafficker in the foreign country's courts. Second, we can indict the foreign trafficker and then seek jurisdiction through extradition or expulsion. Both of these devices should be used to the maximum extent possible and the task force recommends that a permanent DEA-Justice-State committee be established under the CCINC to coordinate the extradition and expulsion program.

For traffickers operating within the United States, simply arresting them has not proven to be an effective means of immobilization. Traffickers usually raise bail quickly and often immediately resume trafficking when released. Thus, attention should be paid to ways to keep traffickers from operating before conviction or while on appeal, and we should of course seek ways to increase the rate of conviction, and the period of incarceration which follows.

The task force's major recommendations regarding sentencing and parole of drug traffickers include:

- Requiring minimum mandatory sentences for persons convicted of high-level trafficking in narcotics and "dangerous drugs."<sup>7</sup>
- Requiring mandatory consecutive sentencing rather than concurrent sentencing for persons who are arrested and con-

<sup>6</sup> It is worth noting that our success in encouraging other countries to deny safe havens depends significantly on our willingness to deal severely with people we arrest in the United States. Foreign governments have noticed and complained about our lenient treatment of couriers from their countries arrested in the United States. They have also noticed the short prison terms for major domestic violators. Consequently, some doubt our determination to control drug abuse. Thus there is an important interdependence between the program to deny safe havens to overseas traffickers, and the program to effectively control traffickers arrested in the United States.

<sup>7</sup> In this regard, the task force specifically endorses the President's proposal for mandatory minimum sentences for persons trafficking in hard drugs and suggests that consideration be given to expanding the proposal to include major traffickers in barbiturates and amphetamines.

victed for narcotics trafficking while on bail from another trafficking offense. This kind of selective deterrent aimed at offenses committed while on bail should help reduce the high rate of continued drug trafficking.<sup>8</sup>

- Undertaking major efforts to educate judges regarding the likelihood of repeated trafficking offenses, and encouraging them to carefully weigh the danger to the community a trafficker represents if released.
- Submitting written recommendations from prosecutors to the parole board regarding parole decisions on high-level violators. At minimum, prosecutors should submit written requests to keep high-level traffickers incarcerated. This policy should ultimately result in explicit revisions of parole guidelines in order to defer parole for high-level traffickers.
- Revoking parole and cancellation of all "good time" already served, in the event that a paroled offender is re-arrested on narcotics trafficking charges.

Indirect pressures can also be used to supplement direct prosecution attacks on drug traffickers. Efforts can be aimed at confiscating contraband drugs, damaging the trafficking network's capacity to finance its operations, and seizing vehicles, passports, and licenses (e.g., pilots') necessary to remain in the drug trade.

Targeting on the seizure of contraband by itself would not be an effective supply reduction strategy. The amounts seized are too small and the drugs themselves too easily replaced. Nonetheless, increased seizures of drugs in quantity could have a substantial impact on trafficking organizations. Toward this end, the development of improved technical equipment to detect drugs, especially easily concealed narcotic drugs, should be given high priority. Further, the detection of drugs will always remain useful for the leads and evidence that detection produces.

By focusing on the trafficker's fiscal resources the government can reduce the flow of drugs in two ways. First, high-level operators, usually well insulated from narcotics charges, can often be convicted for tax evasion. Second, since trafficking organizations require large sums of money to conduct their business, they are vulnerable to any action that reduces their working capital.

The IRS has conducted an extremely successful program that identifies suspected narcotics traffickers susceptible to criminal and

<sup>8</sup> A recent DEA study showed that 45 percent of a group of traffickers on bail were implicated in post-arrest trafficking.

civil tax enforcement actions. Recently, the program has been assigned a low priority because of IRS concern about possible abuses. The task force is confident that safeguards against abuse can be developed, and strongly recommends re-emphasizing this program. The IRS should give special attention to enforcement of income tax laws involving suspected or convicted narcotics traffickers.

Drug enforcement agents should be further encouraged to recognize promising leads for tax investigation purposes, and to refer them to the IRS. Even when tax cases cannot be made, information regarding financial transactions may be valuable in proving other violations by drug dealers. For example, the Customs Service enforces a law requiring reports of international transportation of currency; drug dealers have to violate this law regularly.

International agreements to increase investigative access to information in financial institutions should also be pursued.

All of these indirect methods of immobilizing trafficking networks can be very powerful tools in the overall supply reduction strategy. However, the great discretion these tools provide law enforcement officials requires that extreme care be devoted to developing appropriate guidelines and procedures for their use, to ensure that constitutionally guaranteed civil liberties and fundamental rights of privacy are not impinged upon.

### **Interdiction; Its Role and Interrelationship with Investigation**

The Customs Service and the Immigration and Naturalization Service perform a valuable interdiction role along our borders and at ports of entry. Interdiction has an effect on the overall supply reduction effort in three ways. *First*, such activity results in the arrest of persons and the seizure of drugs. *Second*, the presence of a uniformed interdiction force which can search persons and cargo at the border has a strong deterrent effect: some potential traffickers will be dissuaded, and others will be forced to adopt more expensive and vulnerable methods of smuggling. *Third*, interdiction efforts will often discover narcotics trafficking activities that were previously unknown to investigators, thus adding to the investigation data base.

The last two of these three functions—deterrence and discovery of previously unknown distribution systems—are most effective if the interdiction efforts are random. If interdiction focuses too narrowly on certain locations, types of people, and types of activity, then a sophisticated trafficker will simply “beat the system” by doing the unexpected. On the other hand, the first objective—arrest and seizures—is best accomplished if interdiction concentrates its efforts on individuals, activities, and places which have a known potential for trafficking on the basis of current information. Thus, there is a need for both random and targeted interdiction efforts.

Under Reorganization Plan 2, a distinction is drawn between investigative functions and interdiction functions with respect to

narcotics enforcement efforts. The investigative function was given to DEA; the interdiction function continues to be performed by the Customs Service. Unfortunately, the distinction between interdiction and investigation was not precise in the legislation. This ambiguity has led to jurisdictional disputes among enforcement agencies, and the resulting interagency rivalry and lack of coordination have hampered supply reduction efforts.

The extent of the jurisdictional dispute is often viewed out of context and, frankly, out of proportion. The actual issues in question are relatively small. This is not to say that real differences do not exist—they do—nor that the effects of the disputes are minor—they are not.

However, to put the differences in their proper perspective, we should first outline the considerable areas of agreement which exist. They are:

1. The central concept of Reorganization Plan No. 2 of 1973—that of creating a lead agency for drug law enforcement which integrates most investigative and intelligence activities—is sound, and DEA is that lead agency.
2. The development of conspiracy cases should be a major element of drug law enforcement. Both border arrests and undercover purchases are useful ways of penetrating trafficking organizations to initiate conspiracy investigations, as are a number of other techniques. All should be used.
3. Interdiction of drugs at the border and ports of entry is an important component of the overall supply reduction strategy because of (1) the deterrent effect, (2) the potential for penetration of trafficking organizations, and (3) the possible removal of large quantities of drugs. The importance of this function is enhanced by the unique search authority of Customs.
4. Prior information is useful in performing the third of those objectives; namely, removing quantities of drugs from the market. While the vast majority of Customs border arrests and seizures always have been accomplished without prior information, both before and after Reorganization Plan No. 2, the most significant seizures have in the past been made based on prior information.
5. To date, DEA has not provided intelligence to the Customs Service relating to the modus operandi of smugglers, or regarding specific individuals, in sufficient quantity. A greater exchange of information is necessary.

The task force believes that these basic points should form the framework for resolution of outstanding jurisdictional issues and better overall coordination. The specific jurisdictional issues to be

resolved center on the extent of Customs activities in performing the interdiction role assigned by Reorganization Plan No. 2. They include:

- Development of prior information.<sup>9</sup>
- Jurisdiction over air interdiction and the use of transponders in suspected aircraft.
- Maintenance of intelligence information systems.
- Liaison with foreign customs agencies on narcotics matters.
- Laboratory analysis of narcotic seizures.
- Debriefing of persons arrested at the border on narcotics smuggling charges, to enable appropriate followup investigations.

These issues are founded on sincere differences of opinion regarding how best to utilize the unique capabilities of each agency in reducing the overall supply of drugs. But prompt resolution is essential; continued failure to resolve these issues hinders the effectiveness of the entire program to reduce the flow of drugs.

The task force feels that the two agencies have a basis upon which to achieve agreement for better operational coordination. Their respective efforts are complementary elements of an overall program, and are not mutually exclusive. DEA and Customs must set aside their institutional interests and work together if the Nation is to have the most effective drug enforcement effort.

The task force is encouraged by recent progress which has been made in meetings between the Commissioner of Customs and the Acting Administrator of DEA. Nonetheless, the task force recommends that the President direct the Attorney General and the Secretary of the Treasury to undertake resolution of these issues within the next three months. If these issues cannot be, or have not been resolved at the agency or department level by December 31, 1975, the task force recommends that the Attorney General and the Secretary of the Treasury report their final recommendations for resolution of the matter to the President.

The time has come for these issues to be resolved and solutions implemented.

### **Strengthening Capabilities of State and Local Police**

The last area for improving the overall law enforcement effort is the strengthening of linkages between Federal law enforcement agencies and the more than 400,000 State and local police.

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<sup>9</sup> In this, the most contentious of these issues, DEA has recently established a special section within its Office of Intelligence to concentrate entirely on creating intelligence information for use by Customs—smuggler's methods of operation, individuals who are suspected traffickers but not currently the subject of ongoing covert investigations, license plates of vehicles involved in narcotics, etc. Further, Customs has repeatedly been invited to participate as a full partner in the recently established El Paso Intelligence Center, which is designed expressly to improve intelligence exchange at the U.S.-Mexican border.

These police have an important independent effect on supply reduction objectives, since they are solely responsible for directing efforts against local drug dealers. Local law enforcement officials can disrupt stable distribution patterns and force dealers to be extremely cautious in approaching new, unknown, and as yet untrusted users. In addition, State and local enforcement agencies produce defendants in drug cases who may prove to be valuable leads in developing significant conspiracy cases.

The Federal Government seeks to strengthen State and local enforcement agencies and co-operate with them through several mechanisms. First, LEAA block and discretionary grants support State and local drug enforcement along with other enforcement activities. Second, LEAA and DEA jointly fund State and local officers involved in joint enforcement efforts. Third, DEA provides a variety of services to State and local agencies; for example, they train State and local officials in up-to-date narcotics investigation techniques; process State and local drug evidence in DEA laboratories; and disseminate intelligence to State and local agencies.

All of these efforts should be continued and expanded.

## INTELLIGENCE

The intelligence function is an integral part of the overall supply reduction program. Good strategic intelligence on trends in drug abuse, general levels of availability, sources of drugs, and capability of other governments to control drugs is essential. This information is a key to making resource allocation decisions among the various components of the overall drug program, and for evaluating the effectiveness of both supply and demand reduction programs. Operational and tactical intelligence are vital in targeting enforcement resources; without them enforcement efforts would be targeted on a more random basis, with a resultant reduction in efficiency and effectiveness. Further, tactical intelligence often leads to the development of strategic intelligence.

Significant progress has been made in establishing a national narcotics intelligence system since the formation of DEA in 1973. However, the overall narcotics intelligence function has generally suffered from:

- *Counterproductive competition within and among enforcement agencies.* There is ample evidence that competitive attitudes within and among enforcement agencies have impeded an optimal production and flow of operational intelligence. In order to base enforcement action on something more than random inspections and informants' initiatives, all intelligence producers must be made to recognize that they serve many users.

- *Insufficient funding during the internal resource allocation process.* This is particularly true with regard to intelligence analysis capability.

The following sections discuss highlights of the task force's analysis of the intelligence function, looking first at operational and tactical intelligence and then at strategic intelligence. In each, the four phases in the production of finished intelligence will be reviewed: collection, collation (or data base management), analysis and dissemination.

### **Operational and Tactical Intelligence**

The collection of operational intelligence is currently one of the most effective components of the intelligence system. The reason is simple: enforcement agents are the primary collectors and they have been in place for a long time. However, this component can be made even stronger by:

- Encouraging the cooperation of defendants, as discussed earlier in the section on conspiracy cases.
- Including questions during debriefings which may produce information useful to another agency or may develop historical material useful in conspiracy cases. We suggest that a new investigative report form be devised with the participation of representatives of all user agencies; it would reflect priority operational intelligence questions and would compel the interrogator to cover a broader range of subjects than his individual investigation might dictate.
- Expanding DEA's narcotics intelligence capability in a way which closely integrates it with enforcement activities.

The analysis of operational and tactical intelligence depends on the adequacy of three factors: (1) Analytic resources; (2) manual and automated information filing systems; and (3) a proper flow of information to the intelligence analysts—all of which are currently inadequate. Inadequate analysis can only be overcome by increasing the number of intelligence analysts in DEA and attracting the best available talent for this function. The problem of inadequate information storage and retrieval capability is complicated by the existence of four separate automatic data processing (ADP) systems. The task force recommends that an analysis of all these systems be conducted, perhaps by OMB, with a view toward integration or at least improved interface.

Competitive attitudes within and among enforcement agencies have had a negative impact on the sharing and use of operational intelligence. Perhaps this is caused by the inordinate attention paid to agency seizures totals, which causes one agency not to pass informa-



tion to another. Another problem centers on the behavior of users of intelligence; they must be compelled to observe all restrictions concerning its further dissemination. Failure to impose discipline in this regard leads to reluctance on the part of the agency producing sensitive intelligence to share it. Other potential impediments to the dissemination of operational intelligence are the Privacy Act, and the Freedom of Information Act.

The Central Intelligence Agency plays a vital role in the overseas collection of intelligence dealing with international narcotics trafficking. While its principal focus is on strategic intelligence, valuable tactical and operational intelligence is also collected.

### **Strategic Intelligence**

Strategic intelligence about trends in drug abuse, levels of availability, sources of drugs, characteristics of illicit production and distribution systems, and capacities of foreign governments to control drug supplies is important in making broad resources allocation decisions, and in selecting which supply or demand reduction programs to emphasize. Accordingly, this intelligence should be routinely available to all organizations involved in the drug program, as appropriate to their particular responsibilities and functions.

As the agency responsible for the development of a national narcotics intelligence system, DEA has made significant progress in some areas. The development of chemical signatures to identify sources of drugs, and the use of hepatitis and emergency room episodes as indicators of trends in drug abuse are examples. However, DEA is currently inadequately equipped to supply the full range of strategic intelligence requirements, mostly due to the lack of sufficient strategic intelligence analysts. The task force recommends that greater resources be committed to this area. In addition, the users of this intelligence—in many cases members of this task force—must do a better job in identifying specific strategic intelligence requirements. The Intelligence Estimate Board recently established by DEA should help in this regard, as should the Foreign Intelligence Subcommittee of the CCINC.

The task force believes that the CCINC must provide greater leadership in the area of foreign narcotics strategic intelligence. The Central Intelligence Agency, the State Department, the Department of Defense, and DEA all have important roles to play in the collection and analysis of information, and the CCINC is the appropriate inter-agency coordinative mechanism.

## INTERNATIONAL<sup>10</sup>

No matter how hard we fight the problem of drug abuse at home, we cannot make really significant progress unless we succeed in gaining cooperation from foreign governments, because many of the serious drugs of abuse originate in foreign countries.<sup>11</sup>

Thus, our capability to deal with supplies of drugs available in the United States depends strongly on the interest and capability of foreign governments in drug control. In order to encourage the greatest possible commitment from other governments to this joint problem, the task force believes that narcotics control should be discussed at the highest levels, to adequately communicate our deep concern over international drug trafficking and our commitment to control it. President Ford recently said:

All nations of the world—friend and adversary alike—must understand that America considers the illicit export of opium to this country a threat to our national security \* \* \* Secretary Kissinger and I intend to make sure that they do (understand).

The task force applauds this statement, and urges that it be reflected in the agenda of all high-level bilateral discussions; between heads of State, foreign ministers, finance ministers, justice ministers, and any other officials who play a part in the drug program. These discussions should deal not only with illicit opium, but with other drugs as well.

The key objectives of the international program are to gain the support of other nations for narcotics control, and to strengthen narcotics control efforts and capabilities within foreign governments. These objectives can be achieved through internationalization of the drug program, cooperative enforcement and enforcement assistance, and control of raw materials—each of which is discussed below. A final section deals with the special problem of Mexico.

### Internationalization of the Drug Program

In many countries, drug abuse is still seen as principally an American problem. Many countries are unaware of the extent of their own drug abuse. Poorer nations find it difficult to justify the allocation of scarce resources to deal with drug abuse in the face of so many other

<sup>10</sup> The international program is operated under the general policy guidance of the Cabinet Committee on International Narcotics Control (CCINC), which is chaired by the Secretary of State. Other members include the Attorney General, the Secretaries of Treasury, Defense, and Agriculture, the U.S. Ambassador to the United Nations, and the Director of the CIA. The Executive Director of the CCINC is the Senior Advisor to the Secretary of State and Coordinator for Narcotics Control Matters. Other key working-level organizations are the Agency for International Development, United States Information Agency, National Institute on Drug Abuse, and the Office of Management and Budget.

<sup>11</sup> Not all abused drugs are of foreign origin; of course, we have problems with U.S. manufactured amphetamines, barbiturates and other mood-altering drugs.

pressing needs. Some producing countries lack sufficient administrative control over opium-growing areas within their boundaries to effectively participate in drug control programs.

Still, there are several things the United States Government can do to raise the level of concern of foreign governments. The United States should intensify diplomatic efforts at the highest level of government to assure that other "victim" nations express their concern over violation of international treaty obligations in multilateral forums and in bilateral contacts. In addition, the United States should continue to participate in building institutions that promote international awareness of drug abuse. Such mechanisms include the signing of formal drug control and regulatory treaties and the support and encouragement of international efforts to study and reduce drug abuse. Chapter 4 will describe cooperative assistance in determining the extent of drug abuse in a foreign nation.

International treaties complement U.S. efforts to control drug abuse and have formalized the drug concerns of other nations. The Single Convention on Narcotic Drugs of 1961 is the basic treaty now in force for controlling narcotic substances. The international machinery established by the Single Convention has a mixed record. It has worked well in limiting legal production of narcotic drugs to amounts needed for medical and scientific use.<sup>12</sup> It has been less successful in getting countries to fulfill their treaty commitments to root out illegal production and trafficking.

Accordingly, in 1972 a United Nations Conference prepared a Protocol to Amend the Single Convention. The Protocol strengthens the authority of the International Narcotics Control Board (INCB), the control organ of the Single Convention. In addition, the Protocol strengthens provisions used to estimate production, manufacturing and consumption requirements. By July 1975 a total of 40 countries<sup>13</sup>—including the United States—had ratified or acceded to the Protocol, and it came into force on August 8, 1975.

The impact of the Amending Protocol can be significant:

- The INCB for the first time has authority to require reduction of opium poppy cultivation and opium production in countries shown to be sources of illicit traffic.

<sup>12</sup> Further, the U.N. has been closely monitoring worldwide developments in regard to the supply of and demand for codeine and other opium derivatives, which have been in short supply for two years. The task force recommends that the ad hoc Opium Policy Task Force continue to provide similar oversight of the American situation until the period of limited supplies is past. Additionally, the Task Force recommends that the Opium Policy Task Force accelerate its evaluation of the potential of *Papaver Bracteatum* as a substitute for morphine-based *Papaver Somniferum* in the production of codeine.

<sup>13</sup> Unfortunately, with the exception of Thailand, none of the important opium-producing countries has yet ratified or acceded to the Protocol. An important part of our program is to urge other nations to do so.

- The international control system will intensify its efforts against illicit narcotics traffic through access to better information, on-the-spot examinations, and publicity of control violations or non-cooperation at the highest levels of the United Nations.
- The United States will have, along with other "victim" countries, significantly greater ability to extradite and thus prosecute narcotics traffickers who have taken refuge in other nations.
- For the first time under a narcotics control treaty, the control organ will have authority to recommend technical and financial assistance to help cooperating governments carry out their treaty obligations.
- Also for the first time in international narcotics control, the nations undertook an obligation to drug abuse prevention and education, by adding the treatment, rehabilitation and social reintegration of drug abusers to law enforcement efforts, as was done in the United States with the passage of the Drug Abuse Office and Treatment Act of 1972.

Even with the Amending Protocol, however, the Single Convention is not without problems. The INCB remains dependent upon the cooperation and ability of the parties to the treaty to furnish it with timely and accurate statistics. An even more serious problem is that the INCB must depend upon the willingness and ability of cooperating governments to respect and enforce the Board's decisions. Finally, it must be recognized that governments unable to enforce their own national narcotics laws are not likely to be able to enforce the INCB rulings.

Another important international treaty is the Convention on Psychotropic Substances of 1971. It provides a system for the international control of psychotropics similar to that which the Single Convention provides for narcotic drugs.<sup>14</sup> Although the United States played a major role in the preparation of this treaty, Congress has not yet passed the enabling legislation and the Senate has not yet ratified it. U.S. ratification of the Psychotropic Convention would demonstrate willingness to control production of substances manufactured here in much the same manner as we ask other governments to control production of narcotics covered by the Single Convention.

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<sup>14</sup> The Convention sets up various procedures for the control of psychotropic substances. Manufacturing, distributing, and trading in psychotropic substances must be licensed and the drugs may be dispensed only by an authorized prescription. Warning labels must be used. The Convention also requires that records be kept by the manufacturer, the distributor and the dispenser and provides for a system of inspection. For the more dangerous substances, both export and import authorizations are required. The Convention also calls for measures of prevention and education and for treatment, rehabilitation, and social reintegration of drug-dependent persons. It provides for coordinated action against illicit traffic, punishment of violations of the Convention, and extradition of offenders.

Consequently, the task force strongly recommends the prompt passage of enabling legislation and ratification of this treaty.

Through the initiative of the United States, the United Nations Fund for Drug Abuse Control (UNFDAC) was established to provide voluntary contributions to enable the United Nations and its narcotics organizations to increase their narcotics control assistance to member governments. The fund has helped energize the entire U.N. drug program. It has also been useful in calling attention to the fact that drug abuse is truly a worldwide problem, not one which affects only the United States. Moreover, the Fund has served as an essential supplement to U.S. efforts in those countries which prefer to receive assistance from multilateral rather than bilateral sources.

To date, the United States has contributed four-fifths of the financial support of the Fund, and there is justifiable concern in Congress about the high proportion of the Fund's resources provided by American taxpayers. The task force believes that a more aggressive and imaginative fundraising program directed to the leaders of other governments would be likely to generate greater financial support from them. While it is expected that other governments will progressively carry a greater load, the Fund's work in priority areas such as Turkey is so directly important to U.S. drug supply reduction efforts that it is in our national interest to continue support for the Fund.

The task force believes that the United States should continue to support and actively participate in other important international organizations dealing with drug control. These include Interpol, the international criminal police organization, and the Customs Cooperation Council, an international organization of representatives from the Customs services of 76 member nations.

### **Cooperative Enforcement and Enforcement Assistance**

Once enhanced international interest in drug control is aroused, the problem of translating that concern into effective operational programs still remains. The key to solving this problem is the development of strong drug control organizations within foreign countries. Strengthening foreign enforcement organizations depends on three interrelated components: the provision of technical and equipment assistance, formal training of foreign enforcement officials, and assistance through cooperative enforcement efforts with U.S. agents stationed overseas.

U.S. *technical and equipment assistance* and support to foreign enforcement agencies accompanied by a political commitment on the part of the host government, and careful bilateral planning, can contribute significantly to better narcotics control. In many instances such assistance is absolutely essential to the development of foreign narcotics control capability.

*Formal training of enforcement officials* is another important component of the program to strengthen foreign enforcement organizations. Since the establishment of the CCINC, the Drug Enforcement

Administration and the U.S. Customs Service have provided training in the United States and overseas for over 9,000 foreign enforcement officials. Such training has taught many foreign officials the necessary skills to suppress illicit narcotics production and trafficking, has motivated them to become more effective in conducting enforcement operations, and has encouraged greater cooperation between them and American enforcement officials.

Under CCINC auspices, an evaluation was recently made of DEA and Customs training programs. It highlighted the need to closely integrate training into the other elements of narcotics assistance programs so that training will contribute to the more basic objective of developing self-sustaining, highly skilled foreign narcotics control units.

*Direct assistance* to foreign officials through cooperative enforcement activities is a third component of this program. The Drug Enforcement Administration presently has more than 200 agents in over forty foreign countries. The primary task of U.S. narcotics agents abroad is to assist their foreign counterparts in preventing illicit supplies of narcotics and dangerous drugs from reaching the U.S. market. In addition to the reduction in narcotics flow, these joint efforts provide "on-the-job training," for foreign officials in advanced anti-drug trafficking techniques. This cooperative activity has contributed to reducing the illicit traffic affecting the United States. For example, it played a major role in immobilizing the heavy illicit heroin traffic from Turkey and France which had such a serious impact on the United States. Currently, DEA agents are working with Mexican Federal agents to control the problem which has developed there.

The task force believes that additional emphasis on the collection, analysis and utilization of overseas operational intelligence is needed. By providing additional training to U.S. agents abroad in intelligence collection needs and techniques, intelligence could be a more effective tool in deterring the flow of drugs to the United States. Finally, U.S. narcotics agents abroad should concentrate their activities on international trafficking channels, particularly those believed to be headed for the United States, and should avoid becoming involved in inconsequential local arrests and seizures.

### **Control of Raw Materials**

The basic factors to consider in the control of raw materials used in making drugs are controls over legitimate production, and illicit crop destruction and crop substitution programs.

The medical need for opium-derived drugs requires some poppy cultivation. The problem is to control diversion from these legal crops. Past strategy has attempted to concentrate legitimate poppy cultivation in countries with the capability to control diversion, and to strengthen the control capabilities in other producing countries. As a result, India, which has a successful control system, has been a

major legal producer of opium. When Turkey decided to re-enter the licit market, the U.N. made a major effort to assist in the strengthening of control systems. Consequently, Turkey has shifted its harvesting methods from poppy incision to harvesting by the "poppy straw process." This program promises much more effective control of diversion from legitimate poppy cultivation.

Illicit cultivation of opium poppies, coca leaves and marihuana can be attacked through crop destruction or substitution programs. Because of different political, economic and cultural factors in each source country, no general approach can apply. In Thailand, for example, although opium has been outlawed for more than fifteen years, Thai hill tribes have cultivated the crop for centuries. Thus, any serious program to suppress illicit crop production by the Government of Thailand must be undertaken in conjunction with income substitution in the affected areas to create new economic alternatives so that the hill tribes will not turn to banditry or insurgency. An important consideration in the use of crop destruction as a tool in narcotics control is that the elimination of crops at the source in one or two significant countries of supply is not, alone, a solution to the problem. The base materials for illicit drug traffic—whether opium, coca, or cannabis—can be cultivated in a large number of countries, so crop eradication can only be a short-term measure to control drug availability in one specific area.

The task force recognizes that efforts to eliminate illicit cultivation will have limited success as long as there are no viable economic alternatives for growers. Thus, we endorse efforts to develop alternative sources of income. For example, in Turkey our agricultural experts have developed a winter lentil, winter safflower, and hardier oat, wheat, and barley varieties to replace the poppy crop.<sup>15</sup> The United States should continue to explore ways to effect crop substitution in cooperation with foreign countries and the U.N. Such projects increase the possibility of a long-term solution to the problem of illicit supply.<sup>16</sup> While crop replacement projects involve an element of uncertainty, in the final analysis they may constitute the only feasible alternatives to moving to strong controls or the elimination of production, two methods which by themselves are likely to be unacceptable to the producing country.

Since full implementation of a crop substitution project over a large area is likely to be expensive, the task force believes that efforts should be made at the beginning of any such project to enlist other

<sup>15</sup> It is interesting to note that the Turkish government has decided to continue these projects with its own funds, despite its decision to allow renewed cultivation of opium poppies.

<sup>16</sup> Since new crops are unlikely to provide the same income *illicit* poppy cultivation provided, effective enforcement of a poppy-growing prohibition must accompany development of these projects.

financial sponsors, such as the various international financial institutions.

### **Mexico: Major Source of Supply**

Mexico is currently the top priority country in the international narcotics control program, since drugs are both produced in and trans shipped through Mexico. The Mexican narcotics situation is complicated by such factors as its proximity to the U.S. market, the size and topography of the country, and the relatively unpatrolled 2,000 miles of common border. All of these factors are exacerbated by the problem of insufficient trained personnel within Mexico.

Since 1969, there has been growing cooperation between the United States and Mexico in suppressing narcotics abuse. President Echeverria has assigned high priority to the Mexican anti-drug campaign, and in May and June 1975, a review of the past year's narcotics control program in Mexico resulted in the Mexican Government's decision to increase dramatically its effort to eliminate illicit cultivation of opium and marihuana by expanding crop destruction operations and committing more personnel to the task.

The United States agreed to support the Mexican effort by providing additional equipment for crop destruction. DEA and Customs are also taking strenuous steps to intensify their own efforts to cope with this problem.

Even though joint U.S.-Mexican efforts within the past year far exceeded those of previous years, the amount of heroin and other illicit substances crossing our common border is not decreasing.

Thus, these efforts must be further improved on both sides of the border. The task force recommends that a program be developed for more effective border control, and that Customs, DEA and the U.S. Border Patrol vastly improve their coordination of activities along the border, including joint task force operations. The task force also recommends that the CCINC be instructed to discuss further cooperative programs with the government of Mexico.

### **REGULATORY AND COMPLIANCE**

In Chapter 2, we observed that the abuse of "dangerous drugs" such as amphetamines and barbiturates ranks with heroin as a severe social problem. Of course, only a small fraction of the people using these drugs use them chronically and without medical supervision. However, this small fraction of the total users amounts to a large absolute number of abusers. Estimates are that there are several hundred thousand people using these drugs in a manner which leads to a high personal and social cost, which is roughly comparable to the number of heroin addicts.<sup>17</sup>

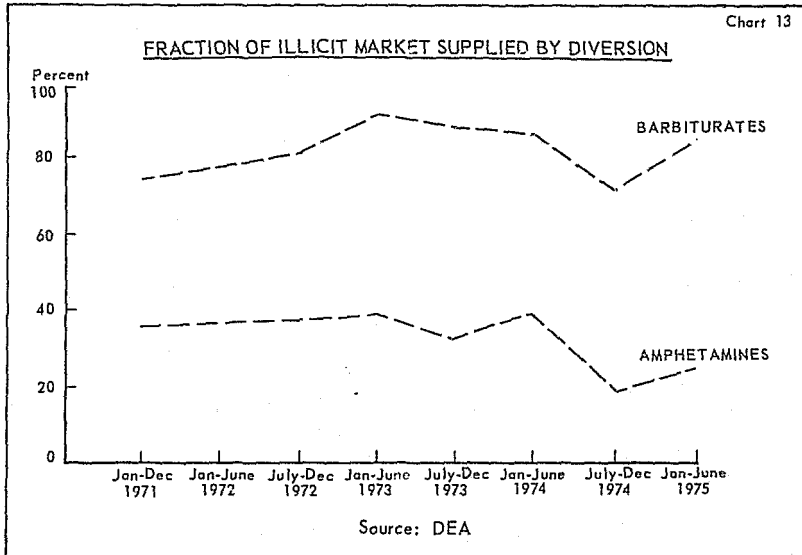
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<sup>17</sup> Chapter 2 discusses this concept. Basically, a user is likely to be "in trouble" if he uses these drugs intensively, in combination with other drugs, and without medical supervision.



The regulatory and compliance program plays a vital role in the strategy to control the illicit supply of these drugs. By its very nature, this program is targeted exclusively at drugs which have legitimate medical uses as well as abuse potential. Therefore, two objectives must be carefully balanced: we must keep legitimately produced "dangerous drugs" out of illicit markets, and at the same time preserve a legitimate market in which drugs are inexpensive and readily available.

Moreover, the regulatory and compliance program is targeted only at that portion of the supply of these drugs which is diverted from legitimate domestic manufacture; to deal with illicit production and smuggling, we must rely on a criminal enforcement program similar to that used to reduce supplies of opium, cocaine, and marihuana. The chart below shows that drug diversion accounts for a major share of the illicit market.



Diversion from legitimate domestic production can occur at a variety of different points and in a variety of ways. Drugs can be diverted at the production stage, the wholesale distribution stage, the retail distribution stage, the dispensing stage, or at the sub-retail level (e.g., medicine cabinets). This diversion can occur as a result of thefts, accidental losses, fraudulent purchases, or illicit sales.

The regulatory program attempts to minimize this diversion by (1) using the authority of the Controlled Substances Act of 1970, and (2) by controlling retail diversion.

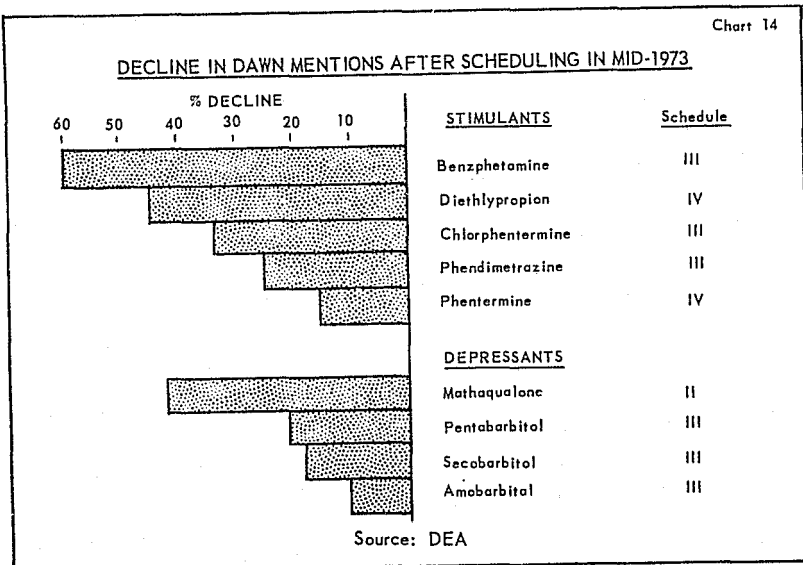
## Controlled Substances Act

The Controlled Substances Act of 1970 provides the statutory authority to regulate drugs which have abuse potential. The Act provides for:

- The scheduling of drugs into five abuse classifications;
- The imposition of manufacturing quotas on Schedule II drugs (highest level of abusable drug with legitimate medical use);
- Auditing firms to determine compliance with the manufacturing, reporting, and security requirements of the Act.

DEA and the Food and Drug Administration (FDA) in HEW share responsibility for scheduling drugs. Scheduling decisions are made by balancing a drug's abuse potential with its medical value. Higher drug schedules correspond to increasing abuse potential and lower legitimate medical need, and require tighter restrictions on production, distribution, and use.

An evaluation of recent scheduling decisions indicates that scheduling does reduce abuse of dangerous drugs without significantly increasing the cost of these drugs to legitimate users. The chart below shows the decline in abuse as measured by DAWN mentions of five stimulants and four depressants following their scheduling in 1973. The average decline is 35 percent.



During the same period, the retail price of these same drugs in the legal market either remained steady or rose only a few percent. These data indicate that the regulatory system can reduce abuse without substantially affecting the prices in legitimate markets.

The scheduling procedure should be quick (to avoid the spread of abuse); accurate (to insure appropriate trade-offs between preventing abuse and insuring availability for legitimate medical use); and consistent (to avoid legal problems with drug firms). The major obstacle to an effective drug scheduling process has been the difficulty of making reliable assessments of the abuse potential of a drug. However, research currently being conducted by DEA, NIDA and FDA should provide in the near future techniques for quickly and accurately gauging the relative abuse potential of various drugs.

In summary, the scheduling system appears to be working effectively.

DEA and FDA are also required to establish production quotas for Schedule II drugs, based on an estimate of "legitimate medical need" for the drugs. These quotas aim at preventing overproduction of legitimate drugs, thereby reducing the likelihood of diversion.

In practice, the quota system proves difficult to administer and cannot alone prevent the diversion of legitimate drugs. The government must utilize quotas in concert with other regulatory controls to ensure that manufactured drugs are distributed only to those who need them. Since the government is responsible for ensuring the availability of drugs to legitimate users, and since it cannot guarantee appropriate distribution, the quota-estimating procedure must make fairly liberal allowances for inventory and manufacturing needs. This problem of determining production limits is further compounded by inadequate and unreliable projections of demand provided by FDA.

Thus, the realistic function of quotas is to dampen market promotion and prevent overstocking. At best, the quotas limit inventories (sometimes significantly reducing them as with amphetamines) thereby reducing the amount lost when thefts occur and perhaps inhibiting promotional activities by drug companies.

Finally, the Controlled Substances Act requires Federal licensing of all firms that handle scheduled drugs. In addition, the Act imposes an elaborate set of security and recordkeeping requirements on licensed firms. The security requirements help prevent thefts, and the recordkeeping requirements help prevent accidental losses and deter illicit sales.

To insure compliance with these provisions of the Act, DEA investigates licensed firms. The major sanction available to DEA

to induce compliance is its ability to deny or revoke a firm's license to handle scheduled drugs.<sup>18</sup>

The program to control diversion at the wholesale level has been generally effective, but improvements can be made in its efficiency. For example, existing automated information systems can be used to reduce the amount of time required to complete an inspection of a legitimate firm. Information about local trends in abuse, legitimate drugs that appear in illicit markets, the size of existing firms, thefts reported by specific firms, and records of previous inspections can be combined to permit the pinpoint targeting of compliance investigations. The personnel system for compliance investigators (e.g., recruitment, selection, training and evaluation of the investigators) can be strengthened to insure high quality investigations. These three improvements would increase the efficiency and effectiveness of the regulatory program.

### Controlling Retail Diversion

Retail diversion is a large and growing problem, as evidenced by the fact that thefts from retail pharmacies have increased sharply in the last two years. Also, a number of recent surveys have indicated that fraudulent prescriptions are not difficult to obtain and are readily filled.<sup>19</sup> The predominance of retail diversion is evidenced by an examination of drugs available in the illicit market; the distribution of brands is parallel to the distribution of brands in legal markets. If wholesale diversion were the major source of supply, the distribution of brands in the illicit market would be skewed in some manner.

The Federal Government has very little regulatory authority at the retail level. Most of the authority in this area is reserved to States. The Federal role primarily involves giving technical, financial and informational assistance to the States. A major obstacle to effective control at the retail level is the sheer number of registrants: there are over half a million.

