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BY THE U.S. GENERAL ACCOUNTING OFFICE
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Report To The Attorney General Of The United States

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The Drug Enforcement Administration's CENTAC PROGRAM--An Effective Approach To Investigating Major Traffickers That Needs To Be Expanded

Using few resources, Central Tactical investigations have accounted for a high number of major trafficker arrests. Although Drug Enforcement Administration officials maintain the program is at its optimum level, there is a paucity of data to confirm or refute that position. The Drug Enforcement Administration needs to conduct a rigorous reexamination of its position to serve as a basis for either re-allocating existing resources or justifying to the Congress its need for additional resources.

Even though the investigations have been impressive in terms of the number of high-level traffickers arrested, traffickers in general have not forfeited drug-related assets. Changes are needed to improve the Government's ability to cause the forfeiture of those assets.



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-198156

The Honorable Benjamin R. Civiletti
The Attorney General

Dear Mr. Attorney General:

This report discusses the need for expanding and improving the Drug Enforcement Administration's Central Tactical Program.

This review was made because the program focuses investigations on high-level drug traffickers--a major objective of the Federal Strategy for Drug Abuse and Drug Traffic Prevention. During the course of our review, we discussed matters in this report with Drug Enforcement Administration officials and considered their views in its preparation.

This report contains recommendations to you on pages 13 and 20. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

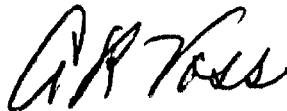
We are sending copies of this report to the Chairman, House Committee on Government Operations; Senate Committee on Governmental Affairs; the House and Senate Committees on Appropriations and the Judiciary; the Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs; the Subcommittee on Federal Spending

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Practices and Open Government, Senate Committee on Govern-
mental Affairs; the Subcommittee on Criminal Justice,
Senate Committee on the Judiciary; and the Administrator
of the Drug Enforcement Administration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. R. Voss". The signature is written in a cursive style with a large initial "A".

Allen R. Voss
Director

D I G E S T

The 1979 Federal Strategy for Drug Abuse and Drug Traffic Prevention states that Federal domestic drug law enforcement should be focused on major drug trafficking organizations. The Central Tactical program was established by the Drug Enforcement Administration to do just that. Under the program, large, centrally controlled, many-faceted, interregional, conspiracy investigations of major drug organizations are conducted.

The program has proven to be an effective method of investigating and prosecuting large numbers of high level narcotics traffickers and should be expanded. Using few resources, Central Tactical investigations have accounted for a high number of major trafficker arrests. But Drug Enforcement Administration officials say the program size is optimum. Data to support or refute the agency's position is limited.

FIG
The Drug Enforcement Administration, ~~therefore,~~ needs to conduct a rigorous reexamination of its position to serve as a basis for either reallocating existing resources or justifying to the Congress its need for additional resources.

The Federal strategy ^{in drug traffic prevention} ~~also~~ stresses investigations which lead to forfeiture of drug traffickers' assets to immobilize major drug organizations. Central Tactical investigations have had minimal success in this area. Major changes are needed to improve the Government's ability to immobilize traffickers by taking away the financial reward from illicit drug dealings.

CENTRAL TACTICAL UNITS ARE SUCCESSFUL

Initiated in 1973, the Central Tactical program has included conspiracy investigations of 21 major drug trafficking

organizations. The program has been praised by officials in the criminal justice system. Even though it comprises only a small portion of the Drug Enforcement Administration's enforcement effort, it has resulted in the arrest and prosecution of many top narcotics violators. For example:

- Central Tactical investigations active during the 3-year period (1976-1978) have resulted in indictments of 731 traffickers, of which 260, or over 36 percent, were the highest level violators. Overall, only 12 percent of total agency arrests are high level violators. (See p. 4.)
- Central Tactical units have been responsible for over 12 percent of all the high-level violators arrested from 1976 to 1978, while using less than 3 percent of the Drug Enforcement Administration's enforcement resources. (See p. 4.)
- Federal prosecutors commented that the Central Tactical units generated some of the Drug Enforcement Administration's best investigative efforts, resulting in convictions and lengthy prison sentences for trafficking organizations leaders. (See p. 5.)

EXPANSION IS IN ORDER

The Drug Enforcement Administration has identified over 100 leaders of major organizations for priority enforcement action. According to Drug Enforcement Administration officials, probing these organizations will require large multiregional conspiracy investigations. (See p. 7.)

Given the success of the Central Tactical units and the need for more multiregional conspiracy investigations, the expansion of the Central Tactical program is warranted. Such expansion would be consistent

with the Attorney General's policy guidelines. For fiscal year 1980, he directed the Drug Enforcement Administration to increase its emphasis on major trafficking organizations through Central Tactical Unit operations and the development of major conspiracy cases. However, Drug Enforcement Administration officials said the current size of the program is optimum given existing enforcement resources and required commitments, and its preference for regionally controlled investigations focused on major traffickers. (See p. 8.)

Data needed to support or refute the agency's position is limited. Data available suggests that commitments to investigate other agencies' referrals are largely unproductive. The Drug Enforcement Administration has greater flexibility to reallocate resources to Central Tactical investigations than it admits. Regionally controlled investigations work against one of the major benefits of Central Tactical investigations--effective investigations of the full scope of major traffickers' activities. Until the agency rigorously evaluates the benefits of its various programs, it will not be in a position to know whether to reallocate resources or be able to justify additional resources for Central Tactical-type investigations. (See pp. 8 to 13.)

RISK OF ECONOMIC LOSS
MUST BE INCREASED

Even though the forfeiture of drug traffickers' assets is an integral part of the Government's strategy to immobilize trafficking organizations, the Central Tactical program has had minimal success in this area. Although many high-level drug dealers have received substantial prison sentences, in general they have been able to retain their drug-related assets. The estimated annual revenues of the five criminal organizations probed by the Central Tactical units GAO studied in detail totalled at least \$65 million, but the Government obtained very little of those revenues. Forfeitures of traffickers' drug-related

assets were insignificant and only 10 percent of the 187 convicted traffickers received fines which totalled only \$118,000.

The lack of success in obtaining traffickers' assets can be attributed, at least in part, to three interrelated causes.

--The Drug Enforcement Administration lacks financial investigative expertise. (See p. 15.)

--Many U.S. attorneys are inexperienced in the use of forfeiture statutes, or consider prosecution under these statutes to be too timeconsuming. (See p. 16.)

--Asset seizures were not established as a goal in the Central Tactical unit's operational plans. (See p. 18.)

In addition, the Drug Enforcement Administration has requested only a limited amount of tax information for narcotics investigations. (See p. 19.)

The Drug Enforcement Administration's investigative personnel do not have backgrounds in financial analysis. Unlike other investigative agencies which have many agent/accountants, DEA has none. Because of budget limitations, the Drug Enforcement Administration is unlikely to increase its staff with a significant number of financial specialists. (See p. 15.)