Since the Federal Government is dependent on State capabilities in seeking to control retail diversion, the most important recommendation of the task force regarding retail diversion is to launch a systematic

<sup>18</sup> The Federal Government can *revoke* a registrant's license only if the registrant loses his State license, is convicted of a felony, or lies on his application form. Since these criteria are fairly narrow, the revocation sanction is rarely used. However, the Federal Government can *reject* a license renewal application from producers and wholesale distributors for "failing to operate in the public interest." This power does not, however, extend to retail distributors and dispensers. The reissue of a retail distributor's license can be denied only on the same narrow grounds that allow revocation. Thus, the Federal Government's authority is broader at the wholesale level than at the retail level.

<sup>19</sup> A recent DEA study showed that a random sample of pharmacists presented with fraudulent prescriptions filled them in about half of the instances.

effort to upgrade State regulatory capabilities. The other major components of a program to control retail diversion are efforts aimed at improving physicians' prescribing practices and experimental programs to curb pharmacy thefts. Each is described briefly below.

Key elements of the program to *upgrade State regulatory capabilities* include:

- A State assessment program which evaluates current State capabilities, and monitors improvements.
- Expansion of the LEAA supported Diversion Investigation Units which fund joint efforts to control retail diversion.
- Training of State investigators through formal DEA operated schools and by cooperative retail investigations.

Key elements of the program to *improve physicians' prescribing practices* include

- Development of prescribing guidelines by joint FDA, NIDA, DEA and medical society committees.
- NIDA sponsored programs within medical schools to disseminate information on proper prescribing practices and appropriate scheduling procedures.
- Continuation of FDA efforts to educate physicians about proper prescribing practices through labeling and other means.
- NIDA sponsored technical assistance to medical societies regarding peer review of prescribing activities, especially through Professional Standard Review Organizations.

Finally, development of a program to *curb pharmacy thefts* should be given high priority since pharmacies account for over 80 percent of all drugs stolen through the licit distribution system. A pilot program in St. Louis, in which pharmacies took anti-burglary precautions and police gave high priority to pharmacy thefts had promising results, and may form the basis for development of an LEAA experimentation program in other selected cities.

## SCIENCE AND TECHNOLOGY

The science and technology function is an important support element of the overall supply reduction program. If successful, the science and technology program will increase the overall effectiveness of other program elements both directly, for example, by providing a better device for tracking suspect vehicles, or by allowing better assignment of interdiction forces through statistical analysis and operations research; and indirectly, perhaps through extracting useful information as to source from a drug sample.

The key in achieving the most from science and technology expenditures is to closely integrate its planning with the objectives and strategies of the ultimate users of the technology, whether in law enforce-

ment, intelligence, regulation of legitimate production, or crop control. Science and technology planned in conjunction with the ultimate user can thus be a vital part of the overall supply reduction effort. For example, the need for a way to identify opium poppy fields over a wide area led to the development of "Compass Trip," an aerial detection system based on multi-spectral photography. Use of this system permitted more effective deployment of ground forces involved in crop destruction, as well as providing a mechanism for subsequently determining the effectiveness of the crop destruction effort.

Based on an assessment of technology needs from the perspective of the overall supply reduction program, the task force recommends that high priority be given to projects in the following areas:

1. *Limit the flow of drugs entering the United States by interdiction at the port of entry or between ports.* Better equipment, such as X-ray systems, thermal viewers and electronic detectors of drug vapor are needed for facilitating border interception efforts. Aircraft equipped with electronic sensors and advanced communications equipment, high-speed boats, and sophisticated ground radar, sensors and monitors are other examples of the type of equipment needed.  
We should also develop better methods for tracking suspect land vehicles, aircraft and boats by improving the use of beacon devices and tracking systems.
2. *Improve U.S. drug intelligence and information systems.* Science and technology can assist intelligence efforts by developing advanced computer technology and management information systems to improve the storage, retrieval and analysis of data. For example, systems have been developed to monitor changes in patterns of drug abuse through analysis of hepatitis data.
3. *Improve communications systems and support equipment for enforcement officers.* The effectiveness and safety of agents could be increased by the use of devices such as miniaturized alarm systems, and night vision and video-recording systems for monitoring drug distribution operations. Advanced communications systems would also facilitate the coordination of various agents' activities. Better tracking devices would enhance an agent's ability to maintain surveillance.
4. *Assign experienced scientists, engineers and technicians to provide direct technical and scientific support for enforcement and intelligence operations in the field.* A closer relationship between technical specialists and enforcement officers would provide each group with a better appreciation of the others' role in the overall supply reduction effort.

5. *Selective local destruction of drug crops.* Development of better means of locating crops and developing poppy-specific herbicides would improve our ability to control poppy cultivation, for example.
6. *Determine the country of origin of illicit drugs by analysis of seized samples.* Trace elements in drugs such as opium, morphine base and heroin can be used to identify their country of origin. Such information has both strategic and diplomatic value.
7. *Determine the source of the diversion of licit drugs into illicit markets.* The deliberate incorporation of trace elements into legitimately produced drugs would aid in pinpointing the location of the diversion effort.

Changes in year-to-year program funding prove particularly disruptive to technology development. Long-term commitments of money and scientific and technical talent are essential in meeting the program objectives described here. Thus, to the degree possible, funding and staffing of science and technology activities should remain relatively steady from year to year.

## 4. DEMAND REDUCTION

If the supply reduction effort discussed in the last chapter is successful, illicit drugs will become more expensive, will be more difficult to find, and buying them will be hazardous. As a result, fewer people will use drugs illicitly, and those who do may reduce their consumption.

However, some drugs will continue to be available in the illicit market in varying quantities, since supply reduction efforts cannot be completely successful. Thus, some people will continue to use drugs and others will experiment with them and perhaps become habitual users.

In Chapter 1, we noted that complementary demand and supply reduction programs improve the effectiveness of the overall effort to combat drug abuse. This chapter analyzes the components of the Federal program to reduce the demand for drugs.

Most of the early efforts in the demand reduction area were directed toward providing treatment to drug users. This emphasis on providing care for those in need was appropriate because of the acute nature of the problem and the national responsibility to provide treatment to those who seek it certainly continues.

Nonetheless, we now realize that "cures" are difficult to attain. This is especially true if we define cure as total abstinence from drugs. Relapse rates are high, and many narcotic addicts require treatment again and again.<sup>1</sup> Even treatment which does not result in permanent abstinence is worthwhile from society's point of view, since for the period of treatment plus some time beyond, most addicts' lives are stabilized and most are better able to function as valuable members of society. Perhaps the addict is able to hold a job, or returns to school, or becomes a more reliable family member. Certainly, treatment—even if not completely successful—is useful.

But treatment alone is not enough. Once someone reaches the point at which he needs treatment, a serious problem has already developed and permanent improvement is extremely difficult. It is far better to prevent the problem before it develops.

Therefore, the task force believes that greater emphasis must be placed on education and prevention efforts that promote the healthy growth of individuals and discourage the use of drugs as a way to solve (or avoid) problems. Experiences to date indicate that broad-based, community-based programs which meet the developmental

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<sup>1</sup> Experience shows that individual addicts who return to treatment exhibit more progress the second time; more again the third; and so on.



needs of children and youth are the most effective, and future emphasis should be placed on this type of prevention and education program.

At the same time that greater emphasis is being placed on prevention efforts, it is also important that greater attention be paid to drug users by existing rehabilitation programs in order to provide them with marketable skills and jobs. Positive changes in an addict's life and self-esteem are needed to keep him from returning to drug use. A job can do as much to accomplish this as anything else.

Detailed recommendations for improving demand reduction efforts are only highlighted here. Many others developed in the course of the review have already been implemented in whole or in part. The balance of this chapter summarizes the most important findings, conclusions, and recommendations of the task force under six headings:

- Education and Prevention.
- Treatment.
- Vocational Rehabilitation.
- Interface with the Criminal Justice System.
- Research, Demonstration, and Evaluation.
- International Demand Reduction.

## EDUCATION AND PREVENTION

Illicit drugs are likely to remain available for a long time. And, despite our efforts to treat and rehabilitate drug users, we now understand that once a person begins to abuse drugs, long-term rehabilitation is both expensive and difficult. These sobering facts have convinced many experts that supply reduction efforts, even when coupled with treatment and rehabilitation, are not enough, and that ultimately the drug problem can only be contained through effective education and prevention efforts.

There has been common agreement on the long-term desirability of expanding efforts in the education and prevention field for some time. However, only recently has experience begun to indicate how that expansion should be implemented and what roles the Federal, State and local governments and the private sector should play.

One conclusion well supported by experience is that drug abuse does not occur in isolation, so programs which address the broad developmental needs of children and youth are the most effective in preventing and reducing drug abuse and other forms of self-destructive behavior such as truancy, alcoholism, and juvenile delinquence.<sup>2</sup> The

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<sup>2</sup> Although recognizing that drug abuse is not confined to youth, current education and prevention efforts concentrate on youth from early childhood through late adolescence. Adults of all ages and roles will be involved in these efforts, but as a group they will not be the target of a specific effort.

most successful drug abuse education and prevention programs are those that take into account all the problems affecting young people and do not focus exclusively on drug abuse.

Another lesson learned from experience is that in all programs where prevention efforts have been successful, the local community has been a vital part of program planning, management and financial support. In some communities the schools are the focal point of prevention activities; in others, churches; in still others, neighborhood "rap" centers. Communities have generally been very receptive to the development of prevention activities, and over 1,000 communities have responded to the opportunity to receive training to help them create the opportunities for personal and social growth for their youth which prevent or reduce destructive drug use. This community interest is evidenced by the number of Office of Education Mini-Grant Projects<sup>3</sup> and NIDA funded demonstrations currently underway.<sup>4</sup>

We have also learned valuable lessons from programs which have proven unsuccessful. Early experiments with drug education using scare tactics aimed at youth and children did not work. In fact, they may have been counterproductive by stimulating curiosity about drugs. Future Federal media efforts aimed at this audience should:

- provide basic information about drugs and their effects, not in a "scare" sense, but with an objective presentation of "best information"; and
- emphasize successful and productive lifestyles of non-drug users.

Additional media efforts should be directed at parents, teachers, police, clergy, and others whose relations with drug-prone youths have a major influence on whether or not they decide to use drugs.

In the general area of community-based prevention, the Federal role should be catalytic in nature; specifically:

- To provide training and technical assistance to local communities which enable them to define their problems and mobilize

<sup>3</sup> The Mini-Grant program is an attempt by the Office of Education to involve concerned people in local communities and school systems in the planning and execution of programs dealing with youth problems. Selected teachers, parents, police, and other concerned residents are trained in organizational skills so they can successfully establish and fund programs defined by the community as important in assisting with the problems of youth. Approximately 1,500 local drug abuse prevention programs have been established by these core groups, and another 2,500 "influenced" by them.

<sup>4</sup> The NIDA program provides over 40 communities with funds to be used in the development of innovative prevention program techniques that might serve as models for replication in other locations. A wide variety of community and school-based initiatives are presently being supported, including peer-counseling, interpersonal communications and problem solving skills, career education, and planned alternatives programs.

their resources in support of effective education and prevention programs;

- To provide materials and guidebooks for use by local programs;
- To provide limited seed money for particularly critical programs and creative new programs;
- To rigorously evaluate existing programs; and
- To make the results of these evaluations widely available for use by States and local communities in designing or improving their own programs.

The task force does not anticipate (or recommend) major Federal grants in support of these local projects.

Federal efforts to deal with the wide variety of youth problems are now scattered across numerous agencies. The task force believes that it is critically important to coordinate and integrate their efforts more closely. The agencies involved include:

- Law Enforcement Assistance Administration (Justice)
- Drug Enforcement Administration's Prevention Section (Justice)
- Runaway and Truancy Programs (Health, Education and Welfare)
- Office of Education (HEW)
- National Institute on Drug Abuse (HEW)
- National Institute on Alcohol Abuse and Alcoholism (HEW)
- National Institute of Mental Health (HEW)
- Dependent School System (Department of Defense)
- Social and Rehabilitation Service (HEW)
- Veterans Administration
- Extension Service—4-H Youth Program (Department of Agriculture)

Representatives of these agencies should form a permanent functional subcommittee under the Cabinet Committee for Drug Abuse Prevention (CCDAP).<sup>5</sup> The subcommittee's first responsibility should be to develop a government-wide prevention plan which will address all dysfunctional behavior in youth regardless of the particular form it takes. This plan should be submitted to the Secretary of HEW, as Chairman of CCDAP, by March 31, 1976.

In summary, education and prevention should play a more important role in the national program than they have in the past. The task force recognizes that drug abuse does not occur in isolation and that drug abuse prevention programs involve many of the same elements which are required to prevent other kinds of self-destructive behavior. Accordingly, the task force believes that these drug abuse prevention efforts should be integrated into an overall Federal, State, local,

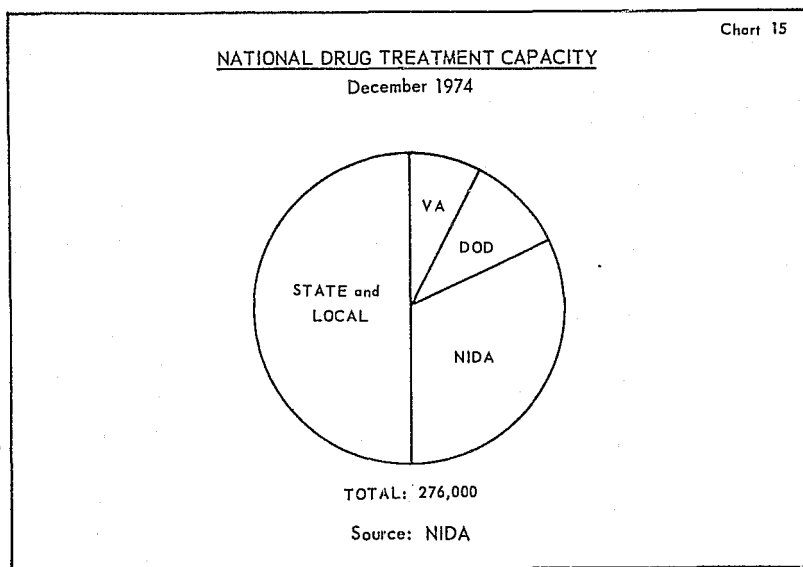
<sup>5</sup> See chapter 5.

and private program for dealing with all behavioral problems among youth as soon as possible. Finally, the role of the Federal Government in this area should be catalytic and supportive; the major effort and funding should come from local communities.

## TREATMENT

As mentioned earlier, the main thrust of the Federal demand reduction effort to date has been in treatment. Reflecting this priority, the budget for Federally funded treatment services grew from \$18 million in 1966 to \$350 million in 1975.

Progress in establishing a sizeable treatment capacity has been impressive. As shown in Chart 15 below, national capacity exists to treat over one quarter of a million drug abusers at one time. Since the average length of time an individual remains in treatment is seven months, this treatment system could potentially treat over 450,000 drug abusers in a given year.



Yet even this doesn't seem to be enough. Waiting lists began to form again early in 1975, after being almost nonexistent for 15 months. No longer can NIDA shift unused treatment slots to more hard-pressed areas as was done throughout 1974, since no significant excess Federally supported capacity exists anywhere. The number of identified drug abusers among persons arrested is climbing. Nearly everyone from the treatment community contacted in the course of the study named "limited treatment capacity" as the single most important issue in drug abuse treatment and rehabilitation.

Treatment capacity should be increased to fill unmet treatment demand when necessary because of the high social cost associated with compulsive drug use. But there are also ways to increase the effective capacity of (or reduce the effective demand on) the existing system, and to increase the efficiency of treatment. Both types of improvement should be made before increasing static capacity. The task force recommendations regarding treatment are discussed below in four sections:

- Treatment priority.
- Treatment types (or "modalities").
- Quality of care.
- Supplemental funding.

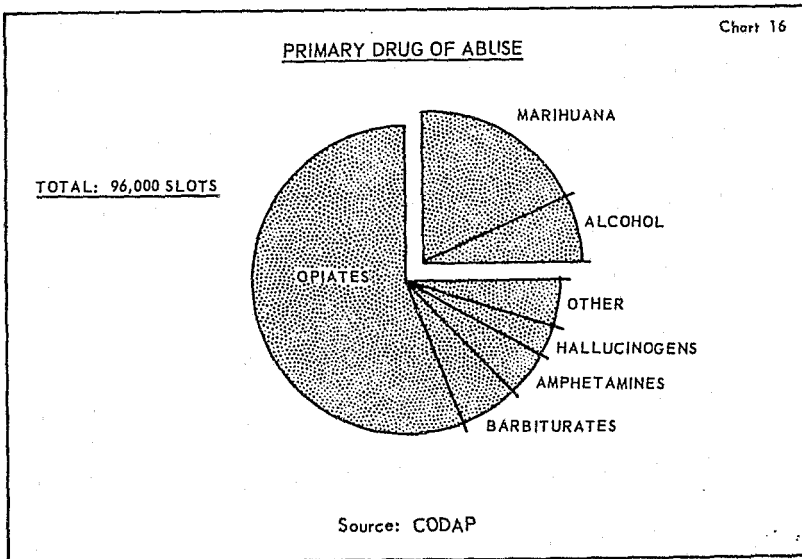
### Treatment Priority

In chapter 2, we said that priority should be given to those drugs and patterns of use which have the highest social costs. We said that the highest social costs were associated with the *compulsive use* of those drugs with high dependence liability. Drugs in the highest risk category are:

- Heroin
- Barbiturates, particularly when mixed with other drugs
- Amphetamines, particularly when administered intravenously

Other drugs of abuse, such as cocaine or marihuana, present a somewhat lesser but not insignificant risk, particularly if used in a compulsive manner.

Chart 16 below shows the percentage of patients admitted to treat-



ment funded by NIDA, VA, and the Bureau of Prisons between January and April 1975 who reported various drugs as their primary drug of abuse.<sup>6</sup>

Marihuana, the second most prevalent drug, is not one identified as having a high priority. The third most prevalent is alcohol for which separate treatment centers exist. The task force recognizes that some individuals are indeed suffering severe adverse consequences because of compulsive use of these drugs and need treatment. But to the extent possible, services in drug treatment centers should first be provided to abusers of opiates, barbiturates, and amphetamines.

The task force also recognizes that many drug treatment centers face the problem of receiving inappropriate referrals of casual or recreational marihuana users from the courts for "treatment" as an alternative to jail. This places both the client and treatment center in a difficult position. The task force recommends that NIDA, in conjunction with the Department of Justice, establish and distribute guidelines for appropriate judicial referral for drug treatment services. Further, the task force urges the expanded use of community mental health centers (CMHC's) to provide alternate community treatment. The success of CMHC's in providing drug and alcohol treatment, particularly in rural areas, is sound evidence that these resources can and should be used to a greater extent than at present.

In summary, all agencies involved in drug treatment should develop operating plans which give preference to abusers of high-risk drugs or compulsive abusers of any drug, to the extent possible, and should refer users of low-risk drugs to other social services.<sup>7</sup> Agencies such as VA and DOD which are required to provide treatment to users of lower priority drugs should do so in the most cost-effective way possible. The work group has made recommendations to the Assistant Secretary for Health, HEW, which give NIDA the authority to ensure that Federally funded Community Mental Health Centers make

<sup>6</sup> Unfortunately, we do not have complete data concerning the 120,000 non-Federal slots. However, we believe that the pattern shown here closely approximates that for non-Federal slots as well.

<sup>7</sup> Options for implementing a policy of giving treatment priority to users of high-risk drugs are somewhat limited for some agencies. For example, Veteran Administration legislation mandates treatment for all eligible veterans who request it, regardless of their particular drug of abuse. Nonetheless, even in these situations some leverage exists through choosing to provide less costly types of treatment to users of lower priority drugs, and reserving the most expensive treatment for those using high-risk drugs.

services available to drug users.<sup>8</sup> If only half of the NIDA funded slots currently occupied by marihuana and alcohol abusers could be recovered, 12,000 Federal slots would be available to treat users of more serious drugs.

### Treatment Types

Another way to increase the effective capacity of existing treatment programs is to utilize the most cost-effective type of treatment for each patient. There are a variety of treatment types including:

- *Methadone maintenance*, which provides the medication to satisfy the craving for narcotics in dependent individuals so that they can take advantage of rehabilitation services and maintain a more normal lifestyle.
- *Detoxification*, which gradually eliminates a patient's physiological dependence on a drug.
- *Drug-free treatment*, which provides counselling and structured activities to help the individual regain his place in society.

Each of these, in turn, are offered in a variety of settings, which have radically different costs.

	<i>Average yearly cost per patient</i>
• Hospital (inpatient)-----	\$21, 800
• Prison-----	9, 000
• Residential, including half-way houses and therapeutic communities-----	4, 500
• Day care-----	2, 200
• Outpatient-----	1, 700

To give an indication of the use of these various treatment types and settings, Chart 17 shows the percentage of patients entering NIDA treatment programs between January 1 and March 31, 1975, in each type and setting. For example, Chart 17 shows that 8 percent of the patients entered hospitals for detoxification, while 42 percent were drug-free outpatients.

Since hospital treatment costs more than twenty times as much as outpatient services, we recommend that the latter form of treatment

<sup>8</sup> Specifically, NIDA should be given the means to ensure that Community Mental Health Centers provide the full range of drug abuse services as mandated by Section 401(A) of PL. 92-255; and NIDA should be authorized to approve or disapprove all requests for waivers by CMHC's as they relate to this legislation.

TYPES OF TREATMENT AND SETTINGS

TREATMENT SETTING	TYPE OF TREATMENT			
	Metadone Maintenance	Detoxification	Drug Free	TOTAL
• Prison	—	—	3	3
• Hospital	—	8	3	11
• Residential	—	2	12	14
• Day Care	—	—	4	4
• Outpatient	<u>15</u>	<u>10</u>	<u>42</u>	<u>67</u>
TOTAL	15	20	64	100%

be utilized whenever possible. For example, opiate detoxification can usually be accomplished on an outpatient basis, and should be.

In general, inpatient detoxification should only be used when drug abusers are physically dependent on a drug, and when life-threatening medical, surgical, psychiatric, or obstetrical complications justify hospitalization. Another instance in which this option should be considered would be mixed addictions such as opiates and barbiturates requiring two separate withdrawal regimens.

On the other hand, the possibility of effectively treating compulsive abusers of high-risk drugs in outpatient drug-free slots is highly questionable. People abusing opiates and barbiturates generally need either medication or the structure and supervision provided in a day care or a residential program. The use of outpatient drug-free slots for low priority drug users should be curtailed, and such funds used to provide effective treatment services for high priority drug users.<sup>9</sup>

### Quality of Care

Improving the quality of care will also constructively affect the balance between treatment capacity and demand. To the degree that we improve treatment effectiveness, the relapse rate—the percentage of treated drug users requiring further treatment—should decline,

<sup>9</sup> For example, the 31% of NIDA's outpatient drug-free slots currently used for marihuana users, and the 17% currently used for people who claim no drug use at all.



thereby reducing the effective demand for treatment services in a relatively short period of time.

During the past year, NIDA has initiated a number of major programs to improve the quality of care in drug treatment programs. These include publication of the Federal Funding Criteria and various "How To" manuals, provision of technical assistance training for both professionals and paraprofessionals, ongoing program review and development of accreditation standards under the auspices of the Joint Commission on Accreditation of Hospitals.

In addition to those steps which have already been taken, the task force has recommended several specific actions to the Director of NIDA, the Assistant Secretary for Health, HEW, and other appropriate officials. These actions, many of which are already being implemented as a result of being highlighted by the task force, are summarized below.

1. *Switching from methadone to LAAM, a long acting substitute for methadone, in treating opiate-dependent persons as soon as its safety and efficacy have been determined.* Because patients will only be required to come to the clinic three times a week, LAAM should reduce diversion, cost, and interference with patients' work schedules.
2. *Publishing revisions to regulations governing methadone immediately.* These regulations will facilitate entrance into treatment and will allow more reasonable surveillance, establish a more equitable patient termination procedure, and allow the use of physicians' assistants where medically and legally appropriate to substitute for certain current physician time requirements.
3. *Accelerating skill training for paraprofessionals.*
4. *Resolving jurisdictional and organizational problems between DEA, NIDA and FDA.* Most of these deal with overlapping responsibilities for setting and monitoring compliance with treatment standards. The task force recommends that this be made NIDA's responsibility.
5. *Incorporating drug abuse into the required curricula of medical schools and schools of social work, psychology, and vocational rehabilitation.* Drug abuse problems have generally been on the periphery of health training, and medical schools seem unwilling to incorporate the subject into their curricula; of 115 U.S. medical schools, fewer than 5 require course work in drug dependency and less than 20 offer it as an elective. Some progress has been made; for example, licensing and accreditation examinations for health personnel are being revised to include specific references to drug abuse knowledge

and related skills. However, more must be done and the task force recommends that HEW develop a specific plan in this regard.

### **Supplemental Funding**

The Federal Government funds drug treatment services by sharing costs with local programs on a gradually declining Federal share basis for a period of several years. Part of the philosophy of this type of funding is having the Federal Government provide the financial assistance and expertise to initiate treatment programs, with the Federal role gradually declining to allow State and local agencies to pick up larger shares of the costs of these programs. However, many programs are now finding it difficult to meet even their proportionate matching share of funding.

HEW's policy is to move away from grants for specific programs (categorical grants) toward reliance on payments by outside agencies such as insurance companies, Medicaid, and social services funds (third-party payments) for services provided clients. While this policy is sound in the case of most medical and social services, there are at present many serious limitations to garnering third-party payments for drug abuse treatment. These include:

- *Client Eligibility.* A large percentage of clients in drug abuse treatment do not qualify under major third-party programs (i.e., Medicaid and social service funding) due to stringent eligibility requirements related to age, sex, income and disability.
- *Lack of Coverage.* Less than one-third of the treatment clients are employed at the time of admission, and of those employed, many do not have health insurance coverage. Those clients who are insured are likely to have plans that exclude out-of-hospital benefits, thereby eliminating the majority of cost-effective drug abuse treatment services. Furthermore, many insurers view drug addiction as a self-inflicted or chronic problem and will not provide coverage.
- *Provider Status.* The Medicaid program is administered differently in each State. Since clinical services are optional under Medicaid, community-based treatment clinics are eligible for reimbursement only in States which have such plans. An additional constraint is the lack of licensing and accreditation standards for drug abuse programs, necessary for inclusion under most insurance plans.

- *Rate Structure.* Most payment programs are not obligated to pay the full cost of services, resulting in a gap between costs and reimbursement.

Because of these limitations, third-party payments are not realistic as a major source of funding for drug abuse treatment services at this time. The changes required for drug abuse coverage would be massive, including changes in Medicaid and social service statutes, changes in the implementation of the Medicaid program, and comprehensive revamping of private insurance policies. However, drug programs have not adequately tried to capture third-party and social service reimbursements for those clients who are eligible.

Under current legislative and regulatory provisions, third-party payments cannot be expected to replace Federal funding for drug abuse treatment and rehabilitation, but they can be an important supplement. For example, third-party payments can be used as a secondary funding mechanism for programs to meet a portion of their local matching requirements.

Rather than jeopardize treatment programs which are already finding it difficult to obtain local matching requirements, the task force recommends that the Federal share of categorical program support not be reduced below 60 percent. This cost-sharing rate of 60 percent Federal/40 percent local should be maintained until it can be determined that local governments and private donors are able to assume greater fiscal responsibility.

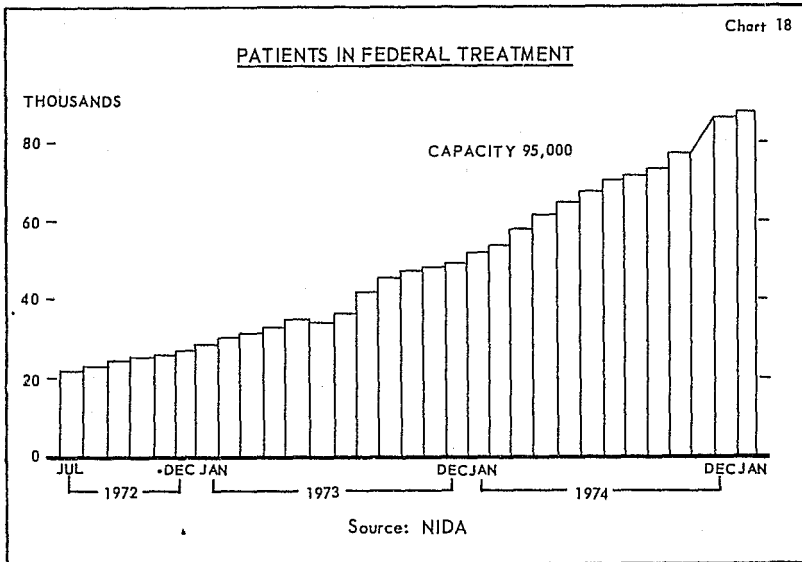
In the long term it is critical that drug abuse treatment services be incorporated into the general health services system. However, it is impractical to do so at this time. Nonetheless, the task force believes that we must continue to pursue the goal of including drug abuse services in national health insurance and other programs designed to meet the overall health needs of Americans.

### **Current and Projected Treatment Demand**

Many of the steps recommended above will have a significant impact on the treatment capacity required in the future. For example, the identification of barbiturates and amphetamines as drugs whose abuse warrants high treatment priority will tend to increase treatment demand. On the other hand, many under-utilized slots can be freed through more careful screening of marijuana and alcohol abusers.

It appears, nonetheless, that current capacity is inadequate to meet the existing demand. NIDA treatment utilization has increased

rapidly over the past 18 months and is now operating at or above effective capacity as shown in Chart 18 below.<sup>10</sup>



Initially, treatment programs were funded on the basis of "best guesses" of the demand for treatment in an area. However, during 1974 a full inventory of treatment utilization was made and a massive shifting of slots occurred from areas of underutilization to areas where there was unmet treatment demand.<sup>11</sup> This resulted in a better geographic distribution as well as full slot utilization. Today, because almost all treatment facilities are operating at a capacity level, only marginal geographic shifts in treatment location are possible.

Thus, there is a shortage of treatment resources at the present time. This existing unmet treatment demand comes from several sources:

- |  | <i>Approximate<br/>Number</i> |
|--|-------------------------------|
| • Patients currently on NIDA waiting lists.....  | 4, 400                        |
| • The treatment alternatives to street crime program (TASC) (It is anticipated that the TASC program will generate this unmet treatment demand of 4,500 slots annually)..... | 4, 500                        |
| • Bureau of Prisons parolees (U.S. Probation Service estimates an additional 3,000 potential clients for the already fully utilized community care programs.).....           | 3, 000                        |

<sup>10</sup> Effective capacity is below 100 percent because a few slots will be empty at scattered sites, lowering the utilization rate.

<sup>11</sup> Over 15,000 slots were shifted during 1974

In addition, further demands are likely, since NJDA treatment utilization has grown by approximately 3,000 patients per month during the past year. That rate has slowed in recent months, but it is reasonable to expect some additional demand from communities.

Non-Federal sources are unlikely to meet all of this increased demand for treatment. Local programs are already experiencing difficulty in meeting their increasingly proportionate share of funding through the categorical grant process. State and local sources now fund about one-half of all treatment slots, and these sources are finding it difficult to increase their investment in drug abuse treatment. And, given the many legislative and programmatic constraints outlined in the supplemental funding section, third-party payments cannot make a substantial contribution to treatment funding at the present time.

Therefore, the Federal Government should be prepared to fund additional community treatment capacity. The exact number of additional slots required will not be known until the interrelated effects of the recommendations discussed above are assessed, but it is imperative that the number be determined as soon as possible. The task force recommends that CODAP<sup>12</sup> undertake a high priority analysis of treatment capacity, and submit a recommendation to the President by December 1, 1975, in order to be considered in FY 1977 budget deliberations.

## VOCATIONAL REHABILITATION

Vocational rehabilitation is a critical part of the treatment process, since society's objective of altering the drug-using lifestyle of a former addict is clearly linked to his ability to find and hold a job. A job not only enables one to be self-supporting, it enhances the dignity and self-reliance that people need to be responsible members of society.

Treatment services targeted at interrupting the abuse of drugs are an important first step. To complete the process and insure against the likelihood of return to drug use we must provide the abuser with the emotional stability and technical skills he needs for survival. At present, the rehabilitation needs of drug abusers are not being adequately met. For example, CODAP<sup>3</sup> data for the period ending September 30, 1974, indicated that 30 percent of clients in treatment were employed full-time; 5 percent employed part-time; 4 percent were in training programs, and 12 percent were in education programs. But, 49 percent of clients in treatment were not involved in any form of employment, educational or training activity at all.

<sup>12</sup> See chapter 5.

<sup>3</sup> Client Oriented Data Acquisition administered by NIDA.

A further example of the lack of success in rehabilitation is depicted in Chart 19 below, which shows the vocational status of patients entering treatment and leaving treatment from January 1 to March 31, 1975.

Chart 19

EMPLOYMENT AND EDUCATION STATUS OF CLIENTS

	<u>Activity</u>	<u>Employed Full-Time</u>	<u>Employed Part-Time</u>	<u>In School</u>	<u>In Skill Development</u>	<u>None of the Named Activities</u>
% of Clients	when admitted	19.64	5.23	20.67	3.84	56.13
	when discharged	20.26	6.10	17.61	4.40	58.06

(Source: CODAP Report June 1975)

These data are imprecise since they deal with different groups of people. But the story they tell is distressing: there may be no discernable improvement in the employment and educational status of patients during their period of treatment. Either the treatment system, or the rehabilitation system, or both have missed an important opportunity.

Treatment programs themselves are usually not equipped to provide clients with the skills, training, and educational services needed to prepare for employment. These rehabilitation services have not been built into the treatment system, since they are available through State and local rehabilitation programs. However, the availability of such services depends upon the willingness of local and Federally funded rehabilitation programs to provide services to drug users, and the willingness of private and public employers to hire them. Unfortunately, in far too many cases, this cooperation is lacking.

To encourage more effective cooperation and collaboration between drug abuse treatment programs and the rehabilitation and employment service agencies, the task force recommends the following:

1. Establish a vocational rehabilitation subcommittee under CCDAP<sup>14</sup> with representation from the Department of Labor, Rehabilitation Services Administration (RSA), Veterans Administration, Social and Rehabilitation Service, and NIDA to develop a strategy to review current program regulations and guidelines, State plans, and special initiatives of relevance to the long-term rehabilitation of drug abusers. This subcommittee should (1) develop joint research and demonstration projects to improve the delivery of rehabilitation and employment services to drug abusers, and (2) develop strategies for involving the private sector in the employment and rehabilitation of drug abusers.
2. Establish and implement a DHEW policy that RSA, in cooperation with NIDA, will formally encourage State vocational rehabilitation agencies to provide rehabilitation services to drug abusers. While the legislation and regulations governing State vocational rehabilitation programs clearly state that no individuals or groups may be excluded because of their disability, the fact is that in RSA no current emphasis is placed on the provision of services to drug abusers. The regulation which states that no individual or group may be excluded because of their disability should be strictly enforced in connection with drug abusers.
3. Encourage drug abuse Single States Agencies and treatment programs to seek cooperative agreements with manpower and vocational rehabilitation agencies by strengthening the drug abuse State plan regulations to require substantive joint activity. Emphasis should be placed on establishing mechanisms to provide for referral of clients requiring employment oriented services and on requiring joint State and local planning to provide a full range of services to drug abusers.
4. NIDA and the Department of Labor should review all regulations to ensure that they do not impede the provision of rehabilitation services to drug abusers. This applies to the NIDA confidentiality regulations as well as vocational rehabilitation regulations.

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<sup>14</sup> Cabinet Committee for Drug Abuse Prevention, discussed in chapter 5.

## INTERFACE WITH THE CRIMINAL JUSTICE SYSTEM

Studies have repeatedly shown that most high priority drug users have a history of repeated involvement with the criminal justice system. This involvement may be an arrest for possession or for a "habit-supporting" crime such as larceny. Or, it may be for offenses entirely unrelated to drug use. Whatever the reason, these arrested drug users are prime candidates for treatment since the arrest and subsequent criminal justice procedure provides an opportunity to detect and monitor their drug-using behavior, and to encourage their participation in a treatment program. Therefore, development of systematic linkages between the treatment and criminal justice system is critical.

Ideally this linkage would encompass everyone who comes into contact with Federal or State criminal justice systems for any significant period of time and would operate from the time of arrest until final discharge from the correctional system. Current programs begin to meet this requirement, but are limited in scope and geographic coverage. Further, relationships between treatment and criminal justice agencies have often been impeded by procedural obstacles, mutually shared suspicions and inadequate coordination.

The Federal Government currently sponsors programs to improve these linkages for both Federal and State offenders. Below, the task force recommends new initiatives for both Federal and State offenders.

### Federal Offenders: Pre-Trial

While there are no existing programs which screen people entering the Federal criminal justice system for drug abuse, the recently passed Speedy Trial Act of 1975 (STA) may provide the vehicle to develop an identification and referral program.

Title III of the STA provides for the establishment of pre-trial service agencies on a demonstration basis in ten Federal judicial districts. In these pilot projects, all arrestees are to be routinely screened to determine if they have a history of drug abuse or are currently using drugs. Recommendations are to be made to the judicial officer, who can place the defendant under supervision of the pre-trial services officer. This pre-trial services officer then can assist the defendant in securing any necessary drug treatment, employment help, medical or legal services.

The Speedy Trial Act is an important step in the right direction, but it has some limitations. While mandatory urinalysis for all offenders may not be feasible, the program should develop an effica-



cious means of identifying drug-abusing criminal offenders and referring them for treatment services. Further, activity under STA applies only to those arraigned and pending trial, and does not deal with others who voluntarily or involuntarily come in contact with the system through investigation or arrest and release. Finally, the ten cities pilot provides no assurance that programs will be developed in all Federal judicial districts.

If the results of the first ten pilot projects are good, the task force recommends prompt expansion of the program.

### **Prisoners and Parolees**

The Bureau of Prisons (BOP) provides drug-free inpatient treatment to certain opiate-dependent offenders. The incare program consists of 21 treatment units in 16 Federal correctional facilities throughout the United States, currently accommodating approximately 2,000 prisoners. The Bureau also contracts for community care programs for Federal parolees and probationers.

Once Federal offenders are released from prison they are supervised by the U.S. Probation Office, an agency of the judicial branch of government. Persons who could benefit from drug treatment may be referred to community treatment programs either on a voluntary basis, or as a condition of parole. When drug treatment services are required, these services are paid for by the Bureau of Prisons even though the U.S. Probation Office by law must maintain supervision, responsibility and primary contact with the treatment organization.

This cumbersome arrangement should be modified to improve the administration of payments for treatment services for parolees and probationers. The task force therefore recommends that funds and responsibilities be transferred from BOP to the U.S. Probation Service, and that the U.S. Probation Service be made pay agent for treatment services for Federal parolees and probationers.

Another problem area with Federal parolees is the apparent resistance of the courts and BOP to the use of methadone maintenance. Ninety-five percent of drug using prisoners are opiate abusers, yet only two percent of those persons who get treatment while on parole receive methadone. The need to have access to a wide variety of treatment approaches has been established, and methadone maintenance has proven useful in treating opiate addiction. Therefore, the task force recommends that the courts and BOP accept methadone maintenance as a proper treatment alternative.

## State Offenders

Many drug-using offenders come into contact with the criminal justice system at the State level. The main Federal role in these cases is to encourage the State and local law enforcement agencies to utilize treatment processes in conjunction with or in lieu of prosecution and jail, and to provide assistance for this purpose. The task force recommends that priority in Federally funded treatment be given to criminal justice offenders who desire to participate. Further, the task force strongly encourages State and local governments to develop more comprehensive criminal justice treatment programs, drawing upon existing models. It is further recommended that NIDA encourage Single State Agencies and State Planning Agencies to develop joint programs providing greater cooperation in this area.

At the present time, the major Federally sponsored program for referring State and local criminal offenders to community based treatment programs is Treatment Alternatives to Street Crime (TASC). Its goal is to decrease the incidence of drug-related crimes with their attendant cost to the community by interrupting the drug-driven cycle of street crime—arrest—jail by providing treatment. TASC identifies drug abusers in the criminal justice system, refers them to proper treatment, and monitors their progress.

TASC has established projects in 26 major metropolitan areas, with 4,000 clients presently in treatment; over 15,000 have been referred since August 1972. Of the clients referred under TASC, over half were receiving drug treatment for the first time.

Under present policy each TASC project may receive a maximum of two or three years of LEAA discretionary funding. After this period, each project must seek local and/or State continuation funding. One project has completed its LEAA funding period and is being funded by State block grant funds. Three additional projects whose Federal support ends in January 1976 will be continued by non-Federal funding. It is anticipated that most of the remaining Federally funded TASC projects will secure State and/or local funds despite the present economic situation.

The task force recommends that the TASC project be expanded to include any jurisdiction with a population of 200,000 or more that can satisfactorily demonstrate eligibility. The task force also recommends that TASC funding over the next several years be maintained at its present level of approximately \$4 million per year. As older projects complete their period of Federal funding, monies will be available for new starts. Increased efforts should also be undertaken to secure continued funding of all successful TASC projects from LEAA State Planning Agencies.

## Summary

Current programs for Federal offenders are limited in scope (i.e., focusing primarily on parolees) and geographic coverage, and are functioning under obsolete legislation.<sup>15</sup> Moreover, there is presently no comprehensive Federal guidance for State and local agencies who seek to establish programs more flexible than TASC. Development of comprehensive programs for providing drug treatment to all criminal offenders who need it should be given the highest priority.

Accordingly, the task force recommends that an interdepartmental committee on the drug user and the criminal justice system be established under the Cabinet Committee on Drug Abuse Prevention. This committee should:

- Develop alternative models for treatment in lieu of and in conjunction with criminal justice processing from the time of arrest through final discharge.
- Develop minimum standards on these matters as guidelines to be employed in connection with the funding of State and local programs by both LEAA and NIDA.
- Draft new legislation for the treatment of Federal offenders encompassing the entire process from arrest through final disposition; this legislation would replace NARA and other obsolete legislation and would provide a model for parallel State and local efforts.

A progress report should be completed by March 31, 1976.

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<sup>15</sup> The Narcotic Addict Rehabilitation Act of 1966 (NARA) is outmoded. For example, under Title I, persons charged with certain Federal offenses are eligible for civil commitment in lieu of prosecution. However, this cumbersome procedure has been infrequently invoked since its enactment, and has become obsolete in terms of contemporary treatment approaches.

Title III of NARA provides Federally funded treatment for persons who voluntarily present themselves to the U.S. Attorney and request these services. Often such persons "voluntarily" request such commitment in return for dismissal of criminal charges by local prosecutors. The task force recommends that Title III be terminated. Title III provided treatment at a time when there was no established network of community based treatment services in the country. However, today NIDA has established a nationwide treatment network through funding of staffing grants, drug abuse service project grants, State-wide service contracts and formula grants, and currently maintains 95,000 treatment slots.

Thus, there no longer exists the basic need for Title III of NARA. In fact, utilization of Title III slots has showed a dramatic decrease from almost 2,000 clients in 1971 to 265 clients for the same period in 1975. The money saved from the more expensive NARA slots (\$2,940 per slot for NARA vs. \$1,640 for NIDA) could be used by NIDA to supplement grants in those treatment areas that do not have room for additional clients.

## RESEARCH, DEMONSTRATION AND EVALUATION

Since 1971, drug abuse research has received increasing priority, with higher levels of resources available and major national capability created in the field. Funding over the past five years has totaled \$243 million, as shown below.

*Funding (millions of dollars)*

	1971	1972	1973	1974	1975	Total
NIDA.....	14.3	28.6	39.3	54.2	48.4	184.8
OE.....	4.2	4.6	3.0	0.2	0.5	12.5
DEA.....	na	3.7	3.3	7.8	5.7	20.5
VA.....	0.3	0.6	2.0	1.0	1.3	5.2
DOD.....	0.0	3.4	6.6	4.8	4.9	19.7
Total.....	18.8	40.9	54.2	68.0	60.8	242.7

This research program has led to significant advances in our understanding of drug abuse, particularly in methods of detecting drugs, in measuring the extent of drug abuse and the abuse potential of various drugs, and in the pharmacology of methadone and other chemotherapeutic alternatives for treating narcotic addiction.

In developing a research strategy for the future, two principal areas should be addressed:

- Research priorities; and
- Research management

### Research Priorities

There currently is no broad agreement on Federal priorities for research. Yet, the need for greater attention to evaluating the relative effectiveness of different drug abuse prevention, treatment, and rehabilitation approaches is obvious. In order to properly allocate Federal dollars in the future, it is critical that we know what works and what doesn't, for whom it works and under what conditions. This determination requires in-depth follow-up studies on the progress of clients during and after treatment. Identifying what prevention and treatment programs work best should be the number one research priority.

Other high priority areas for research and evaluation include determining:

- What causes a person to turn to drugs: what leads certain individuals into serious drug abuse problems while others avoid them.
- What treatment systems seem to do better in terms of decreasing drug use, decreasing crime, increasing employment, etc.

- What effect different treatment systems have on the behavior of clients, as contrasted with their pre-treatment behavior.
- How the behavior of clients changes during treatment and after release into society.
- Whether characteristics of a clients' profile at admission can be predictors of probable success in one type of treatment vs. another type.
- What treatment methods work best for each type of client. Clients could then be immediately referred to a particular modality based on the information compiled in their client profile studies.

### Research Management

Because of the rapid expansion of research activities and the differences between individual agency missions, there is no mechanism for coordinating research across the various Federal programs, no systematic long-range planning to derive the maximum benefit from research activities, and little dissemination of available results between Federal agencies. Since all Federal research is aimed at basically the same objective, there is obviously a need to integrate and coordinate the overall Federal research, demonstration and evaluation (RD&E) effort.<sup>6</sup>

To insure that the required coordination among agencies involved in RD&E is achieved, a single agency must have overall responsibility for Federal RD&E planning. The obvious choice is NIDA, since NIDA is the major funding source of Federal RD&E in drug abuse, with a FY 1975 budget representing over 80 percent of the entire Federal effort. NIDA is involved in all areas of basic research in drug abuse, and has a strong capability in applied research, demonstration and evaluation. Because of the predominant size of its research program, we recommend that NIDA first formulate an overall plan for RD&E in consultation with other agencies involved in the RD&E function. Then other agencies should develop their specific plans in a way that supplements, rather than duplicates, NIDA's program.

Further, in order to coordinate the development of an integrated RD&E program, the task force recommends that an interagency research committee be established under CCDAP. The committee should be composed of the heads of research activities at NIDA, the Office of Education (HEW), the National Institute of Mental Health (HEW), the Drug Enforcement Administration, the Department of Defense and the Veterans Administration.

<sup>6</sup> This does not negate the need for specific research efforts by agencies which are targeted toward a given population or agency activity, such as Department of Defense research focusing on the drug problems of servicemen.

## INTERNATIONAL DEMAND REDUCTION

During the past few years, the Federal Government has markedly increased its participation and support of international drug abuse demand reduction programs.

Further action is required in three major areas of international demand reduction:

- *Providing drug abuse prevention and treatment services for official American citizens residing abroad.* The Department of State should continue to be the agency with primary responsibility for providing treatment services for official Americans and their dependents living abroad in the high-risk areas of drug abuse. In performing this mission, the Department of State should seek technical assistance and advice from NIDA. Programs run by the United States overseas provide additional benefits by serving as on-site demonstration projects for various types of treatment, by facilitating the exchange of information, and by displaying the most up-to-date approaches to drug abuse demand reduction for host country professionals and government officials.
- *Providing advice and technical assistance to foreign governments and international organizations.* Under the CCINC aegis, NIDA should provide teams of consultants to those countries which request U.S. assistance in developing demand reduction plans and programs.
- *Formulating general international drug abuse prevention and treatment policy.* The Treatment Subcommittee of the CCINC should be activated to improve this function and a NIDA representative made Chairman.

The following specific objectives should be pursued by the United States in its effort to reduce domestic drug abuse through prevention programs among foreign governments. We should:

- Assist foreign governments to estimate the scope of drug abuse problems in their country.
- Assist foreign governments in developing programs offering alternatives to drug abuse.
- Encourage and assist foreign governments to undertake and share the results of research on the extent, causes, treatment and prevention of drug abuse.
- Call to the attention of appropriate foreign governments their obligations under Article 38 (as amended) of the Single Convention on Narcotic Drugs, which requires international coordination of demand reduction activities.
- Continue to support the United Nations Fund for Drug Abuse Control and strengthen our bilateral efforts, both to respond to

requests from other governments and to stimulate selectively those requests which will further U.S. interests.

In summary, cooperative demand reduction programs serve to bring to the attention of other countries their own drug abuse problems. This recognition that drug abuse is a problem which affects all nations will help to encourage international cooperation in reducing drug abuse.

## 5. PROGRAM MANAGEMENT

The Federal program to control drug abuse is composed of activities as diverse as any in government: crop substitution in the mountains of northern Thailand; drug treatment centers in over 2,000 locations; research on the pharmacology of drugs; cooperative law enforcement with police forces in over 40 foreign countries; Defense Department urinalysis testing; and patrolling thousands of miles of border to prevent illicit smuggling—to name just a few. In fact, the Federal effort to simultaneously reduce the supply of and demand for illicit drugs involves seven Cabinet departments and seventeen agencies.<sup>1</sup>

Clearly, strong coordinative mechanisms are necessary to ensure the efforts of these departments and agencies are integrated into an effective overall program, and that the approach adopted in each is consistent with the President's priorities. This need was quickly recognized when drug abuse first became a high priority program in the early 1970's. A variety of permanent and temporary offices were created to provide policy guidance, program oversight, and inter-agency coordination of the rapidly expanding program. These included:

- The Cabinet Committee on International Narcotics Control (CCINC), created in 1971 to coordinate the international control program.
- The Special Action Office for Drug Abuse Prevention (SAODAP), created in 1971<sup>2</sup> to oversee and coordinate the development of a comprehensive treatment and prevention program to balance the existing law enforcement program.
- The designation of the head of the Justice Department's Office of Drug Abuse Law Enforcement (ODALE) as Special Consultant to the President for Narcotics Affairs in 1972.
- The creation of a special drug abuse staff within the Domestic Council.

As the drug program matured, many of these temporary offices were replaced with more traditional and stable structures. By mid-

<sup>1</sup> Departments of State, Defense, HEW, Justice, Treasury, Labor and Agriculture; AID, CIA, Veterans Administration; NIDA, FDA, Social Rehabilitation Service, Rehabilitation Services Administration, and Office of Education in HEW; DEA, LEAA, Immigration and Naturalization Service, and Bureau of Prisons in Justice; Customs, and Internal Revenue Service in Treasury; and OMB, NSC and the Domestic Council in the Executive Office of the President.

<sup>2</sup> By Executive Order: Legislation followed in 1972.



1973, the specialized Domestic Council staff had evolved into a small office in the Office of Management and Budget (OMB), and the executive directorship of CCINC had been transferred to the State Department's Senior Advisor for Narcotic Matters (S/NM). In July 1973, ODALE was merged with the Bureau of Narcotics and Dangerous Drugs, the Office of National Narcotics Intelligence, and with U.S. Customs Service officers involved in drug investigations to create a new Drug Enforcement Administration (DEA) in the Department of Justice; and the Attorney General was given overall responsibility for drug law enforcement. Finally, by early 1974, the permanent successor to SAODAP—the National Institute on Drug Abuse (NIDA)—was established in HEW. Over the next 18 months, NIDA gradually assumed most of SAODAP's functions, allowing SAODAP to expire as scheduled on June 30, 1975.

Thus, a steady decrease in direct Executive Office involvement paralleled the assumption of authority by the lead agencies in the drug field: NIDA for prevention and treatment; DEA for law enforcement; and the State Department Office of the Senior Advisor (S/NM) for international activities. The Administration's goal was to develop effective management within each of the three segments of the Federal drug program and, as their management capacity increased, to gradually reduce direct Executive Office involvement.

The task force strongly endorses this concept, but recognizes the continuing need for program oversight and limited interagency coordination at the Executive Office level. The recommendations which follow are designed to strengthen the management capabilities of the lead agencies concerned with drug abuse, and to provide better coordination of the overall drug abuse prevention effort.

The task force recommends four basic actions: (1) Revitalization of the Strategy Council on Drug Abuse to provide overall policy guidance; (2) creation of a Cabinet Committee for Drug Abuse Prevention with an active subcommittee structure to continue the coordination of prevention and treatment activities formerly provided by SAODAP; (3) continuation of a small staff in the Office of Management and Budget to provide assistance to the Strategy Council and the Executive Office; and (4) development of an integrated data analysis capability. Each of these recommendations is discussed below.

## **REVITALIZATION OF THE STRATEGY COUNCIL**

The Strategy Council on Drug Abuse was established in 1972 to develop an annual strategy statement which would provide an assessment of the drug abuse problem in the United States, a plan for a comprehensive Federal response, and an analysis of the major pro-

grams conducted in drug abuse prevention and drug traffic prevention.<sup>3</sup> In addition to continuing to develop the *Federal Strategy*,<sup>4</sup> the task force recommends that the Council's responsibilities be expanded to include the following functions:

- To offer a forum for policymakers which spans both drug abuse supply and demand activities, in order to resolve major policy issues.
- To provide coordination between supply and demand reduction programs, and to ensure that resources are allocated in a manner which strikes the optimal balance between these complementary aspects of the program.
- To advise the President, Vice President, and other key Executive Office personnel on the status of drug abuse in the United States.
- To monitor progress in implementing task force recommendations as presented in this white paper, and to report progress to the President by March 31, 1976.

In order to ensure that the Strategy Council is sufficiently broad in its outlook (i.e., able to maintain a perspective which balances supply and demand reduction activities, and to integrate drug abuse with other national goals and programs), the task force recommends that the Assistant to the President for Domestic Affairs be added to the Council and designated as Chairman.

Further, the task force recommends that the Secretary of the Treasury also be added to the Strategy Council, in view of the important roles played by the U.S. Customs Service and the Internal Revenue Service in the overall drug program.

### **CREATION OF A CABINET COMMITTEE ON DRUG ABUSE PREVENTION**

Coordination among agencies involved in drug abuse demand reduction was the responsibility of SAODAP prior to its expiration. A consistent theme which emerged in each of the functional working groups on the demand side of the task force review was that the need to coordinate Federal drug abuse prevention activities remained, and that interagency coordination should in fact be strengthened beyond that which had existed under SAODAP.

<sup>3</sup> Membership includes the Secretary of State, the Secretary of Defense, the Attorney General, the Secretary of Health, Education, and Welfare, and the Administrator of Veterans Affairs.

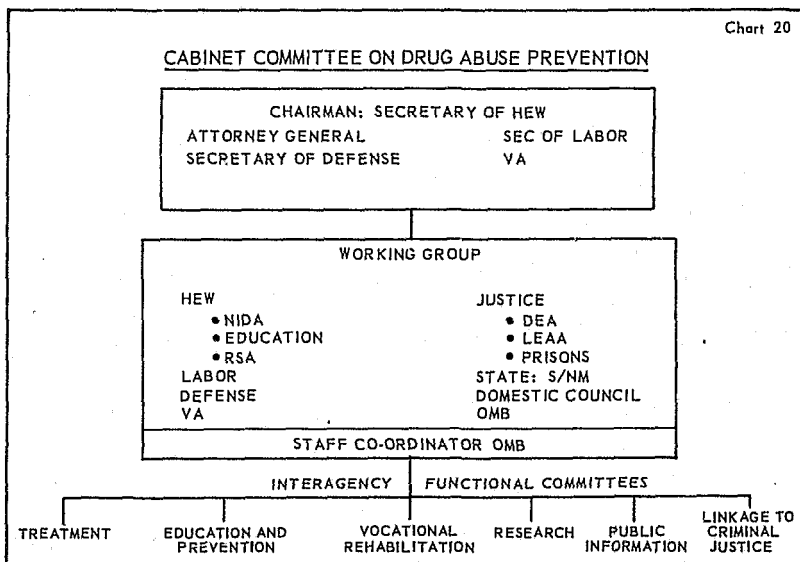
<sup>4</sup> In the past, publication dates have varied. The task force recommends that in the future the document should be published on June 30. To facilitate preparation of the book, the Council may require departments and agencies engaged in the drug program to submit information and reports necessary to assure a comprehensive document.

To meet this need, the task force recommends that a new Cabinet Committee on Drug Abuse Prevention (CCDAP) be created, and that the Secretary of the Department of Health, Education and Welfare be named Chairman. We believe that this recommendation is fully consistent with the President's often-stated goals of lodging operating responsibility in the appropriate Cabinet departments, and of holding Cabinet officers responsible for improving the Federal Government's response to critical national problems. The membership of the CCDAP should include:

- The Secretary of HEW, Chairman.
- The Secretary of Defense.
- The Secretary of Labor.
- Administrator, Veterans Administration.
- The Attorney General.

The task force further recommends that the Secretary of HEW appoint an Executive Director of CCDAP who would serve as chairman of an assistant secretary level working group. Finally, the task force recommends the creation of a series of interagency functional groups to provide detailed coordination below the level of the working group.<sup>5</sup>

Chart 20 illustrates one possible structure for CCDAP.



<sup>5</sup> The task force's model is the CCINC, which has been quite successful in providing interagency coordination of the international program.

CCDAP should be charged with the following responsibilities:

- Prepare annually a government-wide assessment of drug abuse demand program requirements in treatment, rehabilitation, research, demonstration, evaluation, and information systems, to be submitted to the President.
- Maintain and publish semi-annually a report on the status of drug abuse in the United States.
- Provide overall policy direction for, and coordination of, Federal drug education and prevention, treatment, vocational rehabilitation, research, and training programs.

The Executive Director of CCDAP should be given the following responsibilities:

- Act as public spokesman for the Federal Government on overall drug abuse prevention programs and the status of drug abuse;<sup>6</sup>
- Provide leadership in planning and coordinating drug abuse prevention with other Federal programs;
- Encourage departments and agencies whose primary mission is not drug-related to place high priority on drug abuse prevention and treatment needs of their constituencies.
- Advise the Secretary of HEW on drug abuse prevention programs, policies and priorities.

The creation of this Cabinet Committee will give HEW, Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA), and NIDA the organizational strength and authority to provide the inter-departmental and interagency coordination needed to maintain the progress which has been made in drug abuse treatment and prevention.

In addition, the task force has proposed a number of internal organization and management changes to strengthen NIDA's ability to carry out its expanded responsibilities. Among the most important are (1) assignment of a full time legal counsel; (2) establishment of an Office of Communications and Public Affairs; (3) delegation of greater authority by ADAMHA and HEW; and (4) improvements in contract and grant procedures.

The task force recommends that DEA continue its corresponding lead agency role regarding law enforcement and regulatory programs, as designated by Executive Order No. 11727. In the course of this review, the task force noted several opportunities to improve DEA's ability to fill this lead agency role through improvements in internal management; these have been discussed with the Administrator and the Deputy Attorney General. However, since the task force has already recommended that the Attorney General and the Secretary

<sup>6</sup> Individual agency heads would continue to speak for their own specialized programs.

of the Treasury report to the President by December 31, 1975, concerning their recommended program for improving coordination of drug law enforcement activities, the task force has not recommended a specific coordinating mechanism for supply reduction activities.

### **CONTINUATION OF A SMALL EXECUTIVE OFFICE STAFF**

The actions already discussed will play an important role in helping assure greater policy guidance and interagency coordination. Nonetheless, the task force believes that there is a continuing need for a limited Executive Office staff for some period of time to provide coordination and policy guidance during this transition period. Accordingly, the task force recommends that an Executive Office staff, consisting of 3 to 5 professionals, be maintained in OMB. Its functions should include:

- Oversight and limited coordination of the three major aspects of the drug program—law enforcement, treatment and prevention, and international control.
- Staff support to the Strategy Council, the Domestic Council, OMB, the National Security Council, and others in the Executive Office of the President.
- Selective management assistance to the drug agencies.
- Assistance and advice on drug abuse management and budget issues to the Director and Deputy Director of OMB.

This Executive Office staff should also work with, and provide staff assistance to, other interagency drug coordinating structures which are or will be in place, including: the CCINC, the CCDAP, DEA and NIDA.

The task force recommends that as many of the responsibilities of this office as possible gradually be shifted to the departments, agencies, and Cabinet committees, in order to avoid institutionalizing direct Executive Office involvement in this area.

### **DEVELOPMENT OF INTEGRATED DATA CAPABILITY**

A major requirement for managing the drug program is the development of a systematic data base to serve as a foundation for both long-range and short-range program management decisions. While the information needs of senior managers are diverse and vary from agency to agency, there are elements which, when integrated, can be useful to all. Some progress has been made in identifying and integrating these elements over the past several years, but much more work is required to meet the overall needs of the drug program.

Accordingly, the task force recommends that an interagency information-sharing mechanism be established under the aegis of the

Strategy Council.<sup>7</sup> This mechanism would improve Federal drug abuse program management by increasing the sharing, analyses, and coordination of drug abuse information. For example, data collected by law enforcement agencies (e.g., on the availability of various drugs) is needed by managers on the demand reduction side to accurately program resources, and treatment trend information can be useful to law enforcement managers by indicating new patterns of use. In developing an information-sharing mechanism, each agency should continue to provide for its own objectives and program responsibilities; therefore, it is not practical to develop a single Federal data system in the drug abuse area. However, a periodic report to Federal policy-makers consisting of selected data and analyses from all agencies will allow them to manage from an overall Federal perspective.

The task force is confident that if the recommendations discussed in this chapter are successfully implemented they will ensure a more effective and efficient Federal drug control effort in the future. Furthermore, the task force feels confident that prompt action on these management recommendations will make possible a more rapid implementation of the policy and program recommendations presented earlier.

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<sup>7</sup> Membership should include: DHEW (FDA, NIAAA, NIDA, NIMH); DOD; DOJ (BOP, DEA, LEAA); OMB, Treasury (Customs); and VA, S/NM.

## 6. RECOMMENDATION SUMMARY

In the preceding chapters, the Domestic Council Drug Review Task Force has: (1) presented its assessment of the nature and extent of the drug abuse problem in the United States today; (2) evaluated current programs and policies designed to deal with drug abuse; and (3) made recommendations for improving the effectiveness of the drug program in the future.

While each recommendation is important in itself, it is the combined effect of all taken together that will produce a major improvement in the overall program to reduce drug abuse. Viewed as a whole, these recommendations underline and expand the themes discussed in Chapter 1; namely:

1. Total elimination of drug abuse is unlikely, but governmental actions can contain the problem and limit its adverse effects. We recognize that drug abuse is a long-term problem and requires a long-term commitment.
2. All drugs are not equally dangerous, and all drug use is not equally destructive. Enforcement efforts should therefore concentrate on drugs which have a high addiction potential, and treatment programs should give priority to those individuals using high-risk drugs, and to compulsive users of any drugs.
3. Efforts to reduce the supply of and the demand for drugs are complementary and interdependent, and Federal programs should continue to be based on a balance between these two concepts.
4. We must broaden existing programs aimed at supply and demand reduction. In supply reduction, greater emphasis should be given to regulatory and compliance activities aimed at curtailing diversion from legitimate production, and a higher priority should be given to increasing international cooperation in preventing the illicit production of drugs. In demand reduction, increased attention should be given to prevention and vocational rehabilitation.
5. Program management must be improved to ensure the maximum return from resources committed to drug programs. Better interagency coordination and stronger intra-agency management are required, with more attention paid to the setting of priorities.





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6. The Federal Government should provide leadership in the national drug abuse prevention effort, but it cannot do the job alone. The support and cooperation of State and local governments, private businesses and community organizations are essential if we are to contain drug abuse and minimize its costs to the individual and society.

The major recommendations made throughout the white paper are listed below for easy reference.

## **DRUG PRIORITIES: CHAPTER 2**

1. The task force recommends that when resource constraints force a choice, priority in both supply and demand reduction should be directed toward those drugs which inherently pose a greater risk—heroin, amphetamines (particularly when used intravenously), and mixed barbiturates.

2. The task force recommends that priority in treatment also be given to compulsive users of drugs of any kind.

## **SUPPLY REDUCTION: CHAPTER 3**

1. The task force recommends that a continuous process of identifying the most vulnerable segments of the illicit distribution system be launched, and that resources be continually reallocated to focus on the most vulnerable portion of the system.

### **Enforcement**

1. The task force, while endorsing the concept of a lead agency in drug law enforcement recommends that the law enforcement strategy be designed to fully utilize the resource of all organizations involved in law enforcement.

2. The task force recommends that Federal law enforcement efforts focus on major trafficking organizations and particularly on the leaders of those organizations.

3. The task force recommends that greater attention be given to development of conspiracy cases, which often are the only way to apprehend high-level traffickers. Detailed recommendations for accomplishing this are made in three areas: (1) Building understanding and commitment to conspiracy strategy; (2) inducing cooperation of knowledgeable individuals; (3) and developing long-term approaches to investigations.

4. The task force recommends that personnel systems which recruit, train, evaluate, and reward individual agents be adjusted so that they emphasize conspiracy investigations rather than simply the number of arrests.

5. The task force recommends that the Controlled Substances Units inaugurated by the Attorney General be continued and not diverted to other activities.

6. The task force endorses the President's proposal for mandatory minimum sentences for persons trafficking in hard drugs, and suggests that consideration be given to expanding the proposal to include traffickers of barbiturates and amphetamines.

7. The task force recommends mandatory consecutive sentencing rather than concurrent sentencing for persons who are arrested and convicted for narcotics trafficking while on bail from another trafficking offense.

8. The task force recommends revoking parole in the event that a paroled offender is re-arrested on narcotics trafficking charges.

9. The task force recommends that the Internal Revenue Service reemphasize its program of prosecuting drug traffickers for violation of income tax laws under strict guidelines and procedures.

10. The task force recommends that the President direct the Attorney General and the Secretary of the Treasury to settle jurisdictional disputes between DEA and Customs by December 31, 1975, or to report their recommendations for resolution of the matter to the President on that date.

11. The task force recommends continuation and expansion of LEAA and DEA activities aimed at strengthening State and local law enforcement agencies.

### **Intelligence**

1. The task force recommends that a new investigative report form be devised, with a number of questions aimed at eliciting information useful to other agencies.

2. The task force recommends an analysis of the four automatic data processing systems involved in intelligence activities, with an eye to either integrating or better coordinating them.

3. The task force recommends that DEA devote more resources to the analysis of intelligence, both strategic and tactical.

4. The task force recommends that the CIA's role should continue to be focused on the collection of strategic intelligence.

5. The task force recommends that users of strategic intelligence under the guidance of CCINC identify specific strategic intelligence requirements.

### **International**

1. The task force recommends that a higher priority be given to development of international cooperation in preventing illicit production of drugs, and that special attention be given to Mexico as the major source country for U.S. markets.

2. The task force recommends that the U.S. government intensify diplomatic efforts to heighten other governments' concern over violations of international treaty obligations; and continue participation in institutions that promote international awareness of drug abuse.

3. The task force recommends the prompt ratification of the Convention on Psychotropic Substances of 1971.

4. The task force recommends continued support for the United Nations Fund for Drug Abuse Control, but urges that the Fund be encouraged to initiate a more aggressive fund-raising program.

5. The task force recommends continued support and participation in Interpol, and the Customs Cooperation Council.

6. The task force recommends that additional emphasis be placed on the collection, analysis, and utilization of overseas operational intelligence, and recommends that U.S. agents stationed overseas concentrate their activities on international trafficking channels believed to be headed for the United States.

7. The task force recommends that continued attention be given to crop substitution as a means of reducing the supply of raw materials used in making drugs, and believes that this should be one of the major focuses of the U.N. Funds' efforts.

8. The task force recommends creating a permanent DEA/Justice/State Committee under the Cabinet Committee on International Narcotics Control to coordinate efforts to seek U.S. jurisdiction over foreign drug traffickers through extradition or expulsion.

9. The task force recommends that the Opium Policy Task Force accelerate its evaluation of *Papaver bracteatum* as a substitute for morphine-based *Papaver Somniferum* in the production of codeine.

### **Regulatory and Compliance**

1. The task force recommends several specific actions which will improve the program to control diversion at the wholesale level.

2. The task force recommends a major effort to upgrade the regulatory capabilities of States regarding retail diversion of drugs.

3. The task force recommends a program to improve the prescribing practices of physicians.

4. The task force recommends development by LEAA of pilot programs designed to curb pharmacy thefts.

### **Science and Technology**

1. The task force recommends a specific set of priorities for the research effort; highest among these are projects aimed at providing better equipment for use in border interdiction, improving intelligence information systems, and better support and communication equipment for enforcement officers.

2. The task force recommends that research program funding be kept relatively steady from year to year to enable long-range planning and development.

## **DEMAND REDUCTION: CHAPTER 4**

1. The task force recommends that greater emphasis be placed on education and prevention efforts that promote the healthy growth of individuals and discourage the use of drugs.

2. The task force recommends that greater attention to patients in drug treatment and former drug users be paid by the vocational rehabilitation system in order to provide them with marketable skills for jobs.

### **Education and Prevention**

1. The task force recommends that education and prevention programs address the broad developmental needs of children and youth, and be community based.

2. The task force recommends that Federal media efforts provide basic information about drugs, and emphasize successful and productive lifestyles of non-drug users, rather than using scare tactics.

3. The task force recommends that the Federal role in community based prevention be catalytic in nature; specifically, to provide training and technical assistance to local communities, to provide materials and guidebooks to local programs, to provide limited seed money, to evaluate existing programs, and to make the results of these evaluations available for use by other States and communities.

4. The task force recommends that an overall national program for integrating Federal, State, local and private programs for dealing with all behavioral problems in youth be developed, and identifies eleven separate government programs which should be included in this overall review.

### **Treatment**

1. The task force recommends that agencies involved in drug abuse treatment give treatment priority to abusers of the following high-risk categories of drugs: heroin, barbiturates (especially when mixed with other drugs), and amphetamines (particularly when administered intravenously). Priority should also be given to compulsive users of drugs of any kind.

2. The task force recommends that NIDA be given the authority to assure that users of lower priority drugs can obtain treatment, when available, at Community Mental Health Centers, in accord with Section 401A of the Drug Abuse Office and Treatment Act of 1972.

3. The task force recommends that hospital treatment for drug abuse should be severely restricted in order to reduce overall costs, and outlines specific guidelines for its use.

4. The task force recommends that the use of outpatient drug-free treatment for compulsive users of high-risk drugs be restricted, and these people treated in a more structured environment. The use of outpatient drug-free treatment for casual users of lower-risk drugs should also be restricted, and the funds thus freed used to provide more effective services for high priority drug users.

5. The task force recommends that LAAM, rather than methadone, be used as a medication for opiate-dependent persons as soon as its safety and efficacy have been determined.

6. The task force recommends that the Food and Drug Administration (FDA) methadone regulations be published immediately.

7. The task force recommends that training courses to increase skills of paraprofessionals be expanded.

8. The task force recommends prompt resolution of existing jurisdictional and organizational problems between DEA, NIDA and FDA by the Assistant Secretary for Health, HEW.

9. The task force recommends that drug abuse treatment be part of the required curricula of medical schools and schools of social work, psychology, and vocational rehabilitation.

10. The task force recommends that categorical funding for drug treatment programs be stabilized so that cost sharing is at a maximum rate of 60 percent Federal and 40 percent local until local governments or community organizations are able to assume fiscal responsibility above this level.

11. The task force recommends that long-term efforts be initiated to incorporate drug abuse treatment services into the general health care delivery system.

12. The task force recommends that the Federal Government be prepared to fund additional community treatment capacity, if necessary, and recommends that the specific need be identified by December 1, 1975.

### **Vocational Rehabilitation**

1. The task force recommends that NIDA and the Department of Labor review all regulations to ensure that they do not impede the provision of vocational rehabilitation services to drug abusers. This applies to the NIDA confidentiality regulations as well as vocational rehabilitation regulations.

2. The task force recommends that the Rehabilitation Services Administration (RSA) instruct State vocational rehabilitation agencies that the regulation which states that no individual or group may be excluded because of their disability will be strictly enforced in connection with drug abusers.

3. The task force recommends that NIDA encourage Single State Agencies to develop cooperative agreements with manpower and vocational rehabilitation services in their areas.

4. The task force recommends that NIDA and RSA develop joint research and demonstration projects to improve the delivery of rehabilitation and employment services to drug abusers.

### **Criminal Justice System**

1. The task force recommends that treating criminal offenders who abuse drugs be given the highest priority. The Department of Justice and HEW should establish a permanent working group charged with seeking ways to expand the interface between the criminal justice and drug treatment systems. This criminal justice working group should publish a semi-annual report that addresses the progress made in implementing the recommendations discussed in the white paper with further recommendations for future initiatives. The first report would be due in March 1976.

2. The task force recommends that the pilot pre-trial service projects, to be established in ten Federal judicial districts as a result of the Speedy Trial Act of 1975, routinely screen all arrestees to determine if they have a history of drug abuse or are currently using drugs. The results of these ten pilot pre-trial services projects should be evaluated as soon as possible.

3. The task force recommends that funding for the Treatment Alternatives to Street Crime (TASC) program be maintained at its present level of approximately \$4 million per year, and the program be expanded to include any jurisdiction with a population of over 200,000 which can demonstrate eligibility.

4. The task force recommends that funds and responsibilities be transferred from the Bureau of Prisons to the U.S. Probation Office so that USPO can contract for and administer treatment services for Federal parolees and probationers.

5. The task force recommends that the U.S. courts and the Bureau of Prisons alter their policy regarding drug-free treatment and accept methadone maintenance as a proper treatment alternative for parolees and probationers.

6. The task force recommends that Title III of the Narcotic Addict Rehabilitation Act of 1966 be terminated, and the budgetary savings diverted to NIDA to supplement grants in treatment areas which have prospective clients or waiting lists.

### **Research, Demonstration, and Evaluation**

1. The task force recommends that priorities in research be established for follow-up studies on the progress of clients after leaving

treatment, and to determine relative effectiveness of different prevention, treatment, and rehabilitation approaches.

2. The task force recommends that NIDA formulate a plan for research, demonstration, and evaluation in consultation with other agencies involved in RD&E; those agencies should then develop their specific plans to supplement rather than duplicate NIDA's plan.

## **PROGRAM MANAGEMENT; CHAPTER 5**

1. The task force recommends that the Strategy Council on Drug Abuse be given additional responsibilities to provide coordination between supply and demand reduction programs, and that the Assistant to the President for Domestic Affairs be made a member and designated as Chairman. The task force also recommends that the Secretary of the Treasury be added to the Strategy Council.

2. The task force recommends the creation of a Cabinet Committee on Drug Abuse Prevention chaired by the Secretary of the Department of HEW to provide coordination among agencies involved in drug abuse demand reduction activities. Membership of the CCDAP should include the Secretary of HEW, the Secretary of Defense, the Secretary of Labor, Administrator of the Veterans Administration, and the Attorney General.

3. The task force recommends that the Secretary of HEW appoint an executive director of the CCDAP who will serve as chairman of an Assistant Secretary level work group. This work group should be supported by a series of interagency functional groups which would provide detailed coordination in specific areas; e.g., treatment, education, prevention and research.

4. The task force recommends CCDAP be charged with preparing annually a government-wide assessment of drug abuse demand program requirements, and with publishing semi-annually a report on the status of drug abuse in the United States.

5. The task force recommends that DEA continue its corresponding lead agency role regarding law enforcement and regulatory programs, as designated by Executive Order No. 11727.

6. The task force recommends continuing a small Executive Office staff, located in the Office of Management and Budget, to provide assistance and advice to the White House staff, the Strategy Council, and OMB. The task force recommends that the responsibilities of the Office gradually be shifted to the departments, agencies and Cabinet Committees.

7. The task force recommends the creation of an interagency executive committee to improve the sharing, analysis, and coordination of drug abuse information at the Federal level.



# APPENDIX

Comments of Department of the Treasury/U.S. Customs Service

Comments of Drug Enforcement Administration

## Treasury/Customs Service Addendum to Domestic Council White Paper

The Domestic Council White Paper on Drug Abuse is a monumental effort and a valuable addition to assist the efforts of the United States Government to counteract a recent increased trend in narcotics trafficking and consumption. We nevertheless feel it desirable to indicate Treasury-Customs disagreement with some of the major conclusions in the law enforcement sections of the report. The conclusions which we address ourselves to in this addendum relate principally to the structural restrictions placed upon U.S. Customs Service by Reorganization Plan No. 2, but also address themselves to some degree to our relations with foreign countries in the effort to control drug trafficking.

Nothing in this addendum should be construed as criticism of any agency of Government. We believe that the present cooperation between the Drug Enforcement Administration and Customs is better than it ever has been, and may be as good as it can be *considering the prohibitions imposed upon Customs and the organizational imperatives of Reorganization Plan No. 2*. We feel that there will not be maximum coordination among agencies with enforcement or supply reduction roles as long as the Customs Service is prevented organizationally from realizing its full potential as an interdictor of drugs at the land and sea borders of the United States.

After more than two years of experience with the single agency investigation concept, it appears to us that the complete exclusion of Customs from intelligence gathering and investigative activities relating to narcotics smuggling has been counter-productive to the overall national narcotics enforcement effort. The current failure to pursue conspiratorial leads resulting from border seizures and arrests and the under-utilization of intelligence and investigative resources has created a major gap in a comprehensive narcotics enforcement program. The full utilization of Customs intelligence and investigative resources would be a positive step in bringing Federal narcotics enforcement effectiveness to its highest possible level.

In assessing what U.S. strategy should be, we must be flexible enough to adopt changes where necessary to assure utilization of all available U.S. resources and to give the U.S. Government maximum flexibility in obtaining foreign government cooperation for improving our overall effort. Together these steps could give the U.S. a greater chance to exercise real leadership in the global effort and promote our own interests.

Treasury, together with Customs, urges the following:

1. The lead agency concept under Reorganization Plan No. 2 should not be the basis for denying the U.S. Government diplomatic flexibility should special circumstances in certain countries dictate the marshalling of additional and available resources.

What is needed is clear acceptance of agency roles and missions, full utilization of existing resources, skills, and statutory and regulatory authority to accomplish not only individual agency mission but to support each other's mission. Just as the Drug Enforcement Administration and other agencies have good relations with counterpart police officers in foreign countries, so the Customs Service has particularly close relations with its counterpart Customs Services in virtually every country, most of which are members of the Customs Cooperation Council. Since these foreign Customs Services are the principal repositories of information about smugglers in their countries, and since they generally prefer to deal with U.S. Customs

rather than any other U.S. agency in the exchange of intelligence regarding narcotics, it would be most productive for the U.S. Customs Service to collect intelligence abroad on all types of smuggling, including narcotics. A limited additional number of Customs agents assigned overseas to investigate and collect intelligence on narcotics could contribute materially to enhanced enforcement capabilities at U.S. ports and borders.

2. The most effective and efficient means of interdicting the drug traffic is to seize the high-value, concentrated narcotics at the borders of the United States. The statutory authority of search and seizure possessed by the U.S. Customs Service is broader than that of any U.S. enforcement agency. Effective drug interdiction at the borders is dependent upon the gathering of intelligence abroad concerning potential shipments and the application of all enforcement tools to accomplish the actual seizures at the border.
3. Overseas both in manpower and funding may have limited impact in reducing the long-term availability of drugs in the U.S. so long as the world opium supply far exceeds demand. It is unrealistic to expect that the U.S. Government alone can effectively reduce the supply of illicit drugs from abroad by overseas effort in the foreseeable future. While the U.S. can provide the leadership, as important will be the efforts by the countries themselves to improve their anti-narcotics capabilities. We should a) advance the concept that recipient countries should become totally self-sustaining in the anti-narcotics programs now funded by the U.S.; and b) move toward the goal of "de-Americanizing" the overseas effort as rapidly as possible.
4. It appears essential that the scope of U.S. efforts in Mexico be broadened to encompass as many branches of the Government of Mexico as possible by utilizing incentives for favorable Mexican action. Action to that end should also contribute to greater flexibility in moving against funds used to finance drug trafficking. Reciprocal strengthening of U.S. enforcement efforts along the Southwest border is required as a clear sign of U.S. commitment to substantial drug supply reduction.
5. While assigning a high priority to treatment efforts may be required and beneficial, the United States can suffer only tragic consequences by practicing selective law enforcement. Enforcement must be even-handed and comprehensive to be effective and corruption-free. To diminish efforts against marijuana and cocaine can only erode further respect for law and law enforcement officers. Certainly, the fact that the United States is experiencing the highest level of contraband smuggling since Prohibition is an indication of the involvement of organized criminal elements utilizing the derived illicit profits for additional criminal activity. During the past 90 days, there have been seizures of 13 tons, 18 tons, 43 tons and 6 tons of marijuana and dozens of seizures exceeding one and two tons. These smuggling ventures have been by boat, airplane and every conceivable means. There is an unprecedented volume and scope of contraband smuggling activity which should not be ignored or de-emphasized by Federal law enforcement agencies.

## Comments of the Drug Enforcement Administration

### SUPPLY REDUCTION STRATEGY AND THE ROLE OF PRINCIPAL FEDERAL AGENCIES

As the White Paper correctly observes, the principal component of the Federal Government's supply reduction strategy is the law enforcement effort and related functions. The necessity of this activity is easily grasped by the public at large, but the successful pursuit of a strategic enforcement policy, the complexity of the factors involved, and the appropriate roles of the various Federal agencies is a matter poorly understood by those not directly involved. The White Paper has dealt with many of these issues and illuminated important strategy and policy considerations. There are, however, additional facets which are worthy of expression and which form the basis of this comment.

Basically, Federal enforcement efforts are divided into three distinct functional areas. These are interrelated by virtue of the single mission which each seeks to serve, but otherwise dissimilar in the sense that they represent a clear division of labor required for the efficient use of resources.

#### I. Investigation.

The first and most important effort is the aggressive investigation and apprehension of those individuals directly responsible for the organization of this illicit commerce. The activity of these persons, which spans continents and cultures, makes possible the maintenance of an illicit drug traffic with a continuity and volume which could not otherwise be sustained. Their identification and apprehension can form a strategic blow to the traffic, sharply reducing the continued availability of drugs.

In order to ensure that Federal investigative efforts are in fact targeted in this strategic fashion, it is necessary that a single agency with the total conceptual grasp of the problem be able to cull through the vast amount of intelligence and leads developed by itself and other Federal, state, and local agencies. Moreover, since much of the traffic in drugs is of international scope, it is necessary that this agency establish and maintain functional offices abroad in order to make possible the penetration of criminal organizations at both ends of the flow of traffic. It is at the foreign source and the domestic points of delivery where the greatest opportunities for penetration exist. Customarily, several weeks or more of advanced planning will be required in the foreign country to obtain the financial backing, to recruit couriers, and to plan for the concealment and smuggling of the contraband goods. This provides a number of opportunities for undercover penetration and surveillance by foreign police assisted by their U.S. counterparts.

By the same token, similar opportunities exist simultaneously within the United States, where those violators destined to receive the illicit drug shipment are reaching out for customers and co-conspirators to facilitate their eventual distribution.

Again, it is clear on the basis of reason as well as reference to past experience that a single agency must have total purview of the investigatory effort on both sides of the U.S. border in order to: (1) ensure appropriate targeting of investigatory resources, (2) achieve coordinated cooperation of both foreign and domestic investigatory efforts, and (3) make tactical decisions as to most favorable time, place, and circumstances to culminate the investigation with arrests, indictments, and seizures. This mission has been entrusted by the President and the Congress

to the Drug Enforcement Administration, an agency of the Department of Justice created by Reorganization Plan No. 2 of 1973. It was the clear intention of the Congress and the President to create a single agency to pursue this particular form of the Government's effort.

#### **A. History of Reorganization Plan No. 2.**

Prior to its creation, this single function was fragmented between the Bureau of Narcotics and Dangerous Drugs and the United States Customs Service. This represented a counterproductive division which had existed at least since the founding of the Federal Bureau of Narcotics in 1930 and had often resulted in operational and jurisdictional disputes of a destructive nature. These problems were thoroughly documented in both the Senate and House reports and hearings in the Spring of 1973. Moreover, many years of experience had proven that the nature of these conflicts were such as to require a final and absolute organizational solution. It was in the light of this history and the demonstrated need to put an end to three decades of bureaucratic conflict that Reorganization Plan No. 2 was conceived and approved.

In Chapter No. 3, entitled "Supply Reduction," the White Paper references continuing disputes between the Drug Enforcement Administration and the U.S. Customs Service. These disputes are primarily concerned with the techniques for establishing working cooperation in the field and the exchange of intelligence between the two agencies. They are in some sense a residue of the jurisdictional conflicts of past decades. In our own opinion, these have been exacerbated in recent months because of the Customs Service's dissatisfaction with the jurisdictional determinations expressed in the Reorganization Plan and its hope of returning to the previous state of affairs as a result of the present study and similar inquiries being conducted by a Senate Subcommittee.

But both common sense and existing law mandate the continued centralization of investigative responsibility within a single agency to ensure the kind of total coordination which the President and the Congress desire and the use of enforcement resources in a strategic fashion on the basis of strategic standards.

The central point which we wish to emphasize here is that the plan itself contains no ambiguity but provides clear principles for the allocation of specific responsibilities on the basis of whether their essential nature relates to investigative activity as opposed to search and seizure functions to be performed by uniformed personnel.

#### **II. Interdiction.**

The second most important enforcement effort within the total Federal strategy is the interdiction of the flow of illicit drugs at the United States ports and borders. This function is allocated to the U.S. Customs Service and the Border Patrol of the Immigration and Naturalization Service. It is performed in a manner entirely unlike that of the investigatory function and is designed to achieve different but related objectives. These duties were expressly reserved to the Customs Service by Reorganization Plan No. 2 of 1973 in recognition of the importance of this task as a part of the Federal supply reduction effort. This effort will be most effectively served if the management of the Customs Service will concentrate its emphasis on this task rather than seeking to develop a secondary duplication of existing investigatory efforts.

#### **III. Government-wide Support.**

The third element of the Federal drug enforcement effort consists of the supporting efforts of various Federal agencies in accordance with the role appropriate to each. In other words, although Reorganization Plan No. 2 established a principal

agency for the investigation of and collection of intelligence concerning the illicit drug traffic, it recognized that other agencies such as the FBI, IRS, ATF, and CIA could make unique contributions as a spin-off of the pursuit of their particular missions.

Additionally, non-enforcement agencies of the Federal Government frequently provide support which, although ancillary to their principal mission, is indispensable to a successful supply reduction strategy. For example, the Department of State has provided the diplomatic initiative necessary to procure the interests of foreign nations and to lay the ground work for the cooperation of DEA agents with their foreign counterparts. The CIA, as was noted in the White Paper, plays a valuable role in the collection of strategic intelligence in many foreign countries. The Department of Agriculture continues to provide valuable technical assistance in programs which envision crop substitution and eradication. The Federal Aviation Administration participates in DEA's El Paso Intelligence Center for developing intelligence concerning the traffic in drugs across the US/Mexican border. Finally, the Food and Drug Administration, as has been stated, participates in and supports many of the regulatory decisions designed to reduce the diversion of legitimate drugs.

#### **IV. Conclusion.**

DEA has established liaison and cooperation with each of these agencies and departments of government. Each provides a unique type of expertise not duplicated within DEA itself and in no sense representing discordant jurisdictional ambiguities. Thus, where the statutory divisions of labor are recognized and taken advantage of, the basis exists for establishing a team effort in which each can assist in achieving the Government's ultimate objectives. The DEA is committed to absolute cooperation and fulfillment of its role within the concept of interdepartmental teamwork called for by the White Paper. It is also committed by virtue of both policy and practice now in force to increasing the targeting of investigative resources at the major violators and organizations responsible for much of the traffic in illicit drugs. It is DEA's view that the perception of the correct supply reduction strategy as briefly summarized in this comment will clarify the understanding of the appropriate roles which each agency should play in the overall Federal effort. This understanding is the key to the elimination of the kinds of counterproductive and often petty bureaucratic tensions which have sometimes occurred.

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 National League of Cities-U.S. Conference of Mayors

[From the Office of the White House Press Secretary, Apr. 27, 1976]

# REMARKS OF THE PRESIDENT UPON SIGNING THE DRUG MESSAGE

For nearly a year I have been devoting increasing attention to a problem which strikes at the very heart of our national well-being, drug abuse. I have initiated and then endorsed a major study of this issue. I have met with foreign heads of state, Members of Congress and members of my Cabinet to express my deep concern and the need for action, and I have publicly spoken about this as one of the most serious and tragic problems our country faces.

Today I am sending to the Congress a special Message on Drug Abuse which outlines, in very frank terms, the severity of this problem and which proposes definitive steps which must be taken to meet the challenge posed by the worsening drug situation.

I am requesting the Congress to enact specific legislation to improve our ability to put the traffickers who sell drugs into prison. I am also calling for a renewed commitment to a program that balances the law enforcement effort with the provisions of humane and effective treatment for drug users.

Finally, since our ability to control the supply of illegal drugs in this country depends to a very large degree on the interest and the capability of foreign governments in controlling drugs which originate in or move through their territory, I renew this government's commitment to providing support for foreign allies in this fight.

With the combined efforts of the Executive Branch, the Congress, State and local Government and the private sector, we can control drug abuse.

Now that the problem is worsening, we must not shrink from this challenge but rather redouble our efforts at all levels to provide the leadership and resources to reverse the trend.

At this time I will sign the two Messages to the House as well as to the Senate.

[From the Office of the White House Press Secretary, Apr. 27, 1976]

## FACT SHEET—PRESIDENT'S MESSAGE ON DRUG ABUSE

In transmitting his special Message on Drug Abuse to the Congress today, the President stated that he would propose legislation to strengthen the criminal justice system's ability to deal with arrested traffickers. Also, he announced that he is taking several Executive actions to strengthen the overall management of the drug program, and he called for intensified diplomatic initiatives to strengthen international narcotic controls.

### *Background*

Counting narcotic-related crime, addicts' lost productivity, criminal justice system costs, and direct treatment and prevention program spending, estimates of the direct cost of drug abuse to the Nation range from \$10 billion to \$17 billion a year. More than 5,000 American citizens die of drug-related causes each year, with most of these deaths concentrated among the young adult population. Also, law enforcement officials estimate that up to one-half of all robberies, muggings, burglaries, and other forms of property crimes are committed by addicts to support their expensive and debilitating habits.

Over the past half decade, total Federal expenditures have grown from less than \$100 million to over three quarters of a billion dollars per year for a comprehensive program of prevention and treatment, law enforcement, and international control. The result was that between late 1972 and early 1974, drug abuse indicators which had been going up steadily for years had turned down, and the increase in property crime seemed to have been broken.

By early 1975, it was clear that conditions were again worsening and that gains of previous years were being eroded. For example, "street" availability of heroin measured by price and purity was increasing. Waiting lists for treatment existed again, after having almost disappeared. Drug-related deaths and drug-related cases in hospital emergency rooms were increasing. Drug-related crimes were on the upsurge. Cities which only two years before had reported a decline in heroin use, began reporting an increase, and some smaller communities which never before had a drug problem began experiencing significant use of heroin and other dangerous drugs.

Last April, President Ford directed a comprehensive review of the entire Federal effort in drug law enforcement, treatment and prevention, and international control. He asked for an assessment of the extent of the problem and for recommendations to make the Federal program more effective.

The President has endorsed the resulting White Paper on Drug Abuse (see supplement A for summary of White Paper), and the budget he submitted for fiscal year 1977 requests funds to implement all of its principal recommendations (see supplement B for description of fiscal year 1977 drug abuse control budget).

The message which the President is sending to the Congress today builds on the White Paper, spells out a number of specific steps the President is taking to strengthen the overall drug program, and calls on the Congress to act in several areas.

#### I. STRENGTHENING LAWS

Substantial progress has been made in improving the ability of Federal law enforcement agencies to apprehend major drug traffickers; for example, the number of major traffickers arrested in the last six months of 1975 was up sharply over prior periods.

However, this progress in arresting major traffickers may be largely dissipated unless major changes are made in the way the criminal justice system handles them after arrest. For example, a recent Justice Department study revealed that one out of every four persons convicted of trafficking in heroin received no prison sentence at all; one in three received a sentence of less than three years. In another example, a 1974 Justice Department study showed that nearly one out of two of a sample of individuals arrested for trafficking in narcotics were implicated in post-arrest drug trafficking while out on bail.

To remedy this situation, the President will shortly submit legislation to the Congress which will:

Require minimum mandatory prison sentences for persons convicted of high-level trafficking in heroin and similar narcotic drugs;

Enable judges to deny bail in the absence of compelling circumstances if a defendant arrested for trafficking heroin or dangerous drugs is found (1) to have previously been convicted of a drug felony; (2) to be presently free on parole; (3) to be a non-resident alien; (4) to have been arrested in possession of a false passport; or (5) to be a fugitive or previously convicted of being a fugitive;

Raise the value of property used to smuggle drugs which can be seized by administrative, as opposed to judicial, action (from \$2,500 to \$10,000);

Extend the above forfeiture provision to include cash or other personal property found in the possession of a narcotics violator if the property is determined to have been used (or be intended for use) in connection with an illegal drug transaction;

Require masters of boats—including pleasure vessels—arriving in the United States to report immediately to Customs upon arrival, rather than within 24 hours as is now required; and

Expand Customs' authority to search for cash and other monetary instruments being smuggled out of the country.

#### II. IMPROVING PROGRAM MANAGEMENT

The Federal program to control drug abuse involves seven Cabinet departments and seventeen agencies. The President has taken a number of actions to integrate the efforts of these departments and agencies into an effective overall program, while at the same time ensuring that program management be lodged with the departments and agencies having direct program responsibility. The President has also taken several actions intended to more fully utilize all the resources available throughout the Federal Government.

Two new Cabinet committees are being established to provide direction for, and coordination of, Federal drug programs and activities. The Cabinet Committee for Drug Law Enforcement will be chaired by the Attorney General, and will include the Secretaries of Treasury and Transportation. The Cabinet Committee for Drug Abuse Prevention, Treatment, and Rehabilitation will be chaired by the Secretary of HEW, and will include the Secretaries of Defense and Labor, and the Administrator of the Veterans' Administration;

The Secretary of HEW and the Attorney General have been directed to develop plans to improve coordination between the treatment and criminal justice system, so drug users in the criminal justice system are identified and provided with treatment and rehabilitation services;

The new Cabinet Committee on Drug Abuse Prevention, Treatment, and Rehabilitation has been directed to give high priority to identifying specific ways to improve job opportunities for former addicts;

The Secretary of the Treasury and the Commissioner of the Internal Revenue Service, in consultation with the Attorney General and the Administrator of the Drug Enforcement Administration, have been directed to develop a tax enforcement program aimed at major drug traffickers.

### III. ENHANCING INTERNATIONAL COOPERATION

Since many of the most seriously abused drugs originate in foreign countries, our capability to deal with supplies of drugs available in the United States is to a large degree reliant upon the interest and capability of foreign governments to control the production and shipment of illicit drugs.

In his drug message, the President:

Reaffirms the Administration's commitment to intensifying diplomatic efforts at all levels in order to encourage the greatest possible commitment from other governments to this mutual problem, and to continuing to provide technical and equipment assistance, formal training of foreign enforcement officials, and assistance through cooperative enforcement efforts with U.S. agents stationed overseas;

Directs the Secretary of State, the Attorney General, and the Ambassador to the United Nations to expand their discussions of drug control with foreign leaders;

Endorses the proposal of Mexican President Echeverria to establish a mechanism for formally exchanging information and ideas between high-level coordinating bodies; assigns responsibility for liaison with the Mexican Commission to the Cabinet Committee on International Narcotic Control; and directs the Chairman of the CCINC to immediately form an Executive Committee to meet with its Mexican counterpart to discuss ways in which our Government can collaborate more effectively with Mexico; and

Urges the Congress to expedite approval of the 1971 Convention on Psychotropic Substances, an international treaty which would provide a system for the control of synthetic drugs similar to that which exists for narcotic drugs.

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[From the Office of the White House Press Secretary, Apr. 27, 1976]

To the Congress of the United States:

I address this message to the Congress on a matter which strikes at the very heart of our national well-being—drug abuse.

The cost of drug abuse to this Nation is staggering. More than 5,000 Americans die each year from the improper use of drugs. Law enforcement officials estimate that as much as one half of all "street crime"—robberies, muggings, burglaries—are committed by drug addicts to support their expensive and debilitating habits. In simple dollar terms, drug abuse costs us up to \$17 billion a year.

But these statistics—ominous as they are—reflect only a part of the tragic toll which drug abuse exacts. For every young person who dies of a drug overdose, there are thousands who do not die but who are merely going through the motions of living. They sit in classrooms without learning. They grow increasingly isolated from family and friends. At a time when they should be preparing for the future, they are "copping out" on the present.

The problem, moreover, is not limited to youth or to the disadvantaged. It extends to citizens of all ages and all walks of life—from the housewife to the college professor. The cumulative effect is to diminish the quality and vitality of our community life; to weaken the fabric of our Nation.

When this problem exploded into the national consciousness in the late 1960's, the response of the Federal Government was swift and vigorous. Federal spending on a comprehensive program to control drug abuse grew from less than \$100 million in 1969 to over three-quarters of a billion in 1974; specialized agencies like the Drug Enforcement Administration and the National Institute on Drug Abuse were created; and international diplomatic efforts to mobilize the assistance of foreign governments in a world-wide attack on drug trafficking were intensified.

With the help of State and local governments, community groups and our international allies in the battle against narcotics, we were able to make impressive progress in combatting the drug menace. So much so that by mid-1973 many were convinced that we had "turned the corner" on the drug abuse problem.

Unfortunately, while we had won an important victory, we had not won the war on drugs. By 1975, it was clear that drug use was increasing, that the gains of prior years were being lost, that in human terms, narcotics had become a national tragedy. Today, drug abuse constitutes a clear and present threat to the health and future of our Nation.

The time has come to launch a new and more aggressive campaign to reverse the trend of increasing drug abuse in America. And this time we must be prepared to stick with the task for as long as necessary.

Because of my deep concern about this problem and my personal commitment to do something about it, last year I directed the Domestic Council to undertake a thorough review and assessment of the adequacy of the Federal drug program. That review, which culminated in the publication of the White Paper on Drug Abuse, has helped tremendously to refocus and revitalize the Federal effort. We have made substantial progress in implementing the many sound recommendations contained in the White Paper, but more needs to be done.

And more will be done. The first need for stronger action is against the criminal drug trafficker. These merchants of death, who profit from the misery and suffering of others, deserve the full measure of national revulsion. They should be the principal focus of our law enforcement activities—at the Federal, State and local level. In this regard, I am pleased to note that arrests by Federal law enforcement officers of major drug traffickers are up substantially over previous years. However, the progress we have made in improving our ability to apprehend these traffickers will be lost unless major changes are made in the way our criminal justice system deals with drug traffickers after arrest.

Justice Department statistics show that one out of every four persons convicted of trafficking in heroin received no prison sentence at all. One out of every three received a sentence of less than three years. And since convicted traffickers are eligible for parole upon the completion of one-third of their sentence, even those who received longer sentences rarely served more than a few years.

I believe this is wrong. It is wrong for the criminals who profit by selling drugs, it is wrong for the victims of drugs, and it is wrong for our system of justice. Laws which permit traffickers to go free to prey again on society should be changed. These criminals must know with certainty that, if convicted, they will go to jail for a substantial period of time. Only then will the risk of apprehension be a deterrent rather than just another cost of doing business.

Accordingly, I will submit to the Congress this week legislation which will require mandatory minimum prison sentences for persons convicted of trafficking in heroin and similar narcotic drugs. Sentences under this legislation would be at least three years for a first offense and at least six years for subsequent offenses or for selling to a minor.

I want to emphasize that the purpose of this proposal is not to impose vindictive punishment but to protect society from those who prey upon it and to deter others who might be tempted to sell drugs. Considering the terrible human toll that drug addiction takes and the extent to which it contributes to more and more crime, it is a matter of high priority that Congress make our laws more effective in curbing drug traffic.

Another serious problem with current Federal law is that even the most notorious drug traffickers are usually released on bail soon after arrest. The bail is often small and the profits from drug trafficking are large, so raising and then forfeiting the bail is just another cost of doing business. A 1974 Justice Department study shows that 48 percent—nearly one out of two—of a sample of individuals arrested for trafficking in narcotics were implicated in post-arrest drug trafficking while out on bail. Other studies show that approximately one-fourth of all bail-jumpers in drug cases are aliens who were caught smuggling drugs into the country. These offenders simply flee to their homelands upon posting bail. There, they serve as walking advertisements for international traffickers attempting to recruit other couriers.

This, too, is wrong. Therefore, in addition to asking Congress to establish mandatory minimum sentences, I shall submit to Congress legislation that would enable judges to deny bail if a defendant arrested for trafficking heroin or dangerous drugs is found (1) to have previously been convicted of a drug felony; (2) to be presently free on parole; (3) to be a non-resident alien; (4) to have been arrested in possession of a false passport; or (5) to be a fugitive or previously convicted of having been a fugitive.

Next, the Federal Government must act to take the easy profits out of drug selling.

We know that tremendous amounts of money are illegally taken out of the country each day, either to purchase drugs or to transfer profits made by selling drugs to safe and secret bank accounts abroad. To prevent this money from being smuggled out of the country, I will ask Congress to grant to the U.S. Customs Service the authority to search persons suspected of smuggling money out of the country as Customs now has the authority to search for contraband entering the country.

I shall ask Congress to pass legislation requiring the forfeiture of cash or other personal property found in the possession of a narcotics violator—where it is determined that it was used or was intended for use in connection with an illegal drug transaction.

I shall ask Congress to change provisions of the law which allow the seizure of vehicles, boats and aircraft used to smuggle drugs. At present, these may be seized by administrative action only if the value of the property is less than \$2,500; otherwise action by a Federal judge is necessary.

This \$2,500 limitation is out of date and must be changed. Therefore, I shall ask Congress to raise to \$10,000 the ceiling for administrative forfeitures. This will not only make law enforcement against traffickers more swift and more effective but it will also help to relieve court congestion.

I shall ask Congress to tighten the provisions of the law relating to small privately owned boats reporting to Customs after their arrival. At present, the masters of these vessels have 24 hours to report their arrival to Customs—and that is ample time to unload contraband. I shall ask Congress to pass legislation requiring such vessels to report to Customs immediately upon their arrival.

I call on Congress also to ratify an existing treaty for the international control of synthetic drugs.

Over the past fifty years the major nations of the world have worked out treaty arrangements for the international control of drugs with a natural base, such as opiates and cocaine. But no similar arrangements exist for the control of synthetic drugs—such as barbiturates, amphetamines and tranquilizers; and the abuse of these synthetic drugs is a growing problem which is now almost as serious as the abuse of heroin in the United States.

Five years ago the United States played a major role in the preparation of the 1971 Convention on Psychotropic Substances, a treaty to deal with international traffic in synthetic drugs. But the Senate has not yet ratified this treaty, and Congress has not yet passed the enabling legislation.

The delay in U.S. ratification of the Convention has been an embarrassment to us. Moreover, it has made it extremely difficult for us to urge other countries to tighten controls on natural-based narcotic substances, when we appear unwilling to extend international controls to amphetamines, barbiturates and other psychotropic drugs which are provided here in the United States.

So far, I have emphasized the need for additional legislation and Congressional action.

But there are Executive actions which I can take and I am today doing so.

The Federal program to control drug abuse is as diverse as any in government, involving some seven Cabinet departments and seventeen agencies. It is vitally important that the efforts of these departments and agencies be integrated into an effective overall program but that responsibility for specific program management rest with the appropriate departments and agencies.

Accordingly, I am today establishing two new Cabinet committees—one for drug law enforcement and the other for drug abuse prevention, treatment and rehabilitation.

The Cabinet Committee for Drug Law Enforcement will consist of the Attorney General as chairman and the Secretaries of the Treasury and Transportation. The Cabinet Committee on Drug Abuse Prevention, Treatment and Rehabilitation will consist of the Secretary of Health, Education, and Welfare as chairman, the Secretary of Defense, the Secretary of Labor and the Administrator of the Veterans Administration. I charge the Attorney General and the Secretary of HEW, as chairmen of these committees, with responsibility for oversight and coordination at all Federal activities within their respective areas.

In carrying out his responsibilities as Chairman of the new Cabinet Committee on Drug Abuse Prevention, Treatment and Rehabilitation, the Secretary of HEW should give particular attention to developing expanded vocational rehabilitation opportunities for drug addicts. Experience has shown that treatment alone is not enough. Unless something is done to alter the fundamental



conditions which led the individual to seek escape through drug use, a relapse is likely. A job, with the dignity and self-esteem it brings, is essential to help the individual re-enter the mainstream of American life. Further, the Secretary of HEW and the Attorney General will work together to develop plans for improving the coordination between the drug abuse treatment system and the criminal justice system.

I am directing the Secretary of the Treasury to work with the Commissioner of the Internal Revenue, in consultation with the Attorney General and the Administrator of the Drug Abuse Enforcement Administration, to develop a tax enforcement program aimed at high-level drug traffickers. We know that many of the biggest drug dealers do not pay income taxes on the enormous profits they make on this criminal activity. I am confident that a responsible program can be designed which will promote effective enforcement of the tax laws against these individuals who are currently violating these laws with impunity.

No matter how hard we fight the problem of drug abuse at home, we cannot make really significant progress without the continued cooperation of foreign governments. This is because most dangerous narcotics are produced in foreign countries. Thus, our capability to deal with supplies of drugs available in the United States depends largely on the interest and capability of foreign governments in controlling the production and shipment of illicit drugs.

Many countries still see drug abuse as primarily an American problem and are unaware of the extent to which the problem is truly global in scope. Poorer nations find it difficult to justify the allocation of scarce resources to deal with drug abuse in the face of many other pressing needs. Also, some opium producing countries lack effective control over, or access to, growing areas within their boundaries and, thus, their efforts in drug control programs are made more difficult.

Still, we have been reasonably successful in enlisting the cooperation of foreign governments. We must now intensify diplomatic efforts at all levels in order to encourage the greatest possible commitment from other governments to this international problem. We must continue to provide technical and equipment assistance through cooperative enforcement efforts with U.S. agents stationed overseas, all aimed at strengthening drug control organizations within foreign countries. And we must continue to participate in building institutions and a system of international treaties which can provide a legal framework for an international response to this international problem.

I have spoken personally to Presidents Echeverria of Mexico and Lopez-Michelsen of Colombia and with Prime Minister Demirel of Turkey in an effort to strengthen cooperation among all nations involved in the fight against illicit drug traffic. I intend to continue to urge foreign leaders to increase their efforts in this area. Attorney General Levi has recently discussed drug control problems with the Attorney General of Mexico and Secretary of State Kissinger has discussed narcotic control efforts with senior officials in Latin America on his recent trip there. I have asked both of them, as well as our Ambassador to the United Nations, William Scranton, to continue to expand these important discussions.

The reactions of the governments which we have approached have been positive—there is a genuine and healthy air of mutual concern and cooperation between our countries and I am confident that our joint efforts will bring about a real reduction in drug trafficking into the United States.

One recent example of the new awareness and commitment of foreign governments to this struggle deserves special mention. President Echeverria has written to inform me of his intention to set up a cabinet level commission to coordinate all law enforcement and drug treatment programs within Mexico and to suggest that his commission might periodically exchange information and ideas with a counterpart here. This proposal, which was the result of discussions between President Echeverria and concerned members of the United States Congress, stands as a clear signal that the Mexican government recognizes the need to build a coordinated response to the problem of drug abuse. I believe the periodic exchange of views on this matter between our two nations would be helpful. Accordingly, I am assigning responsibility for liaison with the Mexican Commission to the Cabinet Committee on International Narcotic Control and I am directing the Secretary of State, as Chairman of the CCINC to immediately form an executive committee to meet with its Mexican counterpart to discuss ways in which our government can collaborate more effectively. We shall of course consult with concerned members of Congress as these efforts are carried on.

Drug abuse is a national problem. Our national well-being is at stake. The Federal Government—the Congress, the Executive Branch and the Judicial

Branch--State and local governments, and the private sector must work together in a new and far more aggressive attack against drugs.

I pledge that the Federal Government will maintain the high priority which it has given this problem. We will strengthen our law enforcement efforts and improve our treatment and rehabilitation programs. With Congress' help, we will close loopholes in our laws which permit traffickers to prey on our young; and we shall expect the courts to do their part.

All of this will be of little use, however, unless the American people rally and fight the scourge of drug abuse within their own communities and their own families. We cannot provide all the answers to young people in search of themselves, but we can provide a loving and a caring home; we can provide good counsel; and we can provide good communities in which to live. We can show through our own example that life in the United States is still very meaningful and very satisfying and very worthwhile.

Americans have always stood united and strong against all enemies. Drug abuse is an enemy we can control but there must be a personal and a national dedication and commitment to the goal.

If we try, we can be successful in the long run. I am convinced we can--and that we will.

GERALD R. FORD.

THE WHITE HOUSE, April 27, 1976.

# **FEDERAL STRATEGY**

## **DRUG ABUSE PREVENTION**



# **1976**

**PREPARED BY  
THE STRATEGY COUNCIL ON DRUG ABUSE**

**NOVEMBER 1976**

# **FEDERAL STRATEGY FOR DRUG ABUSE AND DRUG TRAFFIC PREVENTION**

Prepared for the President by The Strategy Council  
pursuant to  
The Drug Abuse Office and Treatment Act of 1972

## **Council Members**

The Secretary of State

The Secretary of Defense

The Attorney General

The Secretary of Health, Education, and Welfare

Administrator of Veterans Affairs

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## INTRODUCTION

The Drug Abuse Office and Treatment Act of 1972 created the Strategy Council on Drug Abuse and required that Council to publish annually a *Federal Strategy for Drug Abuse and Drug Traffic Prevention*. Since the last *Federal Strategy* was published in June 1975, a great deal has happened.

In response to the increasing availability and use of illicit drugs, President Ford, in May of 1975, directed the Domestic Council to undertake as thorough review and assessment of the Federal program to control drug abuse, to give him a frank assessment of its effectiveness, and to make recommendations concerning ways to make the Federal program more effective in the future. The Domestic Council Drug Abuse Task Force, created to discharge this responsibility, reported its findings and recommendations to the President in September 1975. That report, the *White Paper on Drug Abuse*, was endorsed by the President and has become the centerpiece of a revitalized Federal program to control drug abuse.

This *Federal Strategy for Drug Abuse and Drug Traffic Prevention 1976* attempts to place the events of the last eighteen months in perspective and to inform the nation of the future direction of the Federal program. It analyses the progress which has been made in combating drug abuse, it identifies and examines the "open agenda" of remaining problems and it charts a course which should guide Federal efforts in this area over the next several years. Specifically, Chapter 1 outlines the overall Federal strategy for dealing with the drug abuse problem and refines and extends several basic components of the strategy. Chapter 2 presents an assessment of the nature and extent of drug abuse in America, focusing particularly on the last three years. Chapter 3 summarizes the considerable progress which has been made in improving the Federal drug abuse program over the past eighteen months. Finally, Chapter 4 discusses the remaining problems and outlines the framework for dealing with them in the next several years.

The Strategy Council submits this document with full knowledge that it does not provide all of the answers to solving the drug abuse problem. The issues are complex and changing and the Federal effort represents only part of what must be a national effort to deal with drug abuse. However, the *Federal Strategy* for 1976 represents a sound base upon which a truly national commitment to combating drug abuse can be built.





# 1. OVERVIEW: THE FEDERAL STRATEGY FOR CONTAINING DRUG ABUSE

Since 1970, the Federal strategy for containing the extent and impact of drug abuse in America has been developed, adjusted and refined in a succession of documents: these include the findings of the National Commission on Marihuana and Drug Abuse<sup>1</sup>, three issues of the *Federal Strategy for Drug Abuse and Drug Traffic Prevention*<sup>2</sup> and, most recently, the *White Paper on Drug Abuse*<sup>3</sup>, published just one year ago.

That strategy, as crystallized in the White Paper basically states that:

1. Total elimination of drug abuse is unlikely but governmental actions can contain the problem and limit its adverse effects. The Federal Government recognizes that drug abuse is a long-term problem and requires a long-term commitment.
2. All drugs are not equally dangerous and all drug use is not equally destructive. Enforcement efforts should therefore concentrate on drugs which have a high addiction potential, and treatment programs should give priority to those individuals abusing high-risk drugs and to compulsive users of any drugs.
3. Efforts to reduce the supply of and the demand for drugs are complementary and interdependent, and Federal programs should continue to be based on a balance between these two concepts.
4. Existing programs aimed at supply and demand reduction must be broadened. In supply reduction, greater emphasis should be given to regulatory and compliance activities aimed at curtailing diversion from legitimate production and a higher priority should be given to increasing international cooperation in preventing the illicit production of drugs. In demand reduction, increased attention should be given to prevention, early intervention and vocational rehabilitation.
5. Program management must be improved to ensure the maximum return from resources committed to drug programs. Better interagency coordination and stronger intra-agency management

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<sup>1</sup>Published in two reports: (1) *Marihuana: A Signal of Misunderstanding*, March 1972; and (2) *Drug Use in America: Problem in Perspective*, March 1973.

<sup>2</sup>Published by the Strategy Council in March 1973, June 1974, and June 1975.

<sup>3</sup>Published by the Domestic Council Drug Abuse Task Force in October 1975.

are required. More attention should be paid to the setting of priorities, with Federal law enforcement efforts focused on high-level traffickers and Federal treatment resources focused on habitual users of high-risk drugs such as heroin, amphetamines and barbiturates.

6. The Federal Government should provide leadership in the national drug abuse prevention effort, but it cannot do the job alone. The support and cooperation of State and local governments, private businesses and community organizations are essential if we are to contain drug abuse and minimize its costs to the individual and society.

The strategy, as summarized above and as developed more fully in the White Paper, has not changed. Thus, the remainder of this chapter discusses, extends and amplifies the existing strategy, rather than breaking new ground. Specifically, five concepts which are at the heart of the Federal strategy for containing drug abuse are discussed. They are:

- The adverse effects of drug use represent the real cost to society, not drug use itself.
- The Federal program should balance supply and demand reduction efforts.
- Relative priority among drugs of abuse in both supply and demand reduction efforts should be based on the relative "social cost" and the risk to personal health.
- There should be greater efforts to assure full utilization of all available resources.
- Drug abuse occurs in the context of other social problems, not in isolation.

## **THE ADVERSE EFFECTS OF DRUG USE REPRESENT THE REAL COST TO SOCIETY**

The term "drug problem" means different things to different people. To some, the use of drugs is itself a serious social problem. To others, the *effects* of the drug use constitute the problem and, so long as drug use does not lead to adverse effects on society, they believe that the government should not interfere with individual choices. Obviously, these concepts are closely interrelated and any definition of the drug problem must contain elements of each.

Over the past several years, most public officials have come to recognize that society is most concerned about the societal costs resulting from the adverse effects which drug use has on the lives of drug users and those who interact with them: by inducing or contributing to criminal behavior; by leading to poor health, economic dependence, or difficulty in discharging family responsibilities; by causing death; or by creating other undesirable conditions. Using this definition, the "drug problem" is the total effect on society of these adverse effects of the non-medical use of drugs, not only the effects of drugs on individuals using them.

Because we cannot always accurately and directly measure the adverse effects of drug use, we frequently use the number of users as an indicator of the magnitude of the drug problem.<sup>4</sup> In using estimates of the total number of users as a measure of the problem, three factors must be kept in mind:

1. The magnitude of the drug problem is related to the particular drug being used. At any given level of consumption, different drugs pose radically different threats to the behavior and condition of users.
2. The magnitude of the drug abuse problem is related to the frequency and quantity of consumption (or "use pattern"). At high levels of consumption—particularly with intravenous administration—the user's behavior and physical condition may deteriorate rapidly. For this user, a reduction in drug consumption is likely to significantly alter behavior and therefore impact on the drug problem. On the other hand, at low levels of use, drugs are probably not particularly important in a user's daily life, so reducing his already low consumption will have less impact on behavior or health.
3. These factors are interrelated. The likelihood of advancing to chronic, intensive consumption differs from drug to drug and from individual to individual. Users of dependence-producing drugs such as heroin are more likely to advance to high levels of use than are users of non-dependence-producing drugs such as marihuana.

Thus, in estimating the magnitude of the drug abuse problem, we cannot simply look at estimates of the total number of drug users. It is important to distinguish among the drugs being used, to recognize the variations in use patterns, and to assess how use patterns are likely to change over time. In terms of social cost, the most critical drug abuse problem commanding a priority on governmental efforts is created by chronic, intensive users of drugs who suffer or cause others to suffer adverse effects such as death, illness, job loss or drug-induced criminality. The total of these adverse effects determines the magnitude of the drug abuse problem.

### **THE FEDERAL PROGRAM SHOULD BALANCE SUPPLY AND DEMAND REDUCTION EFFORTS**

The fundamental objective of early attempts at dealing with the drug problem focused on reducing the supply of illicit drugs: making them difficult to obtain, expensive, and risky to possess, sell or consume. The basic assumption was that if taking drugs is hazardous, inconvenient and expensive, fewer people would experiment with drugs, that few who did experiment would advance to chronic, intensive use, and that more of those currently using drugs would abandon their use. Evidence suggests that these effects do indeed occur; that when drug availability is reduced

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<sup>4</sup> We are, however, currently working to improve and sharpen our ability to measure direct indicators of drug related problems.

through supply reduction efforts, a corresponding reduction in drug use occurs.<sup>5</sup>

These benefits are not obtained without cost or limitations, however. First, supply reduction is expensive. Second, there are significant adverse side-effects of supply reduction efforts: casual users of drugs are stigmatized by arrest; the health of committed users is threatened by impure drugs; black markets are sustained and with them significant possibilities for corruption of public officials; and some addicts are driven to commit more crime to meet the rising costs of scarce, illegal drugs. Finally, no supply reduction effort can be completely effective, at least within the constraints of this nation's commitment to the concept of civil liberty and with resources necessarily limited by the demands of other pressing social problems.

However, the supply reduction effort is complemented by a demand reduction effort designed to make treatment available as an alternative to the drug user who finds drugs scarce and costly, and to prevent as many individuals as possible from beginning drug use (or moving to compulsive use). Thus, many of these adverse effects of supply reduction can be reduced, and at the same time programs to provide employment, counseling, early intervention and recreational opportunities may succeed in preventing experimentation or increased drug usage among youth despite the difficulty of substantially decreasing the availability of drugs in certain areas. Therefore, a balanced program of supply and demand reduction is and will continue to be the cornerstone of the Federal Strategy to reduce drug abuse in America.

Reducing the demand for drugs is contingent upon (1) reducing availability; (2) developing more effective prevention programs; (3) interrupting the progression from experimentation to regular use, and (4) providing medical and social rehabilitation assistance for those with compulsive or addictive patterns of drug use.

To date, our efforts at prevention have had only limited success<sup>6</sup>; however, we have had considerable success in our treatment efforts. During the past year several important studies have been completed which indicate that treatment does, in fact, lead to substantial reduction in drug use, crime and other problems for patients while in treatment and for several years thereafter. The details of these studies are discussed at length in Chapter 3, but they are worth highlighting here: a 4-year follow-up of over 1,000 male heroin users showed a 93 percent reduction in daily opiate use and a 60 percent reduction in reliance on crime for financial support.

A final point which should be emphasized in this discussion is the fact that both supply reduction and demand reduction include a variety of activities, some of which need more emphasis. For example, Federal supply reduction efforts should be targeted at all aspects of the illicit production

<sup>5</sup> See Chapter 3 for a discussion of recent statistical evidence of this link between availability and use of drugs.

<sup>6</sup> New initiatives in this area will be discussed in Chapter 4.

and distribution of drugs. The activities involved range from crop eradication in illegal growing areas abroad, to interdiction of illicit shipments, to the removal of important traffickers from the supply system through arrest and imprisonment and through actions against their fiscal resources. The regulatory and compliance program, with its focus upon preventing diversion of legitimately produced drugs through effective regulation and the monitoring of production and distribution of such drugs, is one supply reduction tool which should receive increased attention.

In demand reduction, the current treatment focus should be supplemented with increased attention to prevention and vocational rehabilitation. Treatment is a response to a problem which has already developed. Given the difficulties of successful treatment, society better serves its citizens if it is able to prevent drug abuse. Thus, effective prevention and early intervention programs are highly desirable and should be pursued. Similarly, vocational rehabilitation during and after treatment should be given priority. Individuals need help in developing or recovering skills which enable them to support themselves: some need basic schooling, vocational counseling and skills training; some need a form of supportive work; and still others simply need a job. We must be sure such help is available to former drug users, stabilized patients in treatment and marginal users who are vulnerable to increasing their drug use, if we are to achieve long-term improvement in their behavior.

### **PRIORITY SHOULD BE GIVEN TO THE MOST DANGEROUS DRUGS**

One of the major themes of the Federal strategy is that there should be more selectivity and targeting of Federal efforts. Federal policy calls for giving priority in both supply and demand reduction efforts to those drugs which inherently pose a greater risk to the individual and to society—heroin, and the so-called “dangerous drugs”. Additionally, priority in law enforcement should be given to high-level traffickers of all illicit drugs, and priority in treatment should be given to compulsive users of drugs of any kind.

In determining the social cost of a particular drug, the following factors are considered:

- The likelihood that a user will become a compulsive user, either physically or psychologically dependent upon the drug.
- Severity of adverse consequences of use, both to the individual and to society in terms of criminal behavior, health consequences, economic dependence, and the like.
- The size of the core problem: the number of compulsive users who are currently suffering (or causing others to suffer) adverse consequences from the use of drugs.

A note of caution should be sounded concerning this concept of priorities. It does not suggest devoting *all* resources to the highest priority

drugs, and *none* to lower priority drugs. All drugs are dangerous in varying degrees and should receive attention. For example, within an overall program which gives priority to high risk drugs, there are organizational and regional units (such as the Drug Enforcement Administration's Miami office) or even entire agencies (such as the U.S. Coast Guard) which by the nature of their location or mission are most likely to make many seizures of lower priority drugs. This is not inconsistent with a policy of shifting the overall effort towards higher priority drugs.

Further, some investigative techniques are not easily targeted by drug or even by level of violator. Often the arrest of a lower level violator may lead to the subsequent arrest of higher level violators; and some smuggling networks trade in a variety of drugs, so the immobilization of a network financing and smuggling marihuana could remove an actual or potential heroin network. Thus, we must continue to devote resources on all aspects of the problem, but the overall effort should be shifted towards higher priority drugs.

Similarly, on the treatment side, there are individuals suffering serious physical and psychological effects from compulsive use of low priority drugs. These individuals need and should be provided treatment. And in the international program, some program elements such as crop eradication deal with the drug problem at such an important step of the illicit production and distribution process that efforts of this kind may be justified against all drugs.

Where resource constraints force a choice, however, the choice should be made for the higher priority drug, the higher level violator, and the compulsive user of drugs of any kind.

This concept is critical because these kinds of priority decisions are in fact being made daily—often implicitly by individuals at the operational level—without regard to the inherent risks of the various drugs. For example, every time a law enforcement officer decides whether or not to pursue an investigation lead, he is making such a decision. Every time a specific research project is approved, a priority decision is made. When Customs officers are assigned to ports of entry such as Chicago or New York, a similar decision is being made.

The concept of "drug priorities" is intended to ensure that these implicit allocation decisions made by the individuals reflect a coherent policy based on the inherent costs to society of the different drugs. In Chapter 3 of this report, we will cite evidence of the implementation of this concept over the past year by both enforcement and treatment officials.

These priorities are not static, and should be subject to continuous review by program managers. As new evidence of the personal and social costs of drug use becomes available and use and abuse patterns change, it is necessary to modify these priorities, and reallocate resources accordingly. The Strategy Council has undertaken such a review and has determined that the priorities established in the White Paper remain valid for the present.

## FULL UTILIZATION OF AVAILABLE RESOURCES

Drug abuse is a national, indeed an international, problem. In order to combat it, it is critical that we more effectively mobilize and utilize all the resources available in the United States and overseas to deal with this problem. The Federal Government—the Congress, the Executive branch and the Judicial branch—State and local governments, and the private sector must work together in a new and far more aggressive attack against drugs.

Specifically, despite progress over the past two years, opportunities still exist to more fully utilize the resources of the U.S. Customs Service, the Internal Revenue Service, and the Federal Bureau of Investigation within an integrated Federal law enforcement program. Opportunities still exist to develop and use a broad spectrum of education, employment and vocational training services, many now available in the Department of Labor, as part of a comprehensive demand reduction program.

The primary responsibility for leadership and coordination of the total effort lies with the designated Cabinet departments and agencies. The lead agency concept places primary responsibility for law enforcement policy with the Department of Justice; for prevention, treatment and rehabilitation policy with the Department of Health, Education, and Welfare; and for international narcotic control policy with the Department of State. A Cabinet committee has been established in each of these areas under the leadership of the respective Cabinet officers, and working groups are addressing issues and coordinating activities across agency and departmental lines. One of the major tasks of each of these Cabinet committees is to enlist the support of all Federal organizations having something to contribute to a broad response to the drug problem.

Further, the Federal Government should take the lead in mobilizing the enormous potential resources available in State and local law enforcement agencies and in State, local and private prevention treatment and rehabilitation services. Only through full utilization of all available resources and close cooperation among all involved agencies can we hope to reduce the extent of drug abuse in America.

Most importantly, we must enlist the aid of communities and families in the fight against drug abuse. Studies by Presidential Commissions, Government agencies and private groups have concluded that the best defense against drug use, crime, and alienation is the family unit, and a community which makes an effort to reach out and include youth in meaningful and interesting activities. Strong, viable communities and families are the best way to make sure children learn the values necessary to avoid the trap of drug abuse; that they learn to respect others and themselves; and that they have healthy outlets for their energy. If families fail in these vital tasks, there is relatively little the government can do, no matter how well intentioned. The importance of the family and community in preventing drug abuse simply cannot be overemphasized.

## THE RELATIONSHIP OF DRUG ABUSE TO OTHER SOCIAL PROBLEMS

Drug abuse does not occur in isolation. The profound changes which have occurred in the pattern of community and family life, together with the increased mobility of our population, have seriously weakened the influence of many traditional value systems on the behavior of youths and young adults. At the same time, new influences—particularly the visual media—send mixed and confusing signals to the young about drug use. Thus, while traditional institutions try to discourage drug use, the media advertises “chemical solutions” for a variety of problems, from illness, to drowsiness, or inability to sleep, to obesity.

Further, while drug abuse strikes all strata of our society, heroin addiction—the most feared—often afflicts those who have a variety of other social problems: poverty, unemployment, alienation, or lack of opportunity.

Understanding and acceptance of these simple facts has been slow in coming. All too often in the past we have tended to view drug abuse as an isolated phenomenon which could be dealt with independently of other problems and cured as one might cure a childhood infectious disease.

Over the past several years, however, there has been a growing awareness of the relationship between drug abuse and a variety of other social and personal problems with which we are afflicted. With this increasing awareness has come the understanding that drug abuse prevention and rehabilitation must be dealt with against the background of a broad range of problem behavior, including alcohol consumption, truancy, juvenile delinquency and unemployment; and the recognition that drug treatment facilities must have the capability to provide assistance (or refer to assistance) in a variety of “non-drug” areas including medical, familial, social and vocational.

This discussion of the interrelationship of drug abuse with other social problems is not meant to imply that progress cannot be made on the drug abuse front without first solving the other problems. But it does imply that these other problems have an impact on the success of drug programs, and that drug programs must be designed in a way which is both consistent and coordinated with efforts to alleviate other social problems.

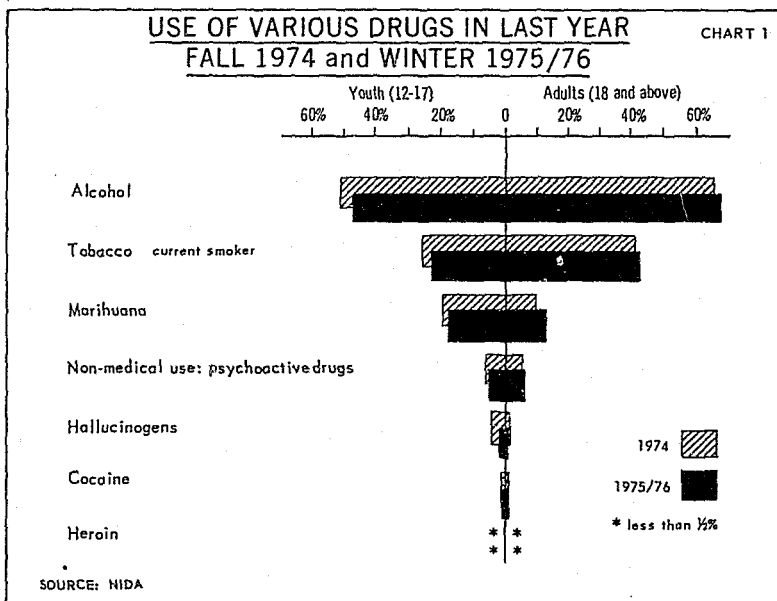
In sum, efforts to seek ways of more fully coordinating drug abuse prevention and law enforcement programs with other social, health and rehabilitative services are a growing part of the Federal strategy.



## 2. THE NATURE AND EXTENT OF DRUG ABUSE

Drug abuse remains at unacceptably high levels throughout the United States. Because of the illegal nature of most drug abuse, direct counts of the drug abusing population are difficult. However, on the basis of national surveys of drug use and analysis of other indicators of drug abuse trends, we are increasingly confident about our ability to describe the extent and trends of drug use in the country.

It is estimated that, in the past year, over 22 million have used marihuana; 7 million have used prescribed medication without medical supervision; 3 to 4 million have used cocaine; and over one-half million have used heroin.<sup>1</sup>



<sup>1</sup> These estimates are drawn from the most recent (Fall/ Winter of 1975/76) national survey of drug use. The corresponding numbers for use at least once during lifetime: almost 139 million have used alcohol; about 37½ million have used marihuana; almost 19 million have used prescribed medication without medical supervision; almost 7 million have used cocaine and about 2 million have used heroin. The survey data are generally believed to accurately reflect drug use *except* for heroin. For some reasons, studies have shown the extent of heroin use to be consistently understated. Estimates made by other means of the number of Americans who have used heroin at least once in their lives have ranged as high as 2 to 4 million.

<sup>2</sup> It was the clear intent of the legislation calling for the preparation of this Strategy that it concentrate on those drugs covered by the Controlled Substances Act of 1970. Therefore, although acknowledging the high rates of use and the concomitant high social cost of alcohol and tobacco, this Strategy focuses on the scheduled drugs.

Chart 1 shows the results of the most recent national survey of drug use, taken in the winter of 1975/76 and compared to the previous survey taken in the fall of 1974. The chart shows use of different drugs during the twelve months preceding the survey by youths and adults. Notice that almost half of the youths and two-thirds of adults used alcohol within the past year (one-third of youths and more than one-half of adults within the past month). Further, almost one youth out of five and more than one adult out of ten had used marihuana within the past year. Non-medical use of so-called "dangerous drugs" was also widespread.<sup>3</sup>

In reviewing the survey numbers, it is important to remember that we are talking about hundreds of thousands of people. For example, one percent of youth aged 12-17 is equivalent to 250,000 people and one percent of adults is approximately one and one-half million people. Further, while these data indicate that the rising rates of use evident in the past have slowed, stopped, or even reversed for certain drugs, this dampening of previous upward trends in drug use should not be seized as evidence that the drug abuse problem is being solved.<sup>4</sup> We remain deeply concerned about these continuing high rates of use and their consequences. Additionally, we should not lose sight of the fact that these general trends often mask important changes in drug use among certain elements of the population or in certain geographic areas. In short, we must accept the fact that we are facing a chronic, persistent problem.

In Chapter 1, we discussed the concept that public policy should be most concerned with the adverse effects of drug abuse on the individual and society. Clearly, the adverse effects of the various drugs differ significantly and not all drug use contributes to these effects. Therefore, it is important to look not only at the number of users but at measures of direct social costs from drug abusing behavior as well.

The most graphic demonstration of the adverse effects of drug abuse is a "crisis" which results in death or in illness or injury severe enough to require emergency treatment in hospitals. Over the last two years, the National Institute on Drug Abuse (NIDA) and the Drug Enforcement Administration (DEA) have developed and refined a large-scale national drug abuse data collection system which collects data associated with drug abuse-related crises as reported by hospital emergency rooms and medical examiners in 24 of the largest metropolitan areas of the United States.<sup>5</sup>

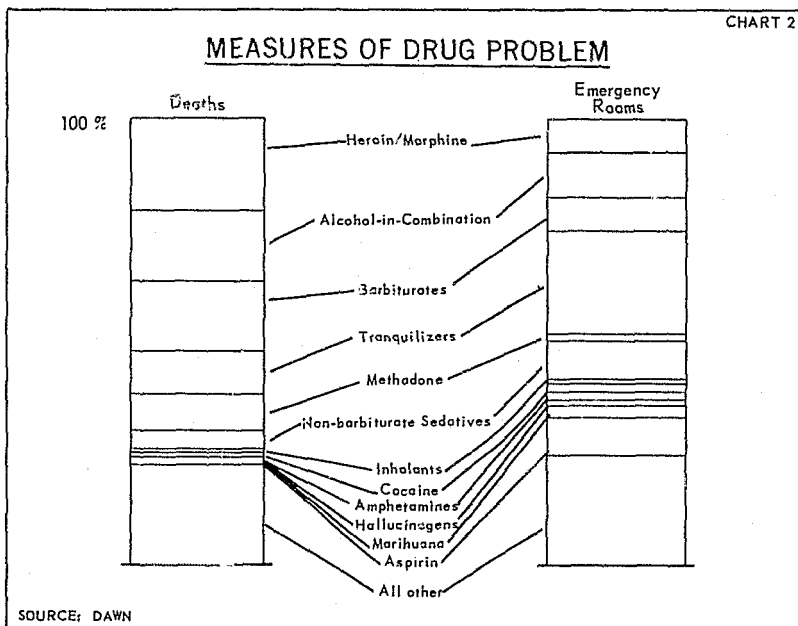
<sup>3</sup> The term "dangerous drugs" is commonly used to refer to the non-medical use of prescription or over-the-counter tranquilizers, depressants, and stimulants and other psychoactive drugs.

<sup>4</sup> The apparent decline in use by youths may be due to the "graduation" of a group with particularly high rates of drug use from the youth to the adult category since the last survey--see discussion later in this chapter. However, a separate nationwide survey of high school seniors also showed a modest decline in the use of all drugs except alcohol and marihuana between 1975 and 1976.

<sup>5</sup> While the 24 metropolitan areas were not chosen randomly, they include most of the largest areas which together account for 31 percent of the total U.S. population. Thus, the aggregate data may be regarded as indicative of the situation across the United States, although they do not represent a random sample in the statistical sense.

This system is called the Drug Abuse Warning Network, or DAWN.

Chart 2 shows the distribution of "mentions" to DAWN by medical examiners and emergency room facilities during April through June 1976.<sup>6</sup>



Looking first at deaths, over half of all mentions are accounted for by heroin, alcohol in combination with some other drug<sup>7</sup> or barbiturates. On the other hand, cocaine, inhalants, amphetamines, hallucinogens, and cannabis each account for less than one percent of drug-related deaths.

When emergency room data are examined, we find that tranquilizers replace heroin as the leading drug mentioned, but the serious drugs reported by both systems are similar<sup>8</sup>; further, the least often mentioned are the same. These similarities in ranking indicate the basic validity of the assigned drug priorities. Even if mentions associated with a suicide attempt or gesture are eliminated from these data, the most serious drugs remain heroin, alcohol-in-combination, tranquilizers, barbiturates and non-barbiturate sedatives.

The remainder of this Chapter discusses each of the principal illicit drugs in turn, focusing especially on the past two years, the period for which data are most extensive and reliable.

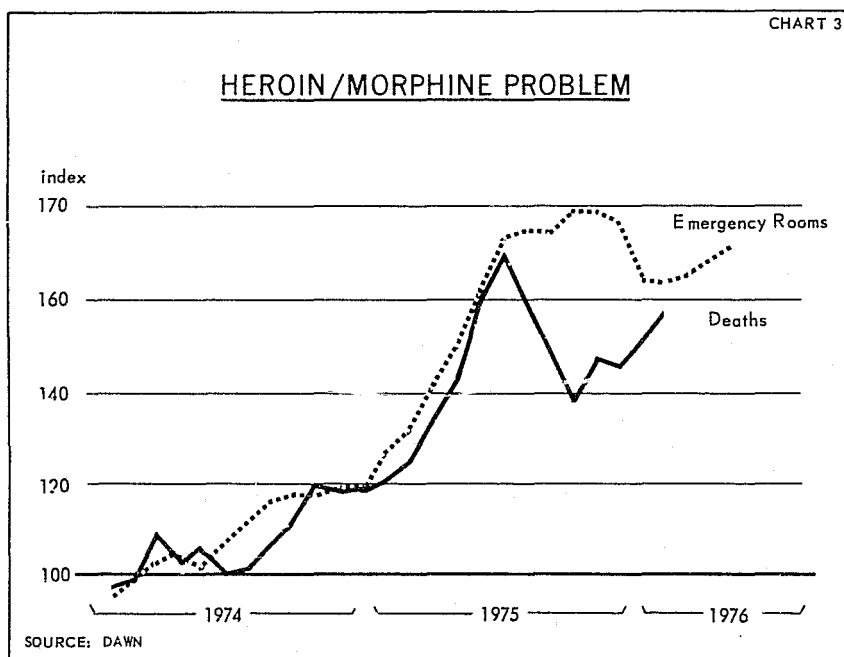
<sup>6</sup> A "mention" represents a substance abused by a patient which played a part in causing him to seek help. The patient may "mention" more than one drug during a single drug abuse crisis episode.

<sup>7</sup> The DAWN system now only records alcohol when its use is related to use of some other drug. We are currently investigating expansion of the system to include alcohol-drug mentions on the same basis mentions of other drugs are now made.

<sup>8</sup> Except for non-narcotic analgesics (e.g., aspirin), which rank relatively high in hospital emergency room mentions because of their widespread use among the general population.

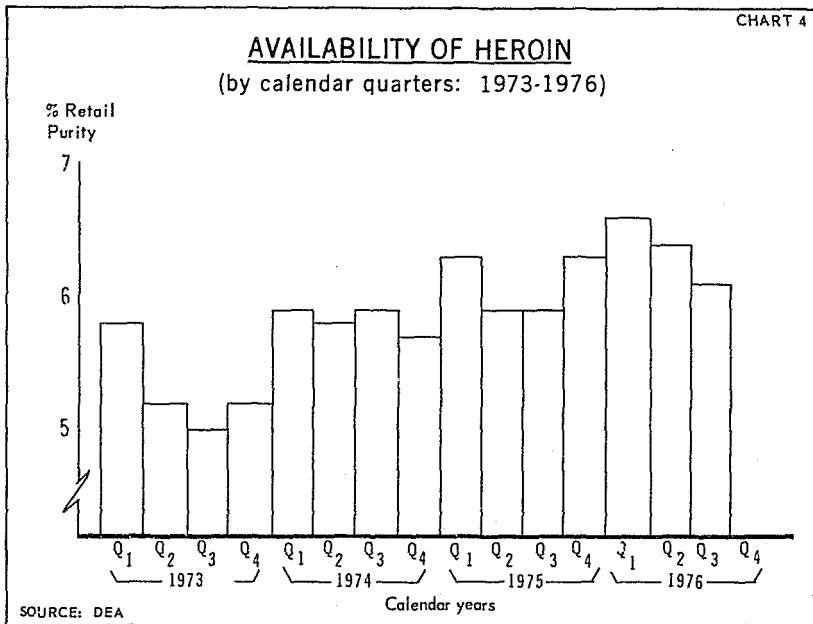
## HEROIN

As noted in the *White Paper on Drug Abuse*, there was a decline in heroin use during 1972 and 1973 following imposition of a ban on poppy cultivation by Turkey and effective enforcement action against traditional trafficking networks by the French police. Shortly thereafter, heroin originating in Mexico began to flood the American market. Use of heroin turned upward again in early 1974 and continued to increase until the third calendar quarter of 1975. Since that time, there has been a general stabilization in the situation, with both the emergency room visits and overdose deaths remaining essentially flat or declining slightly, as shown in the following chart.



These charts of three-month moving averages are based on data from a consistently reporting panel of hospital emergency rooms and medical examiner facilities. This consistent reporting panel represents approximately 40 percent of the total DAWN system.

Availability of heroin measured by retail purity, as shown in the chart following, has followed essentially the same pattern, except that there is a slightly more detectable downturn in availability since January 1976. Hopefully, this indicates the beginning of a measureable result from the 1975 Mexican opium poppy eradication campaign, but the downturn must be sustained for several more months before we can be confident that this represents a real trend.



A closely related abuse problem which definitely appears to be lessening is death from the abuse of illegally obtained methadone. These deaths, which have predominated in New York City and have accounted for more deaths than heroin in that city in recent quarters, have declined by more than one-third since later 1973.

### DANGEROUS DRUGS

As shown in the charts above, the various dangerous drugs—barbiturates, tranquilizers, and amphetamines—rank behind only alcohol and marihuana in extent of use, and behind only heroin and alcohol in terms of the severity of effects upon individuals using them. These drugs present a special problem, for unlike heroin, cocaine and marihuana—which are totally illegal—these drugs are frequently prescribed by doctors for valid medical purposes. The existence of this legal market vastly complicates control problems. As a consequence procurement in both quasi-legal<sup>9</sup> and illegal markets has tended to be relatively easy and inexpensive.

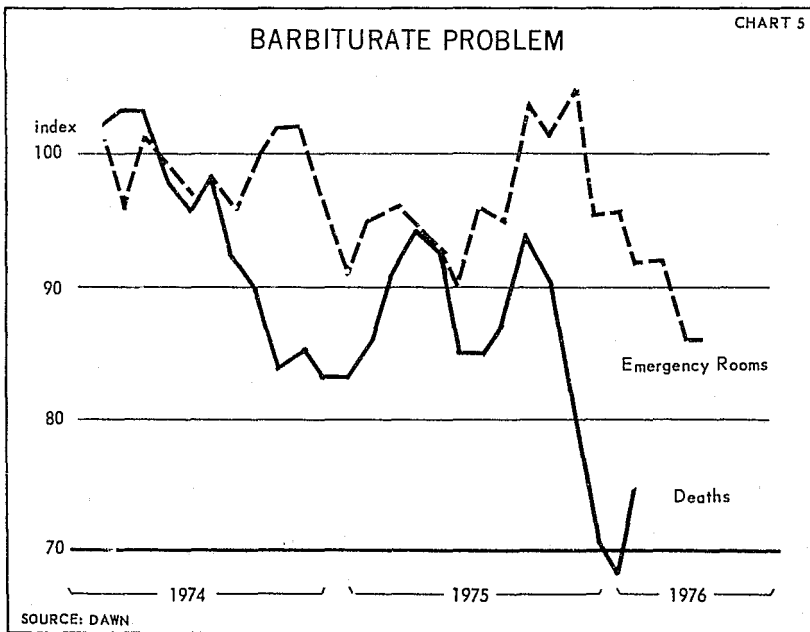
*Tranquilizers*, used in the past year by approximately two percent of the youths and adults surveyed, account for one-fourth of emergency room mentions—more than double any other drug. Although this category's contribution to deaths ranks considerably lower, the abuse of tranquilizers is clearly one of our most severe social problems. Both emergency room

<sup>9</sup> For example, from over-prescription, or when taken from a family member's medicine chest.

and medical examiner data from DAWN show a relatively stable pattern of mentions over the past two years. However, the most recent survey of drug use indicated a noticeable increase in non-medical use of tranquilizers by adults, particularly those in their twenties. Because of this increase as well as the continuing high level of problems caused by this class of drugs, we believe tranquilizer abuse trends should be closely monitored and corrective action taken, if necessary.

Chronic use of *barbiturates* also continues to rank with heroin and tranquilizers as a major social problem. Approximately three million Americans used these drugs without proper medical supervision in the past year; and barbiturates accounted for approximately 15 percent of DAWN medical examiner mentions (ranked third) and seven percent of emergency room mentions.

As shown in the chart below, there has been a definite decline in the number of barbiturate-involved deaths reported to DAWN and a somewhat less steep decline in barbiturate-related emergency room visits. This declining trend in abuse indicators probably is due to a combination of stricter scheduling, greater attention to compliance investigations, better medical treatment of barbiturate overdoses in emergency rooms and increased physician knowledge concerning the adverse side effects of excessive barbiturate prescription. It may also reflect substitution of other drugs for barbiturates by prescribing physicians.



Unsupervised use of *amphetamines*, while not as great a problem as is use of tranquilizers and barbiturates, remains serious because of their high use. In the last year, over half a million youths and 3½ million adults used

amphetamines without proper supervision, with adult use reflecting a fairly significant increase.

## COCAINE

Cocaine, a stimulant with effects similar to those of amphetamines, presents a somewhat different control problem since most "street" cocaine originates from strictly illegal sources. Despite its illegality, however, the availability of cocaine has been gradually increasing over the past two years, due largely to increased production in coca-growing areas of Peru, Bolivia, and Ecuador. However, despite the common belief among law enforcement officials that cocaine use is increasing as well, the latest survey of drug-using behavior does not confirm any such increase.

As indicated in the charts summarizing DAWN data, cocaine mentions are a relatively minor portion of those drugs reported. However, program managers are convinced that cocaine continues to deserve a somewhat greater attention than seems indicated by those data in light of the incomplete knowledge we have as to its effects after continuing high use.

## MARIHUANA

While marihuana is the most widely used illicit drug, its serious health consequences as reported to DAWN are two-thirds less frequent than are those for barbiturates, even though the number of youths using marihuana is almost ten times higher and the number of adults six times higher than those using barbiturates improperly. Both extent of use and health consequences have remained relatively stable for marihuana over the past year. This stability in both DAWN and survey data perhaps indicates that marihuana use is approaching a "saturation level" under current conditions.<sup>10</sup>

## OTHER DRUGS

In addition to these four major categories of drugs, Americans abuse a variety of other substances. These include:

- *Hallucinogens such as LSD.* The hallucinogen problem, which reached serious levels several years ago, appears to be on a definite decline. Both the number of users and the adverse effects reported by DAWN declined in the last year. For example, 2.8 percent of youths and 1.1 percent of adults used hallucinogens in the year prior to the most recent survey; the corresponding numbers for the 1974 survey were 4.3 percent and 1.5 percent. Emergency room data show the same downward trend, a trend which began at least two years ago. However, this favorable trend does not signal a time to turn

<sup>10</sup> Current conditions include the continued legal prohibition on marihuana trafficking, possession, and use in most States. While early evidence from those States which have decriminalized it indicates very little change in the extent of marihuana use, more widespread decriminalization of marihuana possession and use could have an unknown impact on the extent of use.

attention away from hallucinogen abuse, since experience has demonstrated that "fad drugs" can change in popularity rapidly.

- *Inhalants such as paint and glue.* The abuse of inhalants is unique among all drugs reported in the national survey in that they are the only ones which are abused most heavily at the youngest end of the age spectrum: age 12–13. This concentration of inhalant abuse among the young is probably due to the fact that inhalants and solvents are the most readily available intoxicants to children. Even though most children mature out of the inhalant habit, its use should be monitored and action against abuse—such as using additives which produce an unpleasant odor in the manufacturing process of inhalants—should be taken where possible.

### SPECIAL ANALYSIS: DRUG USE AMONG YOUNG ADULTS

One of the most striking and worrisome findings of the most recent survey of drug-using behavior is the extremely high use rates of young adults aged 18–25.

The chart below shows the percentage of youths, young adults, and other adults who have ever used a number of different drugs. It also shows the percentage who had used drugs in the 12 months prior to the survey, the same measure used in the general discussion earlier in this chapter.

	Ever Used			Used in Past Year		
	12-17	18-25	26+	12-17	18-25	26+
Marihuana	22.4%	52.9%	12.9%	18.4%	35.0%	5.4%
Amphetamines	4.4%	16.6%	5.6%	2.2%	8.8%	0.5%
Barbiturates	2.8%	11.9%	2.4%	1.1%	5.7%	0.5%
Tranquilizers	3.3%	9.1%	2.7%	1.8%	6.2%	0.8%
Cocaine	3.4%	13.4%	1.6%	2.3%	7.0%	*
Heroin	0.5%	3.9%	0.5%	*	0.6%	*

\*Less than 0.5%

As shown, substantially greater proportions of young adults—from two to four or more times as many—report both exposure to and recent use of each of the major categories of drugs than do either the younger or older groups.<sup>11</sup> In fact, high rates of use among young adults are so much higher, than those of younger or older groups that the mere passage of one and one-half years since the last survey—permitting 16½ to 18 year olds then reported as youths to move into the "young adult" category—results in an apparent *decrease* in drug use among youths and an apparent *increase* in drug use among young adults (see Chart 1).

<sup>11</sup> Not surprisingly, drug-related deaths strike disproportionately at this group as well, ranking as one of the leading causes of death for both young men and young women.



Of these young adults, who were teenagers in the turbulent late 1960's and early 1970's when the heroin epidemic peaked, many represent an unfortunate legacy of that unhappy era. Whatever the reason for their high levels of drug use, it is clear that priority attention should be given to understanding and coping with the special problem of drug use by this group, lest it follow them through adulthood.



### 3. PROGRESS IN STRENGTHENING THE PROGRAM AGAINST DRUG ABUSE

Progress made in understanding the fundamental nature of drug abuse and in refining the Federal Strategy to minimize the cost of drug abuse to society was discussed in Chapter 1. Likewise, the progress made in controlling the spread of drug use and abuse to ever-increasing numbers of citizens was discussed in Chapter 2. This chapter summarizes the considerable progress made over the past 18 months in improving the operation of the Federal drug program and in putting it on a sound basis: progress which we hope to see reflected by a reduction in the basic indicators of drug use over the months to come.

This progress is discussed in six categories:

- Evaluating the impact of a balanced strategy.
- Targeting scarce resources on the most important part of the problem.
- Strengthening coordination and cooperation among Federal drug agencies.
- Broadening international cooperation.
- Improving the use and distribution of information.
- Securing effective removal of traffickers.

But first, a note of caution. While we take pride in these accomplishments, we recognize that much remains to be done. The fact that the extent and cost of drug abuse remain at high levels demands a continuing, long-term commitment to minimize the problem. In Chapter 4 we will discuss this commitment in terms of new initiatives and new approaches to the problem of reducing drug abuse.

#### EVALUATING THE IMPACT OF A BALANCED STRATEGY

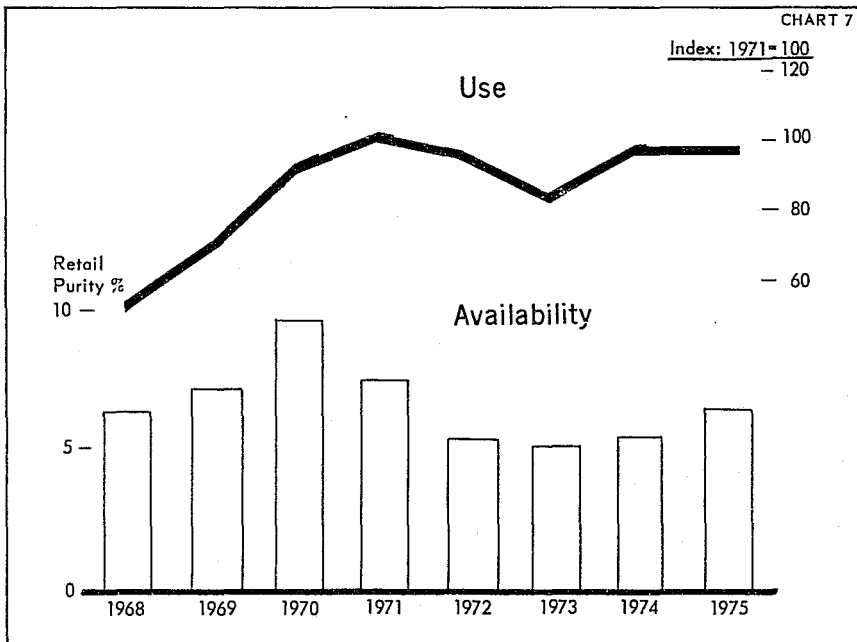
The concept of a balanced effort aimed at reducing the supply of illicit drugs while at the same time reducing the demand for those drugs has been the foundation of Federal drug policy for the past several years.

Central to this concept are the beliefs that: (1) reducing the availability of drugs will lead to a reduction in their use; and (2) treatment "works"—that is, it reduces drug use. Both of these beliefs were extensively discussed in the *White Paper on Drug Abuse*. This section describes some additional evidence developed over the past year.

## Effect of Supply Reduction

The best single measure of the availability of heroin is its retail purity. The following chart shows this measure of availability since 1968 as a series of bars. As shown, average retail purity rose steadily to a peak of 9.6 percent in 1970, fell sharply in 1971 and 1972 (resulting from the elimination of Turkey as a major source of heroin), reached its low of 5.2 percent in 1973, and then gradually increased in 1974 and 1975 as Mexican brown heroin spread throughout the country.

To measure the extent of heroin use during the same period, four indicators of its use were converted into a single composite for display purposes—this is shown as a solid line above the availability bars so that direct comparisons can be made.<sup>1</sup>



<sup>1</sup> Since no single use indicator yet developed is totally reliable, four which are generally believed to reflect trends in use were selected, converted into indices with 1971 equal to 100, and averaged, giving them equal weight. The indicators used were: (1) narcotic-(primarily heroin) related deaths, (2) narcotic-related serum hepatitis cases (a good measure of new use); (3) State and local heroin and cocaine arrests (reported together, but predominately heroin), a reliable indicator on the assumption that no major changes were made in State and local priorities and procedures; and (4) property crime.

The heroin problem, as measured by the composite of the four problem indicators, rose throughout 1971, fell in 1972 and 1973, and rose again in 1974, and remained level during 1975.<sup>2</sup>

We believe that this chart represents an important piece of evidence in support of the statement that heroin use goes down when heroin availability goes down, and goes up when availability goes up.

### Effect of Treatment

Also critical to the concept of a balanced Federal program is the belief that treatment "works", that it leads to a reduction in criminality and other socially costly behaviors. However, skeptics continue to question the value of drug treatment in view of the high rate of repeat drug use.

During the past year, several important studies have been released which indicate that treatment does indeed lead to substantial reductions in a patient's rate of drug use, crime, and other problem indicators, both while in treatment and several years after leaving treatment.

The most comprehensive study of post-treatment behavior of heroin addicts is just now beginning to report results of its analysis. Preliminary results seem to offer powerful evidence that treatment results in a significant decline in an addict's undesirable behavior. These results are based on detailed follow-up of a scientifically selected national sample of 1,078 male heroin users who entered treatment between June 1969 and June 1971. These individuals were contacted in 1974 and 1975 and interviewed concerning their current behavior.

The following chart summarizes the percentage of this group who manifested some undesirable activity or trait during the two months immediately preceding admission to treatment, and compares it to a two month period approximately four years after leaving treatment.

**Follow-up Sample of 1078 Males**  
**2 Months Pre-Treatment: 2 Month Period 4 Years Later**  
**(expressed in percent)**

	Pre-Treatment	Follow-up
Any illicit drug use	100	34
Any opiate use	90	23
Daily heroin use	75	5
Any non-opiate use	62	23
Daily or weekly non-opiate use	34	9
Any illegal support	50	17
Any part- or full-time employment	39	49

<sup>2</sup>Looking at the indicators individually, all four rose steadily to a peak in 1971, the first year availability fell. All but hepatitis dropped in 1972; hepatitis held at the 1971 level that year following extremely sharp increases in the prior two years; thus, holding steady represented a sharp reversal of the trend. In 1973, the four indicators were mixed as would be expected in the year during which the lowest availability was reached and the subsequent increase began. In 1972 all four rose, reflecting the general deterioration in the heroin situation. In 1974, property crime rose, but the other indicators all dropped slightly.

This chart shows that, although some drug use persists, heavy drug use at the time of the follow-up interview is relatively low, reliance on illegal support (criminal income) is cut by more than 60 percent and there is a modest improvement in employment.<sup>3</sup>

Another follow-up study—one conducted on patients of the Narcotics Treatment Administration in Washington, D.C.—involving a smaller sample of individuals two years after treatment, shows similar results.

These advances in understanding the effects of major program elements and in validating basic assumptions on which the Federal strategy is based are extremely important. For example, in order to properly allocate Federal dollars in the future, it is critical that we know what works and what does not, for whom it works and under what conditions. This determination requires in-depth follow-up studies examining the extent of drug use following a change in availability or regulation, or the progress of clients during and after treatment. Identifying what programs work best remains the number one research and evaluation priority.

## TARGETING SCARCE RESOURCES

A central theme of the Federal strategy is that there should be greater selectivity and targeting of Federal efforts in both supply and demand reduction, so that scarce resources are used where the problem is most severe and where the greatest impact can be made. Specifically, the strategy calls for concentrating Federal law enforcement efforts on high-level traffickers, and focusing Federal treatment resources on habitual users of high-risk drugs. In both supply and demand reduction, this concept suggests giving special priority to those drugs which inherently pose a greater risk to the individual and to society<sup>4</sup>—heroin, and the so-called dangerous drugs.

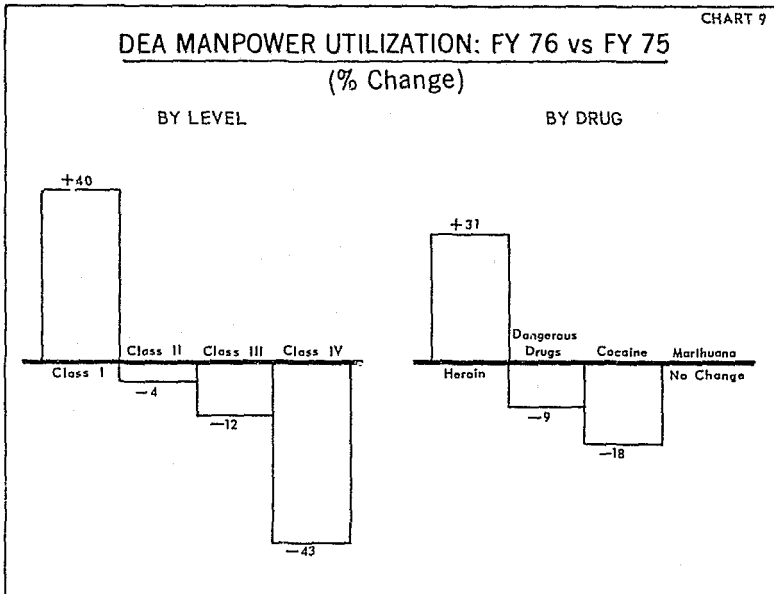
Great strides have been made by the various agencies, working independently *and* together, in implementing this concept. For example, a new *Drug Enforcement Administration (DEA) Strategy* has been issued which includes a mission statement focusing the agency's resources on the identification and investigation of key participants in major trafficking organizations.

Results both in terms of resource use and resulting arrests are impressive. The two charts on the following pages show the percentage change of FY 1976 over FY 1975 in two key measures of resource allocation:

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<sup>3</sup> Another interesting statistic is the one dealing with other treatment experiences: more than half of this group had been treated before their 1969-1971 admission; and three of five were enrolled in treatment program between release from that treatment and the 1975 follow-up interview. This pattern of repeated treatment perhaps suggests that drug treatment "failures" are not that at all; but rather that each treatment experience gradually moves many drug abusers closer to abstinence.

<sup>4</sup> See Chapter I for a more complete discussion of this "drug priority" concept—its justifications, meaning, and limitations.



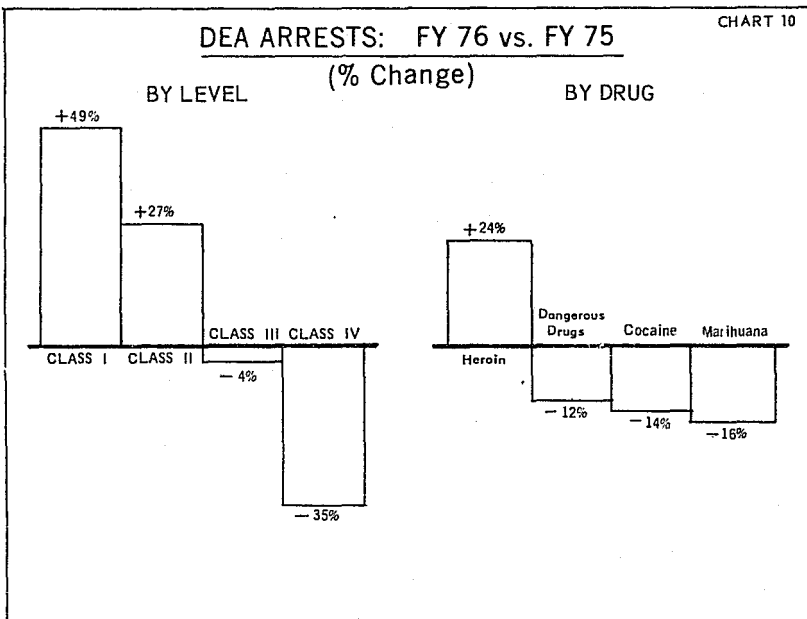
- *Manpower Utilization*—the number of man-hours devoted to cases of different types. While the total number of hours increased by only four percent, the number of hours devoted to the investigation of Class I—the highest level—violators increased 40 percent, and the number of hours devoted to heroin cases increased 31 percent.<sup>5</sup>
- *Arrests*—The total number of arrests increased by two percent, but the number of Class I arrests increased 49 percent, and the number of heroin arrests increased 24 percent.

Overall, major shifts have been made toward Class I and Class II violators and away from Class III and Class IV; toward heroin traffickers and away from cocaine and marijuana. Thus, even overall manpower only increased by four percent and the overall amount of PE/PI actually decreased by 13 percent, by shifting resources, DEA was able to devote almost half again as much manpower and slightly more PE/PI funds to the investigation of Class I violators. The result was a 49 percent increase in arrests of Class I violators.

To ensure that this refocusing of resources toward high-level traffickers and the more dangerous drugs continues, DEA has taken several internal management actions to help focus enforcement efforts on major drug traffickers. Its Office of Enforcement has been reorganized to promote the interregional cooperation required in complex conspiracy cases directed

<sup>5</sup>Evaluation of PE/PI expenditures—the expenditure of funds to purchase evidence (PE) or information (PI) needed in a drug investigation—shows a similar pattern.

against high-level violators. DEA agent evaluation forms have been revised to stress success in identifying and directing enforcement efforts against high-level violators and to encourage building interregional conspiracy cases rather than statistical arrest totals. The system of classifying drug arrests has been revised so that targeting of enforcement resources against high-level violators is more selective and aimed at organizations capable of bringing large quantities of illegal drugs into a region on a continuing basis. Finally, guidelines have been issued to DEA agents overseas which emphasize concentration on major traffickers and organizations responsible for drugs destined for the United States.

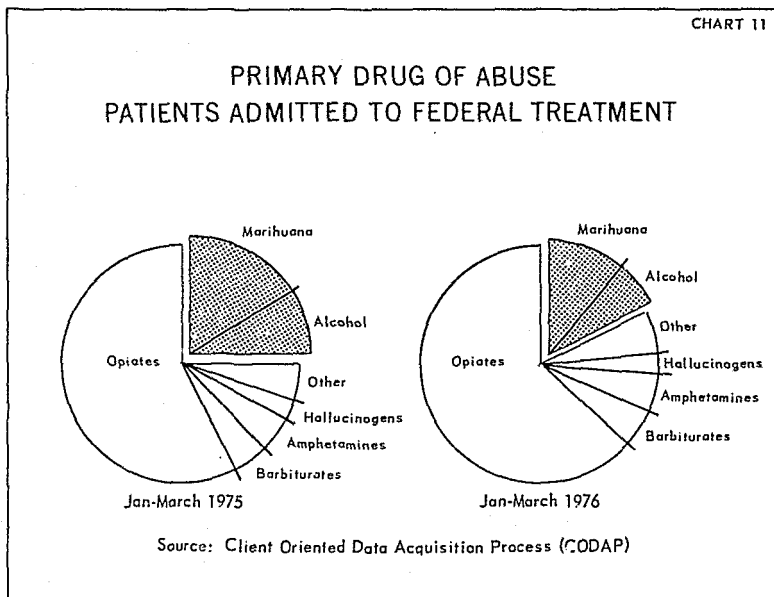


To focus even more attention on the problem of illicitly produced or diverted amphetamines and barbiturates, DEA has recently established an Office of Regulatory and Compliance Affairs. This office, which will be augmented by 16 new positions granted in the FY 1977 budget, should further concentrate efforts on the illegal diversion of controlled substances and ensure minimum leakage from the production of legitimate drugs.

Significant progress in targeting scarce resources where they will have the greatest impact in reducing drug abuse has also been made in the use of existing drug abuse treatment capacity. For example, the number of low priority drug users (such as casual marihuana users) in treatment programs has been reduced, thereby releasing badly needed treatment services for those with a greater need (heroin addicts, for example). The following chart compares the percentage of patients admitted to treatment funded by the National Institute on Drug Abuse (NIDA), the Veterans Administration (VA) and the Bureau of Prisons (BOP) who reported various drugs as their



primary drug of abuse during the period of January to March 1975, and January to March 1976.



Looking only at community treatment funded by NIDA, treatment for patients whose primary drug of abuse was marihuana, alcohol, or "no drug" was reduced by 57 percent between October 1975 and April 1976, freeing over 4,500 treatment slots for people with a greater need for treatment.<sup>7</sup>

Progress in restricting the use of expensive types of treatment has also been made. For example, in accord with *White Paper* recommendations:

- NIDA reduced the number of outpatient drug-free treatment slots by almost 6,000 between July 1975 and April 1976, a reduction of 14 percent;
- The Department of Defense reduced the number of people in its drug-free residential rehabilitative services by almost 800, a reduction of 25 percent;
- The Veterans Administration, excepting its pilot alcohol and drug dependence treatment program (which accepted all drug users regardless of primary drug of use), showed similar progress;

<sup>6</sup>This modest reduction is due to inclusion of alcoholics in a VA-sponsored pilot combined drug/alcohol abuse treatment evaluation project. Alcohol abuse continues to be our most serious drug problem. However, at the present time separate treatment centers are maintained for alcohol abusers, so patients whose primary drug of abuse is alcohol should be referred to those centers for treatment. The possibility of combining treatment for alcohol and other drug abusers is discussed in Chapter 4.

<sup>7</sup>In addition, funding for 7,000 additional community treatment slots is included in the FY 1977 budget request.

- The total number of patients treated in expensive in-patient hospital settings by NIDA, VA and Defense was reduced 19 percent.

Another way to improve the quality of care at a minimum cost involves greater utilization of paraprofessionals. The number of paraprofessional training courses provided by NIDA, VA and Defense has increased from 238 in 1975 to 346 this year, and the number of paraprofessionals trained increased by 59 percent, from 6157 to 9759. Also, the Departments of Defense and Health, Education, and Welfare and the Veterans Administration took the lead in incorporating drug abuse into professional education curricula, including the proposed curriculum for the new Defense Uniformed Services University of the Health Science Medical School and the Veterans Administration program for training medical students and residents in 18 university-affiliated Veterans Administration hospitals throughout the country.

### **STRENGTHENING COORDINATION AND COOPERATION AMONG FEDERAL DRUG AGENCIES**

A major theme of the Federal strategy is that only with the full and efficient utilization of all available resources can we hope to contain the drug problem. Thus, major emphasis has been given to increasing the involvement of all agencies and to building mechanisms for coordinating their efforts.

There has been substantial progress in this area over the past 18 months. A major factor in the improved climate of cooperation was the need to work together to meet the President's request for a thorough review and assessment of the effectiveness of the Federal program to control drug abuse (an effort which led to the publication of the *White Paper on Drug Abuse*). During the course of that review, more than 80 individuals from over 20 different government organizations participated in work group activities. In reality, the Drug Abuse Task Force and its numerous working-level subcommittees never stopped working. On December 27, 1975, the President gave the Task Force the additional responsibility of preparing recommendations for dealing with the problem of drugs crossing our southern border, which served to keep the supply reduction groups meeting and working together. The demand reduction work groups were kept operating under the Office of Management and Budget's Office of Federal Drug Management in anticipation of the creation of the Cabinet Committee on Drug Abuse Prevention, recommended by the White Paper.

These temporary but effective coordinative mechanisms became the operating arms of two new Cabinet committees created by the President in April 1976 to ensure the coordination of all government resources which bear on the problem of drug abuse.<sup>8</sup> The President charged the newly

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\* The President announced the establishment of these two new Cabinet committees—one for drug law enforcement and the other for drug abuse prevention, treatment, and rehabilitation—in his Special Message to Congress on Drug Abuse of April 27, 1976.

formed Cabinet committees, together with the existing Cabinet Committee for International Narcotics Control, with integrating the efforts of seven Cabinet departments and seventeen agencies into an effective overall program directed against drug abuse. Specifically, he charged the new Cabinet committees with the following responsibilities:

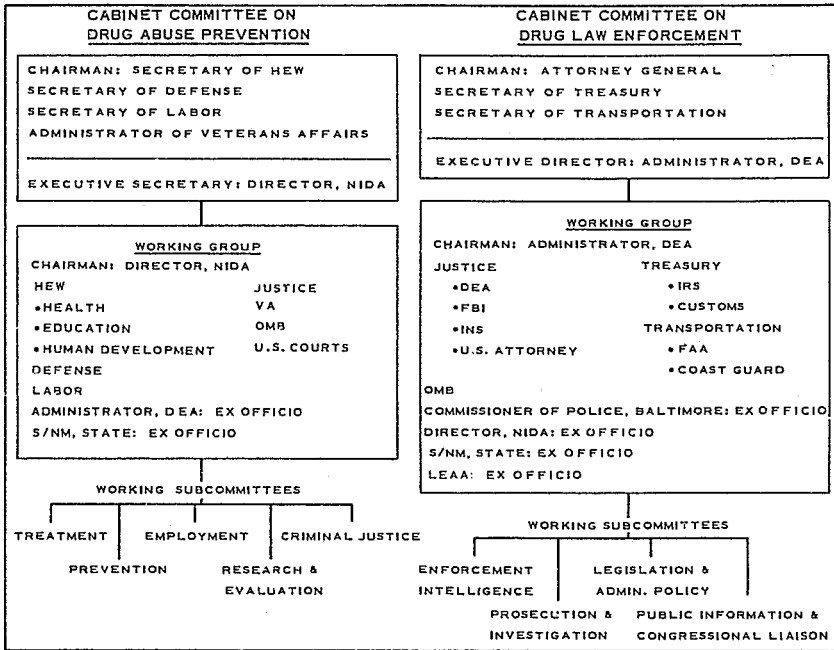
- (1) To develop and implement the Federal strategy with respect to drug law enforcement (or drug treatment, rehabilitation, prevention and research);
- (2) To assure proper coordination among Federal drug law enforcement (or treatment and rehabilitation) programs, including the collection, analysis and dissemination of information (or enforcement intelligence data);
- (3) To assure that Federal enforcement resources (or prevention, treatment and rehabilitation) are effectively utilized;
- (4) a. To assure proper coordination between the investigative and prosecutorial arms of the government  
b. To develop and monitor a plan for improving job opportunities for former addicts;
- (5) To provide liaison between the Executive Branch and Congress, State and local governments and the public;
- (6) To assure implementation of relevant recommendations contained in the Domestic Council's *White Paper on Drug Abuse*;
- (7) To evaluate and make recommendations to improve Federal drug law enforcement (or treatment and rehabilitation) programs; and
- (8) To report their progress to the President on October 1, 1976, and periodically thereafter.

In addition to the above ongoing responsibilities, the Chairmen of the Cabinet committees were directed to work closely to develop plans for improving the coordination between law enforcement and drug abuse prevention, treatment and rehabilitation programs.

The new Cabinet committees are now quite active, both at the Cabinet committee level and in their working groups and functional subcommittees (see chart below for the structure of the two committees).

This *Federal Strategy 1976* is evidence of the work of those Cabinet committees since most of it is drawn from their respective October 1 progress reports to the President.

Important progress in improving interagency coordination and cooperation has been made between individual agencies, as well. For example, at the time the White Paper was released, the greatest need for improved interagency cooperation involved the Drug Enforcement Administration and the U.S. Customs Service. Reorganization Plan No. 2 of 1973 drew a distinction between investigative and interdiction functions with respect to narcotics enforcement. The investigative function was given to DEA and the interdiction function left with the Customs Service. Unfortunately, the distinction between interdiction and investigation was not made clear in the



Reorganization Plan. This ambiguity led to jurisdictional disputes between the agencies.

The most valuable contribution the White Paper made toward the resolution of these disputes was to focus the debate on a relatively narrow set of issues, and to point out the considerable areas of agreement which existed, but which were often overlooked. Since the White Paper's release, the working relationship between DEA and the Customs Service has improved markedly. Among other things:

- Last December, the U.S. Customs Service and DEA signed and implemented a Memorandum of Understanding which outlines operating guidelines for improving coordination between those agencies, thus signalling an end to the rivalry which had hindered Federal drug law enforcement efforts for more than ten years. These guidelines were discussed by top DEA and Customs officials in joint session in February 1976 to ensure clear understanding of them.
- To respond to Customs' complaint that DEA was not providing useable tactical intelligence in sufficient quantity, DEA established a capability within its intelligence branch to work specifically on Customs requirements. In addition, Customs has made provisions for assigning three intelligence analysts to DEA headquarters to ensure that DEA personnel are sensitive to Customs' intelligence requirements, and that all relevant information is relayed to them. Customs has also assigned personnel to the interagency El Paso Intelligence Center and to DEA's Detroit office. The resulting flow

of information from DEA to Customs has increased sharply since the Memorandum of Understanding was signed, from a few hundred specific items per month to over one thousand per month.

- Finally, in June 1976 DEA and Customs agreed on a procedure which permits Customs to debrief persons arrested for drug smuggling at the border if DEA declines to do so.

A similar Memorandum of Understanding between Customs and the Immigration and Naturalization Service (INS) was signed in April 1975 and the U.S. Coast Guard will soon be executing Memoranda of Understanding with Customs and DEA.

The Immigration and Naturalization Service, the U.S. Coast Guard, the Federal Aviation Administration (FAA) and the Bureau of Alcohol, Tobacco and Firearms (ATF), as well as DEA and Customs, are working together at the El Paso Intelligence Center. An Interagency Drug Intelligence Group with representatives of several of these agencies has been meeting since mid-June to monitor the movement of brown heroin. Further, DEA, in coordination with the Cabinet Committee on Drug Law Enforcement, has established two pilot Field Intelligence Exchange Groups in Chicago and Miami. The objective of these groups is to maximize prosecutions against key high-level traffickers and financiers by coordinating the local intelligence resources of Federal agencies and State and city law enforcement organizations.

## **BROADENING INTERNATIONAL COOPERATION**

In his April 27 message to the Congress on drug abuse President Ford said:

"No matter how hard we fight the problem of drug abuse at home, we cannot make really significant progress without the continued cooperation of foreign governments. This is because most dangerous narcotics are produced in foreign countries. Thus, our capability to deal with supplies of drugs available in the United States depends largely on the interest and capability of foreign governments in controlling the production and shipment of illicit drugs.

"... We must now intensify diplomatic efforts at all levels in order to encourage the greatest possible commitment from other governments to this international problem. We must continue to provide technical and equipment assistance through cooperative enforcement efforts with U.S. agents stationed overseas, all aimed at strengthening drug control organizations within foreign countries. And we must continue to participate in building institutions and a system of international treaties which can provide a legal framework for an international response to this international problem.

"I have spoken personally to Presidents Echeverria of Mexico and Lopez-Michelsen of Colombia and with Prime Minister Demirel of

Turkey in an effort to strengthen cooperation among all nations involved in the fight against illicit drug traffic . . .

"And I am confident that our joint efforts will bring about a real reduction in drug trafficking into the United States."

Mexico has been the top priority country in the international narcotics control program for the past several years since it has become the dominant U.S. source of heroin. Mexico is also a major source of marihuana and an important transshipment route for cocaine. During the past year, President Ford, Secretary Kissinger and Attorney General Levi have all underlined in their talks with the President, President-elect and the Attorney General of Mexico the great importance we attach to Mexico's narcotics control efforts.<sup>9</sup> Further we have continued to provide substantial amounts of material assistance, primarily aircraft, to Mexican narcotics agents.<sup>10</sup>

Probably the most important single development in the international narcotics control area over the past 18 months was the decision last year by the Mexican Government to move from manual destruction of poppy plants to use of environmentally safe herbicides.<sup>11</sup> Previously, soldiers were moved by helicopter into the poppy fields in the high Sierra Madre mountains to knock the plants down with sticks—a system as laborious, slow, and inefficient as it sounds.

Using the vastly more efficient aerial spraying method, the Mexican Government reports that it destroyed over 20,000 poppy fields in the campaign which ended in April 1976, more than four times the number of fields destroyed in any previous campaign. While many of the fields were undoubtedly harvested before being destroyed, and many were replanted, this represents a major achievement which should significantly reduce the amount of Mexican heroin available in the U.S.<sup>12</sup> As noted in Chapter 2, we believe the decline in purity of brown heroin since June 1976 portends this reduction but only time can confirm that trend.

Lasting effectiveness of the eradication campaign and complementary U.S. enforcement efforts will require continuation, at the same or higher levels, of the strenuous efforts both governments are now making. A new Mexican administration will be inaugurated in December, three months after the resumption of intensified poppy eradication efforts this fall. President-elect Lopez-Portillo stated in his September 24, 1976 meeting

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<sup>9</sup> President-elect Lopez-Portillo assumes office on December 1, 1976.

<sup>10</sup> Following the provision of \$15.8 million in assistance in FY 1975, the U.S. Government will provide \$14.5 million in FY 1976 including the transition quarter, and an additional \$8.1 million is programmed for FY 1977. This represents more than one-fourth of the total international narcotics assistance program.

<sup>11</sup> These short-acting herbicides used were selected by the Mexican government from among those used routinely in Mexican agriculture.

<sup>12</sup> At the same time the Mexican Government has stepped up its eradication campaign, DEA has intensified enforcement attacks on major traffickers of Mexican heroin, both in the U.S. and in Mexico, through sharing intelligence and joint prosecutions.

with President Ford that his administration will continue and even seek to increase, his predecessor's efforts. This is critical, because even a brief slowdown during the transition between presidential administrations could allow a significant amount of opium to be harvested, since substantial acreage reaches maturity in late fall.

Another important joint Mexican-U.S. program implemented over the past year is called JANUS—a special program to prosecute Mexican national traffickers in Mexico based on testimony taken in the U.S.

Significant progress can also be noted in the cases of two other opium producing countries—one, the former major U.S. source; the other a major potential source.

- *Turkey*: In the 1960's and early 1970's, opium diverted from Turkey's licit crop and processed into heroin in Marseilles accounted for more than half of the heroin in the United States. Because of its concern about the diversion, the Turkish Government banned all opium production following the 1971-1972 crop year, a ban which was rescinded under intense domestic political pressure in 1974. However, the poppy crop now is strictly monitored and harvested by the more controllable poppy straw method: to date, Turkish, United Nations and U.S. experts have not detected significant diversion to illicit markets from the 1974-75 or the 1975-76 poppy straw crop.
- *Burma*: Burma produces the largest quantity of illicit opium in the world, estimated at 450 metric tons annually.<sup>13</sup> Recognizing that most of the insurgent groups and independent warlords that infest its northern states finance their operations with the proceeds of opium trafficking, the Burmese Government has dramatically stepped up its destruction of illicit poppy fields and raids on trafficking caravans, using U.S. supplied helicopters for mobility.<sup>14</sup> During the 1975-76 growing season the Burmese Government destroyed and/or forced out of operation 17 laboratories and refineries, intercepted nine large drug caravans and destroyed approximately 18,000 acres of opium poppies. These efforts reduced significantly the amount of heroin that would have been available for export from Burma.

Another drug of abuse which is grown and processed overseas is cocaine. Coca production is narrowly limited geographically, with coca leaves grown primarily in Bolivia and Peru, and processing into cocaine taking place mainly in Colombia. Thus, if supplies can be reduced in those three

<sup>13</sup> To put this volume in perspective, the annual U.S. illicit demand is estimated at 5-7 tons of heroin, equivalent to 60-80 tons of Southeast Asian opium.

<sup>14</sup> Our narcotics control expenditures in Burma for FY 1976 were \$13.3 million, following less than \$1 million in FY 1975. A FY 1977 budget request for \$2.9 million is to support a spare parts and maintenance program for U.S. helicopters and furnish any additional required aircraft.

countries, the total amount of cocaine available can be severely limited, since there are not ready alternative sources. Just such an opportunity to make major inroads into coca production, refining, and trafficking appears to be developing. In September 1975, President Lopez-Michelsen of Colombia and President Ford discussed the increasing cocaine problem. Following that meeting, President Ford directed that we expand our assistance to Colombian efforts to interdict the growing cocaine traffic. In response, U.S. narcotics assistance provided to Colombia increased from approximately half a million dollars in FY 1975 to almost \$5 million in FY 1976 for a comprehensive package of aircraft, communications equipment and other needed equipment.

In June 1976 President Banzer of Bolivia and Secretary Kissinger met and laid the groundwork for an expanded assistance program in Bolivia which will:

- Expedite and expand research and pilot efforts now underway to determine the feasibility of alternative sources of income for the traditional coca growers;<sup>15</sup>
- Develop a mechanism to enforce control over coca growing (new growers should now be stopped from growing and traditional growers should be subjected to control when alternative sources of income become available); and
- Strengthen Bolivian enforcement capabilities against drug traffickers.

Subsequently Peru, the other major source of coca, has offered to work with us as well, and negotiations are now underway to develop a joint program.

The difficulties posed by a program of bringing coca production under control in those countries by combining alternative income for coca growers with the adoption of a parallel crop control and enforcement effort cannot be minimized. Not only must we identify viable alternate sources of income in these remote areas, we must also develop means of marketing the products. Moreover, long-entrenched lifestyles must change. But the price of failing to try is clearly greater than the funds involved.

Questions have been asked about these "cocaine initiatives" in light of the fact that cocaine is a lower priority drug than heroin or the "dangerous drugs." However, the drug priority concept does not mean that *all* efforts should be devoted only to the opiates, barbiturates and amphetamines which have higher social costs. Attention must be given to all drugs to keep them from expanding into major problems.

<sup>15</sup> President Ford has approved potential funding over five years with up to \$45 million of Agency for International Development (AID) concessional loan funds for agricultural assistance to poor farmers in the coca-growing areas of Bolivia beginning in 1979, and up to \$8 million in additional narcotics control funds to strengthen enforcement. U.S. loan funds will only be utilized provided viable programs can be developed and the Bolivian government moves forward with enforcement and control measures. We plan also to encourage Bolivia to seek additional assistance for this effort from international financial institutions.



The percentage of our international program directed against cocaine—even with the new programs now projected for Bolivia and Peru—some \$5 to \$7 million per year over five years from an annual budget that has averaged in the upper thirty millions—is well below the percentage directed against heroin. Therefore, the programs envisaged for Bolivia, Peru and Colombia regarding cocaine are consistent with the concept of drug priorities. In Chapter 4 we discuss the need to monitor these programs with a view toward assessing how they fit within an overall international strategy.

Another area in which progress has been made over the past 18 months is that of developing a more comprehensive and strict system of international treaties and national laws to control drug production and trafficking. For example, the Convention on Psychotropic Substances of 1971 came into force in August 1976 upon ratification by forty countries.

While the fact that the Convention came into force is salutary, with the exception of France it has not been ratified by any of the major producers of psychotropic substances, which severely weakens its effectiveness. Prominent among the holdouts is the United States, though the Convention was sent to the Senate over five years ago and the President has repeatedly called for passage of domestic enabling legislation, most recently in his drug abuse message to the Congress of April 27, 1976.<sup>16</sup>

Further, a number of prominent drug producing or trafficking countries have strengthened internal control in the past year. These include:

- *Singapore.* In December 1975, the Government of Singapore passed legislation providing for the death penalty for trafficking in morphine or heroin, and the ultimate sentence has already been imposed. Evidence suggests that traffickers are now less willing to use Singapore as a transit route.
- *Holland.* Over the past few years, Amsterdam has become a major point of entry for Southeast Asian heroin destined for Western Europe. In August 1976 the Dutch Parliament passed legislation which simultaneously increased the penalties for trafficking and decreased them for simple possession.

Additionally, the U.S. Customs Service has concluded treaties with counterpart organizations in Mexico and Austria during the past year to increase cooperation in the suppression of customs offenses, including the smuggling of narcotics and other contraband.

Finally, in order to stimulate greater international demand reduction activity, the Cabinet Committee on International Narcotics Control recently revised its guidelines in this area and disseminated them to all United States diplomatic missions abroad. These guidelines should result

<sup>16</sup> "The delay in U.S. ratification of the Convention has been an embarrassment to us. Moreover, it has made it extremely difficult for us to urge other countries to tighten controls on natural-based narcotic substances, when we appear unwilling to extend international controls to amphetamines, barbiturates and other psychotropic drugs which are produced here in the United States."

in greater attention to the modest but important program which has been launched over the past several years to encourage other nations to look more closely at their domestic drug abuse problems. By bringing their own drug abuse problems to the attention of other countries, we can stimulate closer cooperation among nations in a truly global effort to control illicit drug trafficking.

## IMPROVING THE USE AND DISTRIBUTION OF INFORMATION

The collection and sharing of information regarding all aspects of the drug abuse program are crucial to its success. For example, information on the effects of drug use is central to any public education process. Data on the extent of drug use, the availability of illicit drugs and the resultant social costs are critical in making broad resource allocation decisions and in evaluating the overall effectiveness of our programs. Strategic intelligence on trends in drug abuse, levels of price and availability, sources of drugs, and capabilities of other governments to control drugs are essential for more detailed resource allocation decisions. Data on the effect of different types of treatment on abusers of different drugs, both during and after treatment, are vital to determining what type of treatment works best for whom. In short, information should serve as the foundation for both short- and long-term program management.

Over the past several years, the volume of information available to drug program managers has increased greatly. Progress in analyzing this information and in distributing it in a timely and useful way to potential users—ranging from the public to other enforcement agencies—has not kept pace.

We have made modest progress over the past 18 months, in analyzing available data and in sharing information more widely. For example, the Client Oriented Data Acquisition Process (CODAP) and DAWN provide data on the extent of drug use, the impact of such drug use in terms of deaths and hospital emergency room visits, the characteristics of drug users entering treatment and the impact of treatment on those users. This information is now available on a quarterly basis to program managers, health professionals, regulatory officials and the general public.

Further, the National Institute on Drug Abuse has undertaken to periodically publish a *Heroin Indicators Trend Report* which synthesizes these and other data to determine trends in availability and use.

Intelligence, often thought of as an exotic art somehow unconnected with the rest of the drug program, is merely the use of information from a variety of sources to provide a picture of what is happening, so managers can target resources appropriately. The White Paper found that the overall narcotics intelligence function generally suffered from:

- Insufficient funding during the internal resource allocation process. This was particularly true with regard to intelligence analysis capability.

- Counterproductive competition within and among enforcement agencies. There was evidence that competitive attitudes within and among enforcement agencies impeded the production and flow of operational intelligence.

To respond to the inadequacy of funds, additional resources have been allocated to intelligence activities in both DEA and Customs.<sup>17</sup> A unit will be established for long-range intelligence planning in DEA, and DEA headquarters' strategic intelligence capability will be expanded. Further, DEA has implemented several internal management changes in both headquarters and field intelligence operations, as well as stressing the responsibility of agents to collect and report intelligence to meet multi-agency needs. For example:

- DEA has scheduled six intelligence collection and reporting training schools for Special Agents beginning in November 1976.
- All regional intelligence offices, foreign and domestic will have functional reporting responsibilities to the headquarters Office of Intelligence.
- Existing agency and management evaluation forms will be revised to include intelligence collection and reporting as an important factor to be considered in the evaluation of all agents for supervisory positions.
- The curricula for DEA's supervisors' school and mid-level management school will be revised to place greater emphasis on intelligence collection and reporting.
- DEA field managers will be scheduled for intelligence management training and review either in the three-week school or in abbreviated sessions designed to highlight its curriculum.

As these changes are implemented, the intelligence support provided to other agencies should improve, thus increasing interagency cooperation and sharing. In addition, several multi-agency efforts to ensure full participation in information sharing by drug law enforcement agencies have been launched. These initiatives are intended to provide an exchange of information on local, regional, and national levels. They are:

- *El Paso Intelligence Center (EPIC)*: This interagency group, located in the southwestern border area, receives and disseminates information on trafficking and illegal alien activity along the southern border. The EPIC staff includes operational personnel from DEA, Customs, INS, Coast Guard, FAA, and ATF.
- *Interagency Drug Intelligence Group (IDIG)*: This interagency intelligence group, at DEA headquarters in Washington, combines DEA, Customs and INS personnel efforts in analysis and

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<sup>17</sup>Specifically, a total of 59 new positions for FY 1977 are being allocated within DEA for regional, strategic and operational intelligence. Customs has added 21 intelligence positions.

dissemination of intelligence relating to a priority drug target, heroin from Mexico.

- *Unified Intelligence Division (UID)*: A joint city-State-DEA intelligence unit has been in operation for over two years in the New York City metropolitan area, with membership from a broad range of Federal, State and local drug law enforcement agencies operating in that area. The UID has a small central staff housed within the DEA regional office and analyzes and disseminates intelligence information for the area.
- *Field Intelligence Exchange Group (FIEG)*: The Cabinet Committee on Drug Law Enforcement has proposed that interagency groups be formed in 19 major cities to focus intelligence resources upon selected major trafficker targets. On August 20, 1976 pilot efforts to test this concept were begun in Chicago and Miami. Agencies participating include DEA, Customs, IRS, the U.S. Attorney's Office, INS, Coast Guard, FBI, Secret Service, ATF and representatives of State and local law enforcement.

Despite this progress, much more needs to be done. Plans to further improve the dissemination of information are discussed in the next chapter.

## SECURING EFFECTIVE REMOVAL OF TRAFFICKERS

Earlier, we discussed the progress being made in focusing Federal law enforcement resources on the arrest of major traffickers. Much of the progress we have made in improving our ability to apprehend these traffickers will be lost, however, unless major changes are made in the way our criminal justice system deals with drug traffickers after arrest.

To deal with the failure to immobilize traffickers against whom substantial cases have been develop, President Ford proposed legislation in his April 27, 1976 special message which would:

1. Require minimum mandatory prison sentences for persons convicted of high-level trafficking in heroin and similar narcotic drugs. These minimum sentences—three years for a first offense relating to an opiate and six years for an offense following a previous conviction or for selling an opiate to a person under 21 years of age—are intended to ensure that drug traffickers know that they will go to jail upon conviction.
2. Enable judges to deny bail in the absence of compelling circumstances for certain categories of notorious drug defendants. These defendants include those persons previously convicted of an opiate felony, persons on parole, probation, or other conditional release, non-resident aliens or persons in possession of illegal passports at the time of arrest, and persons convicted of having been fugitives.
3. Raise the value of property used to smuggle drugs which can be seized by administrative as opposed to judicial action from \$2,500

to \$10,000 and extend this forfeiture provision to include cash or other personal property found in the possession of a narcotics violator.

4. Make meaningful an existing provision which requires that any person planning to transport an amount exceeding \$5,000 file a report, and that the report be filed prior to departure.
5. Reduce the opportunities for unloading of contraband by requiring owners or masters of small, privately owned boats to report their arrival to the U.S. Customs Service immediately, instead of within 24 hours.

Enactment of this legislation would represent a major contribution to the Federal anti-narcotics effort. Securing enactment is thus one of the highest priority "open agenda" items discussed in Chapter 4.

The problem of fugitives is significant: currently there are 2,547 Federal fugitives charged with drug-related offenses. Of these, 345 are Class I major traffickers. To help deal with this problem, the FBI will utilize resources available to them to assist DEA in apprehending major drug fugitives. In addition, the Department of State, the Immigration and Naturalization Service, U.S. Customs and the Criminal Division of the Department of Justice are developing plans for coordinating the controlled re-entry of drug law fugitives into the United States. These plans will include a review of existing extradition treaties with an eye toward strengthening them as necessary.

Finally, to attack the financial resources necessary for narcotics traffickers' illegal transactions, in his April 27, 1976 Special Message on Drug Abuse the President directed the Secretary of the Treasury to work with the Commissioner of the Internal Revenue Service, in consultation with the Attorney General and the Administrator of the Drug Enforcement Administration, to develop a tax enforcement program aimed at key traffickers. To begin implementing that directive, the Administrator of DEA and the Commissioner of the Internal Revenue Service have signed a Memorandum of Understanding providing for exchange of information on major drug violators who may be guilty of tax evasion. So far, the names of 375 Class I drug violators have been sent to IRS field officials so that tax investigations can begin if warranted.

In June 1976, a U.S.-sponsored resolution urging governments to make the financing of narcotics traffickers a punishable offense and to exchange information that would be helpful in identifying persons committing such offenses, was adopted unanimously by the United Nations Economic and Social Council. Action to this end should prove to be a significant step toward improved cooperation in narcotics investigations.

In addition, the recently concluded U.S.-Swiss Mutual Assistance Treaty on Criminal Matters, which becomes effective in January 1977, should

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<sup>18</sup>There is a great likelihood that these individuals are routinely committing tax offenses, since they pay no taxes on their illegal income.

expedite the exchange of information concerning persons engaged in criminal activities, including alleged drug traffickers, even while the case is still in the investigatory stage. Exploratory discussions have been held or are underway in a number of countries with a view toward entering into mutual assistance agreements for exchanging information to disrupt the financing of international crimes.

To provide specialized prosecutorial support to the program aimed at incarcerating major drug traffickers, the Attorney General has devoted greater resources to more extensive enforcement of the conspiracy laws of the United States. There are presently special controlled substances prosecution units in operation in the offices of 19 U.S. Attorneys throughout the country. The U.S. Attorneys were allotted additional personnel to staff these units so that prosecutors would be in a position to devote full time to major cases. In addition, DEA has established a headquarters staff to support conspiracy cases and has put greater emphasis on its Central Tactical Units which specialize in the development of major conspiracies. Both the Criminal Division of the Department of Justice and DEA monitor the activities of the prosecution units and conduct seminars to train attorneys and agents. In addition, DEA has a conspiracy investigation course for agents which is now being expanded to train personnel in the domestic regional offices.

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It should be clear from this discussion that we believe a great deal of progress has been made over the past 18 months in revitalizing and refocusing the Federal drug abuse program and putting it on a sound basis, but there is more we must do. This is the subject of the next chapter: "The Open Agenda."

## 4. THE OPEN AGENDA

As indicated in the previous chapter, we have made progress in the past 18 months, particularly in the fuller utilization of Federal resources. Nonetheless, much remains to be done in all of the areas discussed there.

Specifically, Federal enforcement efforts can still be more narrowly focused on high-level, interstate and international traffickers. The Internal Revenue Service, the Federal Bureau of Investigation and State and local law enforcement organizations can all contribute more to an overall enforcement program. We can do much more to encourage other nations to join us in this truly international struggle. We need to secure passage of new legislation aimed at improving our ability to put major traffickers in prison and at closing loopholes in the law which allow them to continue to prey on our young. And we need to enlist State and local vocational training services; and State, local and private organizations in a broad prevention effort.

This chapter discusses the additional need for priority action in nine areas:

- Development of a national prevention strategy.
- Expansion of treatment linkages with both Federal and State and local criminal justice systems, other State and local community services, and alcohol treatment.
- Broadening of the program against amphetamine and barbiturate use.
- Removal of offenders from drug trafficking by improving post-arrest prosecution and incarceration, and by attacking the financial resources of traffickers.
- Improvement in intelligence support.
- Action to strengthen State and local law enforcement.
- Outlining of an overall framework for evaluating specific international programs.
- Review of sanctions imposed for possession offense.
- Development and use of new knowledge.

Much of this "open agenda" is not entirely new and some of it has been called for explicitly before. These items remain on the open agenda because progress in implementing them has been slow or inadequate, program managers have been unable to mobilize the resources from organizations which are outside their control, Congress has failed to act on proposed legislation or simply because they need continuing emphasis. All are important to the success of the Federal strategy. The fact that action on them has been called for before but not achieved should not deter us from renewing our efforts in these critical areas.

## DEVELOPMENT OF A NATIONAL PREVENTION STRATEGY

Nearly every major review of the Federal drug program has concluded that greater emphasis must be placed on education and prevention efforts aimed at discouraging the use of drugs.<sup>1</sup> Yet, despite this general agreement about the importance of giving greater attention to prevention, progress has been limited. There is only now emerging a general agreement concerning what constitutes prevention, what prevention approaches work best and what the Federal role should be in this area.

In the past the Federal Government has supported a variety of well-intentioned programs which were aimed at "preventing" drug abuse. The results of most such programs have been questioned, however, and there is no strong evidence which clearly demonstrates that prevention programs work. In response to this apparent conflict between the need to do more in the area and the paucity of knowledge as to what works, the Executive Branch and the Congress have been extremely cautious in committing resources to prevention programs, resulting in only modest financial support for these activities.

In order to overcome this dilemma, we believe that a high priority effort, including additional funds for demonstrations, should be made to develop a comprehensive National strategy which, in specific terms, discusses what works and what doesn't and which outlines the appropriate Federal role in the prevention effort. Accordingly, the Cabinet Committee for Drug Abuse Prevention, Treatment and Rehabilitation has undertaken an action agenda which will first catalogue existing prevention programs, evaluate each of these to determine if they work and, if so, for what kinds of individuals in what kinds of environments. They will also point out where new knowledge is required and recommend a program for developing such knowledge. At each stage, attention will be given to developing interim products which can be of immediate use to community-based prevention sponsors.

Since we do know that initial experimentation and much subsequent heavy drug use occur during adolescence, services and strategies should be directed at population groups within the age span of 8 to 18. We also know that programs must be developed that are able to operate across a continuum ranging from those unlikely to get involved in drugs to those at highest risk. Programs must also include four essential components: information, education, alternatives and intervention. Adults involved with the youth (for example, parents, teachers, counselors) and friends should be viewed as key secondary target groups.

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<sup>1</sup> For example, the White Paper said: "... despite our efforts to treat and rehabilitate drug users, we now understand that once a person begins to abuse drugs, long-term rehabilitation is both expensive and difficult. These sobering facts have convinced many experts that supply reduction efforts, even when coupled with treatment and rehabilitation, are not enough, and that ultimately the drug problem can only be contained through effective education and prevention efforts."



A number of community institutions—the family, school, church, recreation programs and the media—have an impact on the growth and development of children. The role of each of these institutions in preventing drug abuse should be emphasized. Opportunities for doing so should be evaluated and the best incorporated in an overall prevention strategy.

Another area of drug abuse prevention which deserves greater attention is early identification and intervention. This requires early attention to children who have problems with alcohol or drug use in their early teen years. Schools, family, health and counselling centers, welfare agencies and other institutions linked to the daily lives of children and families should be sensitized to both identifying and appropriately dealing with such behavior so that it doesn't progress and become more serious.

Prevention research efforts should focus on determining conditions which precede drug abuse. These efforts should include studies of non-drug use and drug-free communities to identify factors contributing to and promoting non-drug use. A great deal of research has already been done on these factors and the Federal Government should now broaden its efforts to collect and synthesize this existing knowledge. To this end, it is important to maintain a close liaison with those involved in child and adolescent research in order to take advantage of learning which might have implications for drug abuse prevention.

Finally, the Federal Government should encourage and facilitate an evaluation of the effectiveness of prevention models. In the past, information provided by prevention projects varied so much that direct comparison of various programs was difficult. Therefore, clear statements of program objectives must be developed and disseminated which pose common criteria for program reporting and evaluation. This will allow communities to better determine the impact of their programs.

## **EXPANSION OF TREATMENT LINKAGES**

While some progress has been made in developing systematic linkages between the Federally-funded treatment system and other existing systems dealing with individuals in trouble, more is needed. Specifically, greater cooperation and expanded linkages are required between the Federally-funded treatment system and:

- the criminal justice system (both Federal, and State and local);
- State and local community services; and
- organizations dealing with alcohol abuse.

### **Criminal Justice System**

Studies have repeatedly shown that most high priority drug users have a history of repeated involvement with the criminal justice system. This involvement may be an arrest for simple drug possession or for a "habit-supporting" felony such as robbery or it may be for offenses entirely

unrelated to drug use. Whatever the reason, these arrested drug users are prime candidates for treatment since their arrest and subsequent handling in the criminal justice system provide an opportunity to detect and monitor drug-using behavior and to encourage participation in a treatment program, where appropriate. Thus, development of systematic linkages between the treatment and criminal justice system is critical.

The Federal Government has taken an important step in providing referral services to offenders who come into contact with the criminal justice system at the State level. A Law Enforcement Assistance Administration (LEAA) funded program called Treatment Alternatives to Street Crime (TASC) identifies and refers narcotic-involved offenders to drug abuse treatment in 38 cities throughout the United States. About 26,000 clients have been referred to treatment since the program began, and there are 5,200 clients currently in treatment. Results to date have been dramatic—the average recidivism rate has been cut in half—and the program has been enthusiastically received by the law enforcement officials, the courts and communities alike.

TASC should be expanded as rapidly as possible to encompass any jurisdiction with a population of 200,000 or more that can demonstrate eligibility. As older projects complete their period of Federal funding, monies will be available for new starts. As the start-up funding provided by LEAA runs out for each TASC project, the local government should be prepared to provide funding support from either LEAA block grants or other sources: none of these projects should be allowed to lapse. If the additional client load caused by TASC referrals exceeds existing community treatment capacity, increasing that capacity should be given high priority.

Federal offenders with histories of drug dependency who are in the community under either pre-trial or post-conviction supervised release are highly vulnerable to relapse and criminal behavior to support their addiction. Thus, a TASC-like program applied to Federal probationers could have a similar positive impact on recidivism rates in this high risk category of released offenders.

Currently, the only program which provides this identification and referral system for Federal offenders is the pre-trial services pilot project directed by the Chief Justice of the United States. Mandated under the Speedy Trial Act of 1974, the pilot is being implemented in 10 major Federal judicial districts to screen all defendants brought before the Federal courts to determine present and past drug use, especially heroin use.<sup>2</sup> Each defendant is routinely questioned as to present and past drug use. Present or past drug treatment for opiate and non-opiate use is determined and recommendations for continued or initial treatment are made to the judicial officer. Treatment needs are determined by the pre-trial services officer as a result of the initial bail interview and by follow-up

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<sup>2</sup>New York City, Brooklyn, Philadelphia, Baltimore, Atlanta, Detroit, Chicago, Kansas City, Dallas, and Los Angeles.

field verification of interview data. All ten agencies have been operational since February 1976 and well over 4,500 defendants have been interviewed, with approximately one-third having been released on pre-trial supervision.

This project is important because it begins to fill an important gap in referral services for drug abusers within the Federal criminal justice system. Presently, Federal referral efforts begin only after sentencing and even these pre-incarceration efforts are limited. Most Federal referral activities occur when an individual is about to be released from prison. The ten-cities pilot will enable the Federal Government to develop a more comprehensive capability to identify and refer for treatment and other appropriate services those people entering the criminal justice system who need such help. As soon as preliminary favorable results of the first ten pilot projects are substantiated, the program should be expanded.

Attention must also be given to providing proper treatment to those in prison or on parole. LEAA legislation required that by October 1, 1976, all convicted offenders incarcerated or on a supervised release program receive drug or alcohol treatment, if warranted. Earlier surveys of State prison systems have indicated that such services have been lacking. A priority assessment of the actual delivery of required services has been undertaken to determine if significant corrective action is needed. Currently, programs for Federal offenders are operating under antiquated legislation, the Narcotic Addict Rehabilitation Act of 1966 (NARA). We should repeal Titles I, II and III of the Narcotic Addict Rehabilitation Act, substituting legislation for Title II which will identify drug-dependent inmates and provide institutional and aftercare supervision.

While the number of heroin-using clients referred to treatment by the criminal justice system should increase, the number of casual or recreational marihuana users referred for "treatment" as an alternative to jail should decrease in order to reserve limited treatment capacity for those who need it more. To accomplish this, the National Institute on Drug Abuse (NIDA) and the Department of Justice have begun to develop a referral training package for judges, prosecutors and probation and parole officers which could be used at all levels of operations, i.e., Federal, State and local jurisdictions. Further, the Cabinet Committee on Drug Abuse Prevention (CCDAP) has adopted the establishment of guidelines for judicial referral as an issue to be incorporated into their activities.

### **State and Local Community Services**

The federal Government has traditionally been responsible for a greater share of the funding for drug abuse treatment than for most other health services, including alcohol and mental health. This was necessary since traditional health and mental health providers were reluctant to initiate drug abuse treatment activities.

Over the past four years State and local governments have assumed an

increasing share of this funding. However, they now appear to be unable to assume any additional responsibility. Indeed, some States and localities have had difficulty this past year in meeting their present matching requirements. The National Association of State Drug Abuse Program Coordinators has urged "that the level of Federal support for drug abuse services be fixed at 80% of the true program cost", which they assess at 20% more than current allowances, "without reducing the current nationwide base of 102,000 NIDA-supported treatment slots." This concern underscores the real problem that States face in meeting their financial commitments in the drug abuse area, and suggests that the current policy of stabilizing the cost-sharing at 60 percent Federal and 40 percent non-Federal is too low as assessed by the States. The importance of maintaining or increasing the Federal contribution to community-based treatment cannot be overstated: it is vital to the continuing viability of a community service delivery strategy.

A related problem to the one of funding is that of system stability. Time and again, State and local officials have stressed the need to have a greater understanding of what the Federal treatment position will be over a 3-to-5 year period in order to adjust their own plans. Thus, we should attempt to define a Federal strategy for treatment which covers several years. Such a treatment strategy should indicate what the Federal objective is—for example, to provide treatment services to all who seek them; or to provide detoxification services on demand and fund only a certain number or broader treatment slots—the approximate level of resources to be expected and what services we expect the States to provide.

Finally, there is a need for community-based treatment to expand its interface with the total community health and social service providers to ensure that the drug abusing client receives the services he needs. Obviously, more than just treatment services are needed if rehabilitation is to occur. For example, employment and related training are essential to the rehabilitation of the drug involved offender. Since the drug abuse treatment system is not specially funded to provide employment and training services, better ways of assuring access to programs in the community that do provide such services are essential. However, many of the existing Federal programs which provide skills training or employment assistance currently exclude drug abusers or narrowly limit their participation.<sup>3</sup>

Because employment and related training and job development activities are essential to the rehabilitation of the drug involved offender, and current services lacking, we must establish ways of improving drug offenders' employability and employment opportunities. Over the next six months,

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<sup>3</sup> Under the Comprehensive Employment and Training Act authority to conduct skills training and employment assistance programs has been delegated to prime sponsors—political jurisdictions of 100,000 or more. Consequently, determinations as to whether drug abusers should be targeted for special assistance is dependent upon local initiatives and policy determinations.

the cabinet Committee on Drug Abuse Prevention, Treatment and Rehabilitation will undertake to ensure that drug abusers will not be denied access to existing Federal manpower or rehabilitation programs. Specific activities will be directed at reviewing guidelines, regulations and plans for vocational rehabilitation and employment programs at both Federal and State levels; developing cooperative activities and projects in these areas; and developing a strategy for greater involvement of the private sector in employment programs.

Finally, we reaffirm the long-term goal of incorporating drug abuse services into the general health service system and including drug abuse services in national health insurance and other payment programs. While it is difficult to do so, we have made some progress in collecting third-party payments and we will continue to do more. But we should not abandon categorical support of drug abuse treatment services, since existing third-party payment schemes can at best cover only a portion of the required service.

### **Alcohol Treatment**

Alcohol is the most widely used drug in the United States today, and its abuse is related to more deaths and injuries than any other drug. Yet very little has been done to integrate the community-based activities dealing with the problem of alcohol abuse and the abuse of other drugs.<sup>4</sup> At the least, there are opportunities for more fully integrating alcohol research with other research on the causes of addiction.

Further, even though efforts have begun to exchange programmatic information between NIDA, the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Mental Health—the three institutes which comprise the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA)—a need remains for increased inter-institute sharing of a broad system of information, including coordination of planning and research data, to provide timely influence on policy decisions by the institutes. At a time of increasing Congressional emphasis on cost containment, we must improve the efficiency of ADAMHA.

The case for partial integration of treatment services is not as clear, but the CCDAP should review and evaluate data on the clinical experiments that combine drug and alcohol abuse treatment to measure how well this approach works. Where possible, specific recommendations regarding further combined demonstrations or research should be made.

### **BROADENING OF THE PROGRAM AGAINST AMPHETAMINE AND BARBITURATE ABUSE**

In Chapter 2, we observed that the abuse of “dangerous drugs” such as tranquilizers, amphetamines and barbiturates ranks with heroin as a severe

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<sup>4</sup>However, the Veterans Administration and the Department of Defense have been moving toward integration for several years.

social problem. Estimates are that there are several hundred thousand people using these drugs in a manner which leads to a high personal and social cost, a figure roughly comparable to the number of heroin addicts.<sup>5</sup>

However, the complexities of the problem confronting the Federal Government with regard to dangerous drugs are much different and in some ways more difficult to correct than are those of heroin abuse:

- Since many of these drugs have legitimate medical uses as well as abuse potential, two objectives must be carefully balance; we must keep legitimately produced "dangerous drugs" out of illicit markets and at the same time preserve a legitimate market in which drugs are inexpensive and readily available.
- The existence of this licit distribution system vastly complicates the control problem, since much of the illicit supply begins as legitimate production and is diverted at a variety of levels.
- The legitimate retail distribution is "controlled" by independent doctors and pharmacists, some of whom do not exercise adequate standards of control.
- Once distributed, the drugs essentially are under the control of the individual recipient.

The regulatory program which has been established under the authority of the Controlled Substances Act of 1970 does a reasonably effective job of controlling production and distribution at the manufacturing and wholesale stage through a system of schedules, quotas, registration and investigations.<sup>6</sup> But the Federal Government's ability to affect this problem at the retail and user level is severely constrained, both by the geographic dispersion and large number of registered retail distributors (over 500,000) and by the impact of doctors, pharmaceutical manufacturers and pharmacists on drug-using behavior.

Therefore, the Administrator of DEA has established a special task force chaired by the DEA Office of Regulatory Affairs with membership from DEA, the Food and Drug Administration, NIDA, FTC, DoD, CPSC and regulatory boards to:

- Review the problem in depth and make specific recommendations for enhancing the overall program.
- Develop specific proposals, such as increased training or the creation of more Diversion Investigation Units, which will assist and thus increase the effectiveness of State and local authorities in combating retail diversion.

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<sup>5</sup>Basically, a user is likely to be in need of specialized assistance if he uses these drugs intensively, in combination with other drugs, and without medical supervision.

<sup>6</sup>For example, the abuse of several scheduled drugs, barbiturates in particular, has decreased between FY 1975 and FY 1976 through the introduction of quotas, tight security and record-keeping. The recent creation of a separate Office of Regulatory Affairs within DEA and the assignment of additional manpower should lead to further improvements.

- Develop cooperative alliances with professional associations so that drug control prevention and self-regulation programs such as the promulgation of prescribing guidelines can be instituted. This will impact on some of the social as well as regulatory consequences of drug abuse. Improper prescribing practices as well as poor communications between the professionals and the regulatory agencies will also be addressed.
- Follow up on the recently completed Federally funded study of State licensing boards and professional associations to assess how its recommendations can be implemented.
- Review the unrestricted international trade in dangerous drugs and monitor other nations' experiences with new drugs of abuse.

## **REMOVAL OF OFFENDERS FROM DRUG TRAFFICKING**

It has become all too clear that gathering sufficient evidence to prosecute a trafficker does not guarantee his or her removal from further trafficking. A trafficker may be operating in a foreign country, out of reach of effective U.S. prosecution, trial and sentencing. If they remain in the United States, indictment and arrest do not guarantee immobilization; they merely begin a long criminal justice process during most of which the trafficker is free to continue operating. At the end of this process incarceration may be relatively short.<sup>7</sup>

This failure to immobilize traffickers against whom a substantial case has been developed is very costly; in terms of wasted investigative resources and lowered morale, in terms of weakening the deterrent value of the law, and in terms of reduced public trust in the criminal justice system. Consequently, efforts to more effectively immobilize indicated traffickers are vitally important.

The open agenda for improving performance in this area is discussed in two parts:

- Improving post-arrest handling in the criminal justice system.
- Attacking the financial resources of traffickers.

### **Post-arrest Handling by Criminal Justice System**

Now that Federal law enforcement agencies are demonstrating the ability to shift their focus to high-level violators, we must make significant changes in the way the criminal justice system handles major traffickers after arrest to capitalize on this progress.

One necessary step is to enact better laws. The President proposed legislation in his April 27 Special Message on Drug Abuse which, among other things, is aimed at improving our ability to put major traffickers in prison.

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<sup>7</sup> Nationally, 55 percent of convicted Federal narcotics offenders received sentences of either less than three years of imprisonment, or probation. (FY 1975 data)

These proposals are now before the Congress. They should receive bipartisan support and swift passage. Enactment of these proposals will represent a major contribution to the national anti-narcotics effort.

Increased attention to the problem of prosecution of major traffickers is also needed. The establishment of Controlled Substances Units (special drug prosecution units) in the United States Attorneys' offices in 19 cities has helped to focus prosecution resources on cases involving major traffickers. But all too often, limited prosecutorial resources have forced these units to be diverted to lower level drug cases, or even to non-drug cases. We understand that this diversion reflects competing needs for the services of experience prosecutors who normally staff these units, but they nonetheless hurt the drug program.

We believe that there needs to be greater commitment of experienced attorneys to these units. Specifically, we recommend that all existing Controlled Substances Units be staffed with experienced prosecutors and further that the United States Attorneys' offices which do not have Controlled Substances Units select one or more experienced prosecutors to work with DEA on major cases. Additional DEA conspiracy units should be developed and DEA should ensure close working relationships between designated agents and prosecutors' offices in all major cities. Training DEA agents in conspiracy techniques, already increased substantially, should be further expanded and U.S. Attorneys should receive regular briefings by DEA personnel on the drug traffic in their geographic areas.

Finally, there also is a pressing need to increase the number of United States magistrates and Federal judges. We specifically endorse the recommendations concerning Federal judges and magistrates made by the President in his June 17, 1976 message to the Congress on crime.

### **Financial Resources of Traffickers**

By focusing on traffickers' fiscal resources the government can reduce the flow of drugs in two ways. First, high-level violators, usually well insulated from narcotics charges, can often be convicted for evading the taxes due on their illicit income. Second, since trafficking organizations require large sums of money to conduct their business, they are vulnerable to actions that reduce their working capital.

Thus, the Internal Revenue Service (IRS) has a major role that it can and must play in drug enforcement. In accordance with the Presidential directive to develop a tax enforcement program aimed at high-level drug traffickers, DEA and the IRS signed a Memorandum of Understanding on July 27 which provides for the sharing of information concerning suspected tax violations by major narcotics violators. Since signing the memorandum, DEA has provided IRS with an initial listing of 375 names of high-level violators and meetings have been conducted in the field between DEA and IRS officials. All of this represents a good start: now the IRS must devote sufficient resources to ensure effective enforcement of the tax laws



against high-level drug traffickers. If additional resources are necessary, they should be provided.

In addition to action by the IRS, there are other measures which can be taken to deprive the trafficker of fiscal resources needed in his trade, or to use financial aspects of his operations to build a criminal case. They include the following:

- Enact the provisions of the President's proposed drug legislation which would: (1) raise the value of property used to smuggle drugs which can be seized by administrative, as opposed to judicial action (from \$2,500 to \$10,000), and extend this forfeiture provision to include cash or other personal property found in the possession of a narcotics violator; and (2) make operative the current provision requiring a report whenever more than \$5,000 is being exported.
- Pursue negotiations to bring about mutual assistance agreements with other countries for increased investigative access to information which could help disrupt the financing of narcotics trafficking.
- Expand the DEA financial intelligence project, which analyzes financial flow to and from a suspected violator to build a prosecutable case.
- Expand training in financial intelligence. The sophisticated methods used by higher-level traffickers to move money and conceal profits require an equally sophisticated form of investigation. DEA's National Training Institute should work with the IRS to devise training courses for our analysts and agents in financial investigative techniques.

## **IMPROVEMENT IN INTELLIGENCE SUPPORT**

Despite the progress made in the past year, the narcotics intelligence function remains weak. Improvements are critically needed because the availability of good strategic and tactical intelligence is the key to proper resource allocation. For example, strategic intelligence on trends in drug abuse, levels of price and availability, sources of drugs and capabilities of other governments to control drugs is essential for resource allocation decisions within and across agencies and for evaluating the impact of supply reduction efforts. Operational and tactical intelligence is essential for targeting enforcement efforts, screening possible leads and for insuring the maximum development of those leads.

Over the next several months, the Enforcement Intelligence Subcommittee of the CCDLE will focus on improving four critical functional phases of the intelligence process:

- Establishment of agency requirements for intelligence information and the assignment of collection tasks against those requirements.
- Collection of intelligence information from domestic and foreign sources and reporting of the information.

- Analysis and dissemination of intelligence.
- Linkage between domestic and foreign intelligence.

To meet the needs of participating agencies, the subcommittee will develop and disseminate a set of multiagency requirements. Further, to ensure that the information needed by each agency is accurate and fully attuned to the changing environment, it may be advisable to establish a Requirements Management Group with the principal function of updating and disseminating intelligence requirements to ensure adequate reporting.

The investigator/agent in the field should be the principal resource for the collection and reporting of tactical narcotics intelligence information. Law enforcement managers must reorient the agent force to serve not only enforcement, but strategic intelligence and multiagency needs as well. DEA must become accustomed to collecting and reporting information beyond the immediate scope of a specific case. To help accomplish this, DEA has scheduled six intelligence collecting and reporting training schools for its Special Agents beginning in November 1976. Within DEA, intelligence and enforcement activities must be more closely coordinated for more efficient collection, analysis and utilization of intelligence.\*

Efficient use of intelligence data is dependent on analysis and dissemination. Recognizing this need, additional resources for intelligence analysis have been provided for both DEA and Customs, but more may be required. This is particularly true with regard to domestic strategic intelligence.

The international nature of the production and traffic in illicit drugs requires the use and careful coordination of both domestic law enforcement intelligence resources and foreign intelligence resources. The fact that two Cabinet Committees—International Narcotics Control and Drug Law Enforcement—have overlapping responsibilities in the area, plus the legal prohibition of any domestic involvement of the CIA (one of the major contributors to the *international* narcotics intelligence effort) makes coordination both difficult and essential. To address this coordination problem, the Working Group of the Cabinet Committee on International Narcotics Control (CCINC) has established a special task force to examine difficulties impeding effective interagency relationships abroad. The Enforcement Intelligence Subcommittee of the CCDLE is working closely with this task force. One concern of this group is to assure that appropriate foreign intelligence is available for domestic drug enforcement, while all proper legal requirements and related policies are implemented and observed.

\* As discussed in Chapter 3, several individual agency steps have also been taken to improve the collection and dissemination of intelligence information. Recently DEA and Customs concluded an agreement that provides that Customs may debrief those narcotics defendants not debriefed by DEA, so that more intelligence supporting interdiction and investigative efforts can be gathered and analyzed. In addition, Customs and DEA have agreed that Customs officers should gather narcotics related information from the international Customs community. Further, a number of interagency intelligence sharing mechanisms at the local and national level have also been established.

## **ACTION TO STRENGTHEN STATE AND LOCAL ENFORCEMENT**

An inevitable result of directing Federal drug law enforcement activities against major drug traffickers is even greater reliance on State and local enforcement to investigate and prosecute the remaining drug offenses. As DEA moves away from prosecution of lower-level violators, additional resources must be found to enable local jurisdictions to handle those investigations. Further, Federal prosecutors are becoming increasingly selective as to which cases they will accept, so there will be increasing pressure on local prosecutors to take those drug cases declined by Federal prosecutors. These increased pressures on State and local law enforcement resources will in turn increase demands on already congested State and local courts and correctional facilities.

There is little evidence that State and local police and prosecutors have the resources to handle this additional burden. In fact, over the past few years many States and most major metropolitan areas have actually reduced the funding of enforcement programs, drug law enforcement particularly. Rare is the major police department whose drug enforcement program has been able to acquire increased resources to meet its increasing needs during the past few years. Further, many promising State and local programs originally funded through LEAA start-up funding were terminated because State and local jurisdictions have chosen not to absorb these programs in their budgets.

The paradox is that, while we are depending more and more on State and local involvement in drug law enforcement, State and local authorities are allocating fewer and fewer resources to combatting drug abuse.

Cooperative efforts, such as the establishment of a Unified Intelligence Division in New York to coordinate intelligence sharing among Federal, State and local enforcement officials, as well as two pilot projects in Chicago and Miami, help. So do the training programs run by DEA: during last year alone, DEA trained 3,331 local police officers in narcotics enforcement. The availability of Federal resources is an important factor in assisting State and local law enforcement. In FY 1975, \$29 million in LEAA grants for drug law enforcement were made, bringing the 6-year total in this area to \$133 million.<sup>9</sup>

All of these activities should be expanded. For while we have a responsibility to enforce the Federal statutes, we also have a responsibility to work more closely with local police to develop joint investigations and to focus on traffickers who are bringing drugs through interregional, interstate and international boundaries to local jurisdictions.

State and local governments have a great responsibility, as well. Under our Federal system, the responsibility for enforcing the law against most

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<sup>9</sup> In addition, the budget for FY 1977 provides for continuation of the DEA task force program which capitalizes on joint Federal and local enforcement efforts, and continued training and laboratory support for State and local officers.

violations is specifically reserved for State and local jurisdiction. They simply cannot expect the Federal Government to continually shoulder a greater and greater share of the responsibility and funding for these vital programs. We understand resources are scarce, but the drug abuse program certainly deserves a special priority as long as the problem persists.

## OUTLINING OF AN OVERALL FRAMEWORK FOR EVALUATING SPECIFIC INTERNATIONAL PROGRAMS

The objectives of the international program are to gain the support of other nations for narcotics control and to strengthen narcotics control efforts and capabilities within those foreign governments.

To achieve these objectives, we have undertaken efforts in a wide variety of areas. In addition to diplomatic efforts, we have fostered the development of international control organizations and have participated in the formulation of international treaties to assist in illicit drug control. We have provided technical and equipment assistance to foreign enforcement organizations, direct cooperative enforcement assistance through U.S. agents stationed overseas, and training of enforcement officials. We have assisted in the eradication of illicit crops, and in the development of alternative source of income for traditionally grown illicit crops. We have encouraged the extradition and expulsion to the United States of indicted traffickers, the exchange of evidence to permit prosecution of traffickers in the foreign countries in which they are operating, and more recently, have assisted in assessing the extent of a nation's drug problem and advised regarding the establishment of treatment systems.

In all of this, we have attempted to provide corrective action as close to the source as possible, since it becomes more and more difficult to deal with illicit drugs as they move further into the distribution network.

As we continue to gain experience with all of these techniques, we must also continue to assess the contribution each makes to the overall program, and at what cost, so that the priorities we set among techniques, as well as among individual country programs, are sound and consistent with overall Federal policy. Naturally, any such overall framework must leave considerable flexibility for responding to individual opportunities, and must take into consideration realistic constraints on what can be done imposed by the sometimes limited capacity of the host government and overall foreign policy objectives.

Two particular areas in which careful consideration and integration into an overall strategy are needed are:

- *Use of foreign assistance funds for extensive income substitution projects.* Recently, we have undertaken an ambitious income substitution pilot project in Bolivia. Similar programs are being negotiated for Peru and Pakistan. The problems which must be resolved if these programs are to be successful are many and

difficult. Illegal traffickers are able to outbid remuneration from legal production; hence, licensing procedures must not only be developed but enforced. Also, the areas in question are remote from markets and the tradition of poppy or coca growing is embedded in the cultures of the peoples in question. These programs should be monitored closely to assess the feasibility of developing alternative sources of income for those who currently produce illicit drug crops.

- *Activities of narcotics control personnel abroad.* Our narcotics control personnel abroad now include 287 persons from the Drug Enforcement Administration assigned to our Embassies and Consulates, an increase from 91 in 1971. Operating under the policy guidelines of the CCINC and the direction of the ambassadors under whom they serve, DEA agents are the principal liaison contact for the U.S. Government with foreign agencies concerned with enforcement of drug laws. Their principal duties are liaison in enforcement and in the development and exchange of narcotics intelligence.

The latest guidelines for DEA operations in foreign countries, dated July 30, 1976, reflected the Congressional concern written into the National Security Assistance and Arms Control Act of 1976 that U.S. officers not participate in direct police arrest action abroad. This Congressional action expressed a desire, congruent with the policy direction the Cabinet committee and DEA have for some time been following, to move DEA agents abroad away from operational activities and toward a liaison and intelligence collection and exchange role. These new guidelines should be closely monitored.

Finally, an international program to encourage the prosecution of foreign traffickers abroad where possible should be expanded. Such judicial cooperation requires methods for exchanging evidence consistent with our own judicial procedures. Foreign cooperation in the prosecution of traffickers relieves docket congestion in U.S. courts and manifests the spirit of cooperation in the broadest sense.

## **REVIEW OF SANCTIONS IMPOSED FOR POSSESSION OFFENSE**

No strategy or policy should remain static. Its effectiveness and validity should be continually assessed as new information and experiences are developed. The *White Paper on Drug Abuse* filled just such a role for most of the drug program but did not completely address one component of the Federal strategy—the question of what sanction to impose for possession of small quantities of illicit drugs for personal use. This is a particularly difficult question with regard to marihuana.

There is no longer a question that marihuana is harmful and that chronic use can produce adverse psychological and physiological effects. Therefore, the Council is unanimous in its belief that Federal policy ought to strongly

discourage its use. The question, however, is how do we most effectively accomplish this with the least cost to society.

In light of the widespread recreational use of marihuana and the relatively low social cost associated with this type of use, an increasing number of people have begun to question the appropriateness of applying a criminal sanction against marihuana users. Without doubt, the threat of a criminal sanction will discourage some potential users. On the other hand, society pays a relatively high price for this form of deterrence: high in terms of stigmatizing casual users with criminal records; high in terms of diverting limited criminal justice resources from other, more serious matters; and high in terms of contributing to an atmosphere which nurtures disrespect for the law.

A number of States and foreign governments have begun to experiment with a variety of alternative approaches to discouraging marihuana use.<sup>10</sup> We believe the Federal Government should carefully assess the experience of these States and foreign governments with a view toward building an empirical data base that would enable policymakers at all levels to weigh the costs versus the benefits of the various alternatives. We should know, for example, how "decriminalization" of possession of marihuana has affected the number of users, the frequency of use and public attitudes in jurisdictions which have decriminalized, and how it has impacted on the criminal justice system within those jurisdictions. Additionally, the Federal Government should give particular attention to identifying the likely international implications of a shift in U.S. policy, in that a number of Latin American governments have expressed concern about this prospect, interpreting it as a signal of generally lowered concern about drug abuse.<sup>11</sup>

The recommendation for this kind of analysis should not be construed as a call for decriminalization of marihuana or of any other drug. It is not. But we must attempt to identify and quantify the costs and benefits of alternative approaches to discouraging drug use to ensure that we are pursuing our policies in the most effective manner.

## DEVELOPMENT AND USE OF NEW KNOWLEDGE

Much of the discussion in the *Federal Strategy* concerns how we can maximize the effectiveness of our current programs by instituting greater management efficiency, setting priorities, and identifying targets of greatest opportunity in order to focus major efforts on them. However, all of these

<sup>10</sup> For example, in the U.S., Alaska, California, Colorado, Maine, Minnesota, Ohio, Oregon and South Dakota, and overseas, Italy, the Netherlands and Colombia are experimenting with different versions of reduced penalties for marihuana possession.

<sup>11</sup> An international consideration which has sometimes been erroneously raised is the effect of decriminalization on our obligations under the Single Convention on Narcotic Drugs. Simply put, that Convention says that marihuana possession must be illegal, but leaves the sanction to the signator country's discretion. The Convention does require continued attention to trafficking.

concepts, valuable though they may be, have an overriding limitation: the current state of our knowledge. In the long-term, the degree to which we can realize major progress in addressing the problem of drug abuse is dependent on the rate at which we can increase our use and analysis of current information, as well as how successful we are in developing new knowledge and understanding of the phenomenon of drug abuse.

For example, while progress has been made in the development and utilization of drug abuse indicators over the past two years, the capacity of the Federal Government to conduct sophisticated analysis of this data and information is very modest. Both DEA and NIDA must devote greater attention and resources to more complete analyses of the information and data they are generating in increasing quantities. Grants and contracts in this area should clearly require that analysis be an integral part of the effort and the resultant data should be made widely available to avoid duplication by others. Expensive information-gathering systems will become difficult to justify if the capacity to analyze the data is not significantly enhanced.

Drug abuse research also has a basic and essential role to play in any attempt to get at the basic causes and longer range solutions to the problem. Research is required to:

1. Increase our understanding of the social and individual causes and consequences of drug abuse. For example, we still know very little about why some individuals when exposed to a particular drug either turn away from it, experiment with it or become severely dependent on it.
2. Increase our knowledge about the long-term effects of drugs such as cocaine. This knowledge is important in both our treatment and law enforcement efforts, and is essential to our ability to develop informed and rational public policy.
3. Assess the exact relationship between drug use and crime. While public officials almost uniformly believe that a strong relationship exists, research has not proven any *causal* relationship.
4. Improve treatment systems through the development of longer acting opiate maintenance and of narcotic antagonists. LAAM (L-alpha-acetyl methadol) is a methadone-like drug which has the significant advantage over methadone of spreading its action more evenly and over a longer period of time. By helping to eliminate the need for frequent clinic visits, the drug promises to permit the addict to lead a more normal life and to virtually eliminate the problem of illegal diversion and accidental poisoning created by the previous need to take medication home. Narcotic antagonists, which are not themselves addictive, show promise of providing an effective pharmacological device for breaking the cycle of addiction by preventing the reinforcing action of a narcotic from occurring while an individual is on the drug. Very promising early clinical trials have lead to the undertaking of large-scale studies on both types of drugs.

5. Continue basic research on the pharmacology of drug use. The findings during this past year of the existence of naturally occurring opiate-like substances in the brain grew directly out of Federally funded basic drug research of the past five years. This is one of the most effective areas of all biomedical research. It holds out the promise of major breakthroughs in understanding drug dependence, the development of new treatments for drug abusers, the development of new medical treatment agents for pain and a wide variety of mental disorders.

The outcome and especially the long-term implications of any given research are often difficult to anticipate. What might begin as a curious observation may turn out to be the key to much-improved treatment and prevention. A close look must be given to increasing the modest amounts of support which are presently being given to research with a clear understanding that the key to long-term diminution of drug abuse lies with a better understanding of the basic nature and extent of drug abuse. It is important that the Federal effort be broad enough to encompass both basic and applied research and flexible enough to respond to newly emergent problems and opportunities.



U.S. HOUSE OF REPRESENTATIVES,  
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,  
Washington, D.C., December 6, 1976.

Dr. JOEL CANTOR,  
Director, Drug Abuse Programs,  
Veterans' Administration, Washington, D.C.

DEAR DR. CANTOR: As you know, this Committee has been conducting oversight studies relating to the jurisdiction of the several federal agencies having responsibility for some phase of drug abuse programming.

Would you kindly provide us, at your earliest convenience, with a brief statement detailing the current activities of the Veterans Administration in the prevention, treatment and rehabilitation phases of drug abuse within your jurisdiction.

A short descriptive paragraph concerning each such DE program will be sufficient for the time being.

Your cooperation in this respect will be greatly appreciated.

Very truly yours,

JOSEPH L. NELLIS, *Chief Counsel.*

VETERANS' ADMINISTRATION,  
DEPARTMENT OF MEDICINE AND SURGERY,  
Washington, D.C., December 27, 1976.

Hon. LESTER L. WOLFF,  
Chairman, Select Committee on Narcotics Abuse and Control, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to respond to the request of Mr. Joseph L. Nellis, Chief Counsel for the Select Committee on Narcotics Abuse and Control, for information regarding the current activities of the Veterans Administration in the prevention, treatment and rehabilitation phases of drug abuse.

The goal of the VA in drug abuse prevention has been to reduce active drug abuse among eligible veterans through earliest possible diagnosis, treatment and rehabilitation. Drug dependence treatment programs (DDTP's) have been established in 53 areas of highest incidence of drug abuse in order to realize that goal (list of locations is enclosed). Our programs utilize a multimodal treatment approach including detoxification, drug-free treatment, and methadone maintenance components, coupled with aggressive outreach and follow-up activities.

From July 1969 through June 1976, the VA admitted over 116,000 veterans for drug abuse treatment. The largest annual number, 26,527, was admitted in fiscal year 1976, up 6.55 percent from fiscal year 1975. Data from the last fiscal year shows that 66.2 percent of inpatients and 75.1 percent of outpatients were admitted for dependence on opium, opium derivatives or synthetic analgesics with morphine-like effects.

Vocational and social rehabilitation have been major objectives of the DDTP's and specialized personnel—Community Services Specialists, Veterans Assistance Counselors and Outreach Rehabilitation Technicians—have been assigned to all DDTP's to ensure that all eligible veterans receive comprehensive treatment, planning and full rehabilitation benefits programming.

I am, also, enclosing a summary of a study of drug dependent veterans completed earlier this year, which evaluated the treatment outcome at 11 months following admission.

I trust this information is fully responsive to your request.

Sincerely yours,

JOHN D. CHASE, M.D.,  
Chief Medical Director.

Enclosures.

OCTOBER 7, 1976.

## DRUG DEPENDENCE TREATMENT CENTERS

- VAH Albany, New York.
- VAH Allen Park, Michigan.
- VAH American Lake, Washington.
- VAH Atlanta, Georgia (Decatur), Outpatient Clinic, 196 Pryor St., Atlanta, Ga.
- VAH Baltimore, Maryland, Outpatient Clinic, 31 Hopkins Plaza, Baltimore, Md.
- VAH Battle Creek, Michigan.
- VAH Bedford, Massachusetts.
- VAH Boston, Massachusetts.
- VAOC Boston, Massachusetts (92 Water Street).
- VAH Bronx, New York.
- VAH Brooklyn, New York.
- VAH Buffalo, New York.
- VAH Chicago (West Side), Illinois.
- VAH Cincinnati, Ohio.
- VAH Cleveland (Brecksville Division), Ohio.
- VAH Coatesville, Pennsylvania.
- VAH Dallas, Texas.
- VAH Denver, Colorado, Outpatient Clinic, 1776 Williams St., Denver, Colorado.
- VAH North Chicago, Illinois.
- VAH East Orange, New Jersey, Outpatient Clinic, 37 Central Ave., Newark, N.J.
- VAH Hines, Illinois.
- VAH Houston, Texas, Outpatient Clinic, 2120 Travis St., Houston, Tex.
- VAH Indianapolis (10th Street), Indiana.
- VAH Little Rock, Arkansas.
- VAH Long Beach, California.
- VAH Los Angeles (Brentwood), California.
- VAOC Los Angeles, California (425 South Hill Street)
- VAH Lyons, New Jersey
- VAH Marion, Indiana.
- VAH Martinez, California, Outpatient Clinic, 1096 Yerba Buena, Emeryville, Calif.
- VAH Memphis, Tennessee.
- VAH Miami, Florida, Outpatient Clinic, 1491 20th St., N.W., Miami, Fla.
- VAH Minneapolis, Minnesota, Outpatient Clinic, Ft. Snelling, St. Paul, Minnesota.
- VAH Montrose, New York.
- VAH New Orleans, Louisiana, Outpatient Clinic, 639 South Rendon St., New Orleans, La.
- VAH New York, New York.
- VAH Oklahoma City, Oklahoma, Outpatient Satellite, 1717 North Peoria, Tulsa, Okla.
- VAH Palo Alto, California, Outpatient Satellite, 259 Hyde St., San Francisco, Calif.
- VAH Philadelphia, Pennsylvania.
- VAH Pittsburgh (University Drive), Pennsylvania, Outpatient Clinic, 5108 Baum Blvd., Pittsburgh, Pa.
- VAH Providence, Rhode Island.
- VAH Richmond, Virginia.
- VAH Salt Lake City, Utah.
- VAH San Diego, California (Outpatient Treatment).
- VAH Seattle, Washington, Outpatient Clinic, Smith Tower Bldg., Seattle, Wash.
- VAN Sepulveda, California.
- VAH St. Louis (Jefferson Barracks), Missouri, Outpatient Clinic, 915 North Grand Blvd., St. Louis, Mo.
- VAH Tucson, Arizona.
- VAH Vancouver, Washington, Outpatient Clinic, 4241 South East Hawthorne, Portland, Ore.
- VAH Washington, D.C., Outpatient Clinic, 3103 Georgia Avenue, Washington, D.C.
- VAC Wood, Wisconsin.

MAY 20, 1976.

VETERANS' ADMINISTRATION MENTAL HEALTH AND BEHAVIORAL SCIENCES  
SERVICE, EVALUATION OF TREATMENT OF DRUG DEPENDENT PATIENTS

The Veterans Administration, Department of Medicine and Surgery, conducted a study of drug dependent veterans admitted to VA treatment between July 1, 1973 and December 31, 1973. An evaluation of treatment outcome was obtained 11 months following admission, including a urinalysis. Although the target followup sample was only 2,600, it is presumed that they represent a fair sampling of the VA treatment experience and the VA client at that time. The following findings were reported:

1. A large decrease in heroin use.

At time of admission 55.3 percent of the patients were active heroin users. At the 11-month followup evaluation 16.1 percent of the patients were active heroin users.

2. Moderate decreases in the use of several other drugs.

(In percent)

	At time of admission	At 11-mo followup
Other opiates, opium preparations and synthetics.....	15.6	4.0
Cocaine.....	17.6	6.2
Barbiturates.....	24.2	7.7
Other sedatives, hypnotics and tranquilizers.....	19.8	9.0
Amphetamines.....	21.3	8.3
Hallucinogens.....	10.5	2.0

3. No salutary effect on use of marijuana or hashish.

Cannabis sativa:

At time of admission, 49.7 percent.

At 11-month followup, 52.3 percent.

4. A small increase in use of alcoholic beverages to the point of intoxication:

At time of admission, 26.1 percent.

At 11-month followup, 32.1 percent.

5. A sizeable shift in drug use proclivities from use of the drugs listed above toward a personal behavior style which limited drug use to alcohol and cannabis.

None of the drugs listed above except alcohol and cannabis:

At time of admission, 19 percent.

At 11-month followup, 67.1 percent.

6. A small increase in economic independence.

7. No salutary effect on frequency of arrests. We had no provision for a statistical breakout, initially, or civil and criminal arrests. We are therefore unable to identify whether, as reported in other studies the frequency of arrests for criminal behavior decreased during the first year of treatment, while civil law violations remained high during the early period of treatment. We now have the various categories of arrests identified for subsequent followup studies.

	At time of admission	At 11-mo followup
Supported self from employment (percent).....	45	6
Supported dependents (if applicable, percent).....	39	5
Hours of employment per week.....	17.8	20.
Weekly income.....	\$65.37	\$76.3
Attended school or job training (percent).....	7	1

This analysis represents some of the overall findings. The breakout analyses comparing the experience and treatment outcome of those who dropped out of treatment early with those who continued on through a significant period of treatment have not been accomplished as of this date, but are in process.

The drug abuse problem is a difficult one, but we feel we have made some breakthroughs in treatment approaches, particularly with use of group and family treatment techniques, and with selective use of vocational rehabilitation, providing the veteran with job skills which are more competitive.

The following treatment goals were defined and adopted by the VA for this study:

The treatment of drug dependent veterans is intended to—

1. Eliminate the non-prescribed use of drugs.
2. Develop the work skills and attitudes necessary to become or remain self-supporting in the community.
3. Eliminate antisocial (criminal) activity.
4. Enable them to establish and maintain stable living arrangements, that is, arrangements that assure adequate food, clothing and shelter.
5. Improve and maintain physical condition with respect to drug-related or medical problems.
6. Improve abilities to relate to people in their immediate living situations (family, job, etc.).
7. Enable them to experience a sense of psychological well-being independent of the drug culture.

STEWART L. BAKER, Jr., M.D.,  
*Associate Director (Alcohol and Drug Dependence),  
Mental Health and Behavioral Sciences Service.*

U.S. DEPARTMENT OF AGRICULTURE,  
AGRICULTURAL RESEARCH SERVICE,  
Beltsville, Md., November 5, 1976.

Mr. JOSEPH NELLIS,  
*Chief Counsel, House Select Committee on Narcotics Abuse and Control, House  
Office Building, Annex 2, Washington, D.C.*

DEAR MR. NELLIS: This is in reference to our recent conversation concerning  
crop substitution for opium poppy.

In our opinion the logical solution to the illicit opium operation is to reduce or  
eliminate the source—the opium poppy. This can be done by providing alternate  
sources of income for the farmer so that a ban can be enforced. The impoverished  
farmers in northern Thailand and in the North West Frontier of Pakistan are  
willing to produce other crops, particularly those that would provide year-round  
employment, if they would provide a more reasonable income in relation to labor  
input than does opium poppy.

There is no crop that can compete on a one-to-one basis with illicit opium  
poppy primarily because of the elastic selling price. There are crops and groups  
of crops which, with improved production and processing efficiency and market  
development, can more than replace income from production of licit opium.

The Agricultural Research Service is supporting research on several crops for  
the opium producing areas. Many crops are being considered that will serve a  
wide range of environmental, geographical, cultural and sociological conditions.  
Emphasis is being placed upon crops for which there is a good market, that have  
a high value per unit weight, and that can be transported over poor roads and  
mountain trails.

We are enclosing several examples of technical progress reports covering the  
research activity of several projects. We would appreciate your returning the  
reports when you have finished with them—no hurry.

Please let us know if you need additional information.

Sincerely,

DONALD W. FISHLER, *Assistant to Director.*

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U.S. DEPARTMENT OF AGRICULTURE,  
AGRICULTURAL RESEARCH SERVICE,  
Beltsville, Md.

Mr. JOSEPH NELLIS,  
*Chief Counsel, House Select Committee on Narcotics Abuse and Control, House Office  
Building, Annex 2, Washington, D.C.*

DEAR MR. NELLIS: This is in response to your letter of November 16 requesting  
additional information on the crop substitution program in Pakistan, Afghanistan,  
Burma, and Thailand.

The Department does not support research on crop substitution in Afghanistan  
and Burma. Results of the work in Pakistan and Thailand, however, could also  
apply to Afghanistan and Burma respectively because of similar edaphic and  
climatic conditions.

Details of the current USDA crop substitution projects in Thailand are given  
in the accompanying tables.

The crop substitution research program in Pakistan operates along the same  
lines as the one in Thailand except that special Foreign Currency Funds are used  
to support research grants. Those now active are listed with dollar equivalents of  
Pakistan rupees. Eleven research projects are presently active in Pakistan. Four  
of these were initiated within the past year and none have been in operation for  
as long as 3 years.

We are enclosing a copy of a manuscript entitled "Crops to Replace Opium  
Poppy in Pakistan" which describes the effort in that country.

If we can be of further assistance, please let us know.

Sincerely,

DONALD W. FISHLER,  
*Assistant to Director.*

Enclosures.

## THAILAND

The 18 active research projects funded by USDA are listed in the accompanying table with duration and dollar amounts shown. Project proposals originate with Thai scientists, are reviewed in Thailand by the Highland Agricultural Research Coordinating Committee (composed of two permanent members from each of the following organizations: Kasetsart University, Chiang Mai University, Department of Agricultural Technology, Royal Forest Department, Applied Scientific Research Corporation of Thailand, United Nations Program for Drug Abuse and Control, and Agricultural Research Service offices of USDA) and are reviewed in the United States by appropriate scientists of the National Program Staff of the Agricultural Research Service. Semiannual payments to contractors are contingent upon demonstrated progress toward project objectives. Onsite technical support and guidance is provided by the Agricultural Research Officer stationed in Chiang Mai near the poppy growing area. Technical backstopping is provided by ARS scientists in the United States and through visit of expert consultants on specific problems.

Extension of research findings will be accomplished through the Thai/UN demonstration-extension program, the office of extension in the Tribal Research Center of the Department of Public Welfare and through the King's Hill Tribes Project. The King supports the crop substitution program with funds and openly praises the USDA program in Thailand.

Projects which have shown notable results are:

**Deciduous Fruits.**—The feasibility of improving yield and quality of native fruit trees by grafting superior varieties (imported from United States and Australia) on to wild rootstock has been demonstrated. Grafted peach and nectarine plants and budwood for grafting are going to the villagers.

**Coffee.**—Plantings of rust resistant arabica coffee have been established in several areas and appear well adapted. Cultural research continues and could result in the establishment of a sound commercial coffee enterprise. Cultivation of coffee would provide much needed employment for the villages and would discourage the unstable swidden agriculture now practiced by the Hill Tribes.

**Mushrooms.**—Both shiitake and button mushrooms can be grown successfully in the poppy growing areas. A well-established market for fresh and canned mushrooms exists in Thailand and a good export market can be developed, especially for the highly prized shiitake. The process of drying mushrooms is not sophisticated and will facilitate marketing from remote areas.

**Essential Oil Crops.**—Plantings of several essential oil producing crops have been established in the poppy region and a small distillation plant is in place. Thailand imports almost all of its essential oils. The decline in production of essential oils in high labor cost countries of Europe encourages an export market.

**Strawberries.**—After 2 years of research, this crop looks exceptionally good for the Hill Tribes area. Since strawberries are a perishable fruit, emphasis is on production of daughter plants during the wet season for planting in the lowlands during the cooler dry season. When roads are built into the area, the Hill Tribes can supply fresh strawberries for the off-season market.

**Pyrethrum.**—This plant produces pyrethrins, the best of the natural insecticides. Pyrethrin insecticides have a low mammalian toxicity, are biodegradable, and have a powerful knockdown effect on a wide range of insect species. Yields from the first year's crop reached 745 pounds of dry flowers per acre which compares most favorably with the average yield of 400 pounds per acre in Kenya, the world's major producer.

## CURRENT USDA CROP SUBSTITUTION RESEARCH PROJECTS IN THAILAND

Number and projects	Contractors	Duration	Amount
<b>RESEARCH PROJECTS IN THAILAND</b>			
1. Production of shiitake and button mushrooms.	Applied Scientific Research Corporation of Thailand (ASRCT).	December 1973 to December 1976..	\$92, 923
2. Legumes for the Highlands.....	Chiang Mai University (CMU).....	April 1974 to April 1977.....	84, 330
3. Research on Coffea arabica.....	Department of Agricultural Technology.	June 1974 to June 1977.....	79, 069
4. Essential oils.....	ASRCT.....	do.....	61, 355
5. Research on strawberries (Fragaria sp.).....	Kasetsart University (KU).....	do.....	40, 900
6. Nut production.....	Royal Forest Department (RFD).....	do.....	75, 926

## CURRENT USDA CROP SUBSTITUTION RESEARCH PROJECTS IN THAILAND—Continued

Number and projects	Contractors	Duration	Amount
RESEARCH PROJECTS IN THAILAND—Continued			
7. Pyrethrum.....	KU.....	July 1975 to July 1978.....	59,610
8. Oilseed plants.....	KU.....	do.....	81,570
9. Apiculture.....	KU.....	do.....	98,810
10. Multiple cropping for the High-lands.....	CMU.....	do.....	129,528
11. Tea.....	CMU.....	June 1976 to June 1979.....	114,090
12. Ornamental plants.....	CMU.....	do.....	145,649
13. Lac cultivation.....	KU.....	April 1976 to April 1979.....	48,420
14. Conservation farming.....	RFD.....	June 1976 to June 1979.....	94,166
15. Wild plants for dye production.....	KU.....	do.....	57,090
16. Wild silkworm cultivation.....	KU.....	do.....	56,225
17. Insecticidal plants.....	KU.....	do.....	52,775
18. Varietal and cultural improvements of deciduous fruits.....	KU.....	do.....	91,565
Total.....			1,464,001
RESEARCH PROJECTS IN PAKISTAN			
1. Development of equipment for sugarbeets.....	University of Peshawar.....	June 1976 to June 1981.....	37,542
2. Forage production.....	Punjab Agricultural Research Institute, Lyallpur.....	March 1975 to March 1979.....	109,280
3. Sugarbeets for higher elevations.....	Agricultural Research Institute.....	November 1974 to November 1979.....	177,096
4. Gram production in N.W.F.P.....	do.....	March 1975 to March 1979.....	81,438
5. Pome and nut fruits in N.W.F.P.....	do.....	August 1974 to August 1979.....	104,798
6. Wild and exotic mushrooms.....	University of Agriculture.....	February 1975 to February 1980.....	166,893
7. Safflower.....	Agricultural Research Institute.....	June 1976 to January 1981.....	108,966
8. Honey bees.....	do.....	July 1976 to July 1979.....	150,242
9. Sisal.....	Forestry Division.....	June 1976 to June 1981.....	38,391
10. Saffron for N.W.F.P.....	Agricultural Research Institute.....	do.....	58,819
11. Stone fruits in N.W.F.P.....	do.....	do.....	129,256
Total.....			1,162,723

## CROPS TO REPLACE OPIUM POPPY IN PAKISTAN

Donald R. Cornelius<sup>1</sup> and D. W. Fishler<sup>2</sup>

An effort to reduce illicit production of opium poppy in several countries of the world has been made through the cooperation of the United States Government to help control the smuggling of heroin and other harmful drugs into the United States. In an effort to help Pakistan meet this problem the Agricultural Research Service of the United States Department of Agriculture makes grants to Pakistani research institutions to carry out research with agricultural crops with a view to the replacement of illicit narcotic crops. The Pakistan Agricultural Research Council and the Pakistan Narcotics Control Board help in identification of crops or related projects that may be useful for replacement purposes. The crops which are selected may require introduction and/or improvement in adaptation, disease and insect resistance or control, yielding ability, market quality, and related factors.

The criteria for replacement of opium poppy include the following considerations: (1) a high income per unit area; (2) in some areas a compact product easy to store and to transport out over mountain trails; (3) growth period conforming to opium poppy usually October to April; (4) several crops should be available to meet variations in elevation, soils, moisture conditions, and market conditions; (5) utilization of available hand labor according to family and tribal customs in production of food or fiber crops instead of the very labor intensive opium poppy; and (6) to improve Pakistan's foreign exchange by decreasing imports or by increasing exports.

A comparison has been made of the cash returns for several crops with that of opium poppy. The net income per acre per year from various crops alone or grown in multiple cropping was estimated by Dr. Baz Mohammad Khan as follows: poppy (winter) plus maize (summer), 3300 rupees; onion plus tomato, 4700; onion plus potato, 6000; wheat plus potato, 3500; apples, 5000; saffron, 30,000 to 35,000; wheat plus maize, 900; wheat plus rice, 1300; and wheat plus tomato, 2000 [3].

<sup>1</sup> Agricultural Research Officer, ARS, USDA, American Embassy, Islamabad, Pakistan.

<sup>2</sup> Assistant to the Director, International Programs Division, ARS, USDA, Beltsville, Maryland.

## HISTORY OF OPIUM PRODUCTION

Over 2500 years ago poppy was grown as a garden plant and its medicinal properties were utilized during the early classic periods of Greece and Rome [6]. Homer, a Greek writer in 9th century, B.C. gave the simile of the exhausted warrior hanging his heavily helmeted head, like the drooping poppy flower buds.

Approximately 1200 years ago the Arabs carried opium knowledge to the utmost corners of the Eastern countries, to Persia and subsequently to India and China [6]. India included present day Pakistan until 1947. Pakistan was on the spice and silk trading route between Rome, the Middle East, and China. About 763 A.D. the Arabs were trading as far east as China. The Arabs had begun to grow opium in India in the 16th century.

## USES OF OPIUM POPPY

The ancient system of medicine, from days immemorial, found opium playing a major role and it has maintained its importance as a pain killer even in modern therapeutics. Thomas Sydenham, the great seventeenth century physician and founder of the modern clinical methods stated "Without opium I would not care to practice medicine." [2]. In 1680, Sydenham wrote "Among the remedies which it has pleased Almighty God to give to man to relieve his sufferings, none is so universal and so efficacious as opium." Today, morphine the alkaloid that gives opium its analgesic actions (insensibility to pain), remains the standard against which new analgesics are measured. Many of the newer agents may be considered its equal, but it is doubtful that any of them is clinically superior [1].

The young plants of opium poppy are eaten as a vegetable in India. Young leaves are eaten as lettuce is used. Or the young plant may be cooked with butter-milk or yogurt. The mature seeds are crushed and cooked with milk or used with sugar or honey in various sweet preparations. The seeds have high oil content and contain other nutritious properties. The capsules are used in making "post", an infusion consumed as a beverage. The "post" of the Punjab appears to closely resemble the "*huknar*" which was a luxury among the Muslims in the time of Akbar [6]. In 1658 the Indians were divided into two sections, those called "pusti" who smoke an inferior opium prepared from the leaves, stems, and capsule of the poppy. The second group are called "afyum" who could afford to purchase ordinary opium. From the 12 century A.D. of Sung dynasty in China medical writers have extolled the merits of poppy capsules in the treatment of dysentery, especially when combined with astringent drugs.

## CULTIVATED OPIUM POPPY AS A CROP

Estimates of acreage of opium poppy in Pakistan range from 20,000 to 22,000 per year. Approximately, one-third of the area is grown under rainfed conditions (barani land, unirrigated). Two-thirds of the acreage is irrigated. Two-thirds of the total acreage occurs in tribal areas which are locally autonomous with virtually no central government control, and one-third in settled or merged areas with some effective government control. The average production ranges from 8 to 10 seers (kilogram) per acre giving a total yield per year of 150 to 210 metric tons of opium gum.

We have no evidence that opium poppy, *Papaver somniferum*, ever existed in any part of Pakistan, Baluchistan, Afghanistan, or even Persia, in a wild state, and even now, after at least a thousand years of cultivation it has nowhere manifested any tendency to become naturalized. [6]

## USE OF POME AND NUT CROPS AS REPLACEMENT

The principal pome fruits are apples and pears. The nut crop which may be grown are walnuts, almonds, filberts, pecans, and pistachio. The northern zone of Pakistan lies between 30 to 37 degrees North latitude with elevations from sea level to 10,000 feet and offers suitable soil and climatic conditions for cultivation of high quality temperate fruit and nuts. Most of these crops thrive in elevations of 3,000 to 7,000 feet above sea level. The total cultivated area in Upper Hazara, Dir, Swat, Chitral, Kurram Agency and South Waziristan was 1,126,860 acres according to statistical data for 1965-66. The acreage under important fruit crops was only 11,573. With the completion of various irrigation projects and conversion of certain acreage in annual to tree crops the acreage should increase considerably. The present fruit and nut production is short of local requirements. A report was



prepared, "Improvement of Pome and Nut Crops in the North West Frontier Province of Pakistan" by Dr. L. C. Cochran, formerly Chief, Fruit and Nut Crops Research Branch, ARS, USDA. He spent three weeks in Northern Pakistan. His report compared temperature requirements for several fruit and nut crops along with other site factors of soil, moisture, wind, hail, drainage, and nutrition. Dr. Miklos Faust, of USDA, Beltsville, Maryland spent several days in fruit producing and poppy growing areas of Northern Pakistan. Recommendations were made on such plant physiological controls as use of hormone sprays on pollination, fruit set, and thinning. Several improved varieties of apples are being tested and better methods developed for pruning, harvesting, handling, and storage. Dwarfing stock have been introduced to give earlier bearing and to better facilitate spraying and pruning.

#### SUGAR BEETS

Sugar beet has become established in the cropping pattern of Peshawar Valley and surrounding areas of Mardan district and has become the third cash crop in that area after sugarcane and tobacco. Three sugar mills have been equipped with beet sugar diffusion extraction equipment. A fourth mill is under construction at Khazana. About 30,000 acres of sugar beet are planted but this will be expanded to 70,000 acres which will require about 350 tons of seed. Large quantities of sugar beet seed have been imported from abroad which requires a heavy expenditure of foreign exchange. Dr. J. S. McFarlane, Research Leader, Sugarbeet Production, ARS, USDA from Salinas, California has visited and studied the beet sugar production in the upper plains and foothills and the seed producing potentials in the mountain valleys of Swat and Parachinar. Both are important poppy producing areas. Promising varieties of sugar beet have been supplied and tested and breeding material will be developed to provide better varieties for Pakistan.

Another problem in beet sugar production is lack of suitable equipment for field use. A project in agricultural engineering at Peshawar University has been initiated to make a bullock drawn ridger and bedder. This equipment will provide a better method of planting, tilling, fertilizing, irrigating, and digging sugar beets.

#### MUSHROOM

A survey of wild mushroom is being made in different regions of Northern part of Pakistan for identification and study of their natural habitats. The spawn of various species and varieties of mushroom cultivated in different countries of the world is being tested and their cultivation studied in several regions of Pakistan. Studies are being made on the preservation, marketing, and export potentials of the mushroom. The export of *Marchella* mushroom collected in Northern part of Pakistan to France and Switzerland has brought good return of foreign exchange for several years. A seminar report titled "Proceedings of Seminar on Mushroom Research and Production" has been published by the Pakistan Agricultural Research Council [5]. This seminar was conducted by Dr. Ralph H. Kurtzman, Jr., Western Regional Research Laboratory, ARS, USDA, Albany, California. He and Dr. J. P. San Antonio, of Beltsville, Maryland are cooperating scientists of this project.

#### GRAM (CHICKPEAS)

"Gram (Chickpeas) as a Replacement Crop for Poppy Cultivation in North West Frontier Province" is the title of a project now underway. Gram flour is considered the cheapest source of protein. Total areas under gram in Pakistan is about 2.63 million acres annually. The crop acreage could be expanded in Northern Pakistan if wilt and blight resistant varieties can be developed. Two sources of blight resistance have been found. The blight is caused by a fungus, *Ascochyta blight*. During a severe attack, yield loss may be nearly 100 percent. Germplasm has been introduced and tested from abroad as well as from local sources. Blight resistance has been found in a few strains introduced from the World Collection and in local material subjected to gamma rays irradiation. The breeding program is designed to obtain disease resistance, yield potential, and adaptability. Dr. Nader G. Vakili, Plant Pathologist, ARS, USDA, Mayaguez, Puerto Rico is cooperating scientist.

#### FORAGE CROPS (LEGUMES)

Improvement work with certain leguminous forage crops has been undertaken in a project titled "Development of Varieties of Berseem, Persian Clover, and Lucerne for Increased Production." Berseem, (*Trifolium alexandrinum*) is the



**CONTINUED**

**5 OF 6**

most important winter fodder crop growing throughout Pakistan. It was introduced in this part of the Country in 1904 and since then Miskawi is the variety which is being grown in different ecological zones. The main objective will be to conduct population studies in order to isolate strains with short and extended period of growth. This will help bridge or narrow down the gap between the scarcity period of May and June and fit into the cropping sequence better. Berseem ecotypes from NWFP will be studied because there are indications that they may not only be improved for use there but when planted in Punjab give additional cuttings. Seed production pays very well and may be taken up in NWFP to greatly help in replacing opium poppy.

Persian clover, or Shaftal, (*Trifolium resupinatum*) is grown on about 0.5 million acres in the Punjab and extensively in the mountain valleys of NWFP. Persian clover responds better than berseem on the less productive sites, tolerates grazing and salinity better. Selection work with it will parallel the method of improvement with berseem.

Lucerne, (*Medicago sativa*) grows on a substantial area in the Punjab and should be extended more into NWFP. It has long been established as a most valuable fodder and grazing plant. The variety generally grown behaves as an annual type which is a low yielder of fodder. The longer lived varieties available through introduction and clonal selection should possess great potential of stand, persistence, vigor, and yield. Polycross technique will be employed for the production of synthetics possessing higher seed and forage yield. A wheat-medic rotation may be tried as in Australia.

Dr. William E. Knight, Research Agronomist, ARS, USDA, Mississippi State, Mississippi, will be cooperating scientist for this project.

#### MEDICINAL PLANTS, SPICES AND CONDIMENTS

A large number of medicinal plants is under study as to production techniques, pharmacognostic characteristics, processing, and marketing to insure purity and potency. A large field of medicine has been developed around the use of natural herbs. Many have been collected from the wild but need the application of modern techniques of production and analysis.

Many spices and condiments are used in everyday cooking by all classes of Pakistani people. Some are produced in the country but a vast amount is imported. Projects are being designed to develop production in different areas of Northern Pakistan where hand labor is available for intensive cultivation, collection, and handling of these specialty but highly important crops.

#### SAFFLOWER

Safflower has been an oilseed crop of Pakistan and India for several centuries. It offers a range of quite different oils with different uses. The meal is a valuable protein feed for ruminants. A related wild species is a good source of genetic material for use in the breeding program. Rust resistance is needed for fall seedings to give optimum yields; rust resistance occurs in some accessions of the world safflower collection so germplasm is available. A search is underway for resistance to leaf blight caused by *Ramularia* and/or *Alternaria*. Pakistan is deficient in the production of edible oils with continuing annual deficits estimated to be approximately 100,000 tons. The world situation is becoming more difficult for Pakistan to obtain the oil for food from the world market. The acreage of safflower is limited in Pakistan at present but a project in breeding and improvement of the crop is underway. Safflower will grow in the winter on land now used for opium poppy production.

Dr. Paulden Knowles, Former Chairman of the Department of Agronomy and Range Science, University of California, Davis, California was employed on contract with the USDA to conduct a 3 week survey and study of safflower potential in Northern Pakistan. A report was published of his findings in 1974 [4].

#### BEE-KEEPING

A project just getting underway is titled "Research on Honey Bee Management." Bee-keeping is a well established cottage industry and a well paying profession for agriculturalists throughout the world. It provides honey—a rich source of instant energy and vitamins. The bees help in pollination of many crops including fruit, clover, lucerne, and oilseeds; thereby increasing their yield. The work in Northern Pakistan will be the selection of improved strains of *Apis indica*. Procurement, development, multiplication and distribution of bees and equipment for handling them will be carried out in NWFP and Punjab.

## SISAL

Sisal fiber is needed to make up for shortage of jute. Preliminary testing has shown it to be adopted in Northern Pakistan. More research is needed in finding proper techniques for raising the crop in the different climatic zones of Northern Pakistan. Studies will be carried out on time and method of planting, spacing, cultivation, and harvesting. The leaves of sisal yield hard fiber suitable for spinning coarse yarn, string, twine, and rope. A few years ago synthetics started to replace some sisal fiber. Recent energy crises and shortage of petroleum have changed the trend toward more natural fiber and less synthetic. It offers promise as replacement for *Cannabis* which grows along roadsides and waste areas, and for poppy in drier areas such as Kohat.

## VEGETABLE SEED PRODUCTION

Seeds of many vegetables especially peas, turnips, beet, cabbage, hybrid-onion and radish are imported from abroad at huge cost of foreign exchange. Most of the vegetables require mild and cool climate for seed production and their seeds can be successfully multiplied in sub-mountain areas of NWFP, Punjab and Baluchistan. The poppy and hashish growing areas can be successfully utilized for vegetable seed production.

Information is needed regarding seed production behavior of selected vegetables at different longitudes, latitudes, and altitudes in Northern Pakistan. Techniques must be developed for efficient harvesting, threshing, storing, packaging, distributing, and marketing. The income from vegetable seed production should be competitive with that produced by poppy or hashish growing.

## SAFFRON

Saffron, *Crocus sativus*, has been used for its fragrance and flavor in rice and in giving yellow color to rice or cloth. NWFP has ecological conditions suited to the production of high quality saffron. Varieties will need to be introduced and tested under the different environmental conditions of NWFP. Tests will be needed to determine proper cultural techniques and fertilizer requirements. The crop has great economic potential, requires hand labor, and offers an excellent chance to yield greater income than poppy production with similar land and labor requirements.

## SEED POTATOES

Potato is grown over an area of about 60,000 acres in Pakistan with a total production of 280,000 tons. Of this area, 15,000 acres are occupied by the spring crop. In view of the constant food crisis and the need for earning foreign exchange, potato cultivation is assuming great importance. The non-availability of certified potato seed is one of the major difficulties in boosting up the potato production. At present certified potato seed worth Rs. 70 lakhs is being imported from Holland, etc., which hardly meets more than 10 to 15 per cent of Pakistan's requirements.

Potato is a vegetatively propagated crop and once the crop gets infected with some seed or soil borne disease such as a virus, the tubers are rendered unhealthy. When the progeny of such seed is sown in the subsequent cropping season, the disease counts against the potential of the crop on one hand and gets multiplied on the other.

The hill areas of NWFP, especially Kaghan Valley, Swat Valley, and Balakot along with certain high valleys of Quetta and Ziarat in Baluchistan with elevations of approximately 7,000 feet are suitable for healthy potato seed production. Insect vectors (aphids) are very few at such elevations. Since narcotic crops of poppy and *Cannabis* now occur in these mountain valleys we think seed potatoes offer excellent potential as a replacement crop. Dr. Raymon Webb, Vegetable Laboratory, ARS, Beltsville, Maryland is cooperating scientist for this project.

## RAPESEED FOR OIL

Rapeseed has been one of the most important seed crops in Northern Pakistan. It grows in the winter and can replace opium poppy in most areas because the climatic and seasonal requirement are similar for both crops. Most of the cultivated varieties of Cruciferae in Pakistan contain between 38 and 44 per cent erucic acid in their seed oil. This erucic acid renders the quality of the oil inferior for human food as compared to other oil bearing seeds. Low- or zero-erucic varieties of crucifers were developed in Canada and Sweden during the past decade or so. This plant breeding accomplishment has been extended to free rapeseed of glucosin-

olate also. These two components of present varieties of rapeseed in Pakistan are health hazards and should be replaced by varieties free of erucic acid and glucosinolate.

The other major problem in production of cruciferous oil seed species in Pakistan is aphids. Damage ranges from occasional small to often destruction of 50 percent of the crop and sometimes total loss. The research to overcome the aphid damage will be of several parts. The development of genetic resistance will be attempted by obtaining wide collection of germplasm from within Pakistan and from other countries. Chemical control will be studied and insecticides evaluated in effectiveness against aphids. The evaluation of effects of cultural practices on aphid damage will also be made. Biological control is a possibility.

#### MINT OIL

Pakistan has areas in the tribal lands which would be suitable for mint oil production. A project has been proposed to test out several of the mint and other essential oil crops. These crops have potential for high income earnings, are labor intensive, and the product is easy to transport and market. The estimated annual import of menthol and mint into Pakistan costs 3 million rupees. A pilot extraction plant has already been developed by the Pakistan Council for Scientific Industrial Research Laboratories at Lahore.

#### SUMMARY AND CONCLUSIONS

The long history of opium poppy production in Pakistan and the high cash returns per acre from illicit sales has made it necessary to conduct research and development studies on several crops to replace poppy production. We have considered 19 different crops which can be profitably grown in the region where the poppies grow.

Elimination of illicit production will depend upon the Government of Pakistan exercising greater control over licensing of acreage; procurement of all the opium gum produced for legitimate uses; and better interception, confiscation, and penalties against offenders whenever harmful drugs are smuggled. Illicit opium production perpetuates misery and suffering of the drug addicts and all who come in contact with them. Instead, we need to grow crops that improve the welfare of humanity by providing better and more abundant food and by raising the level of health and happiness in the community in Pakistan and throughout the World.

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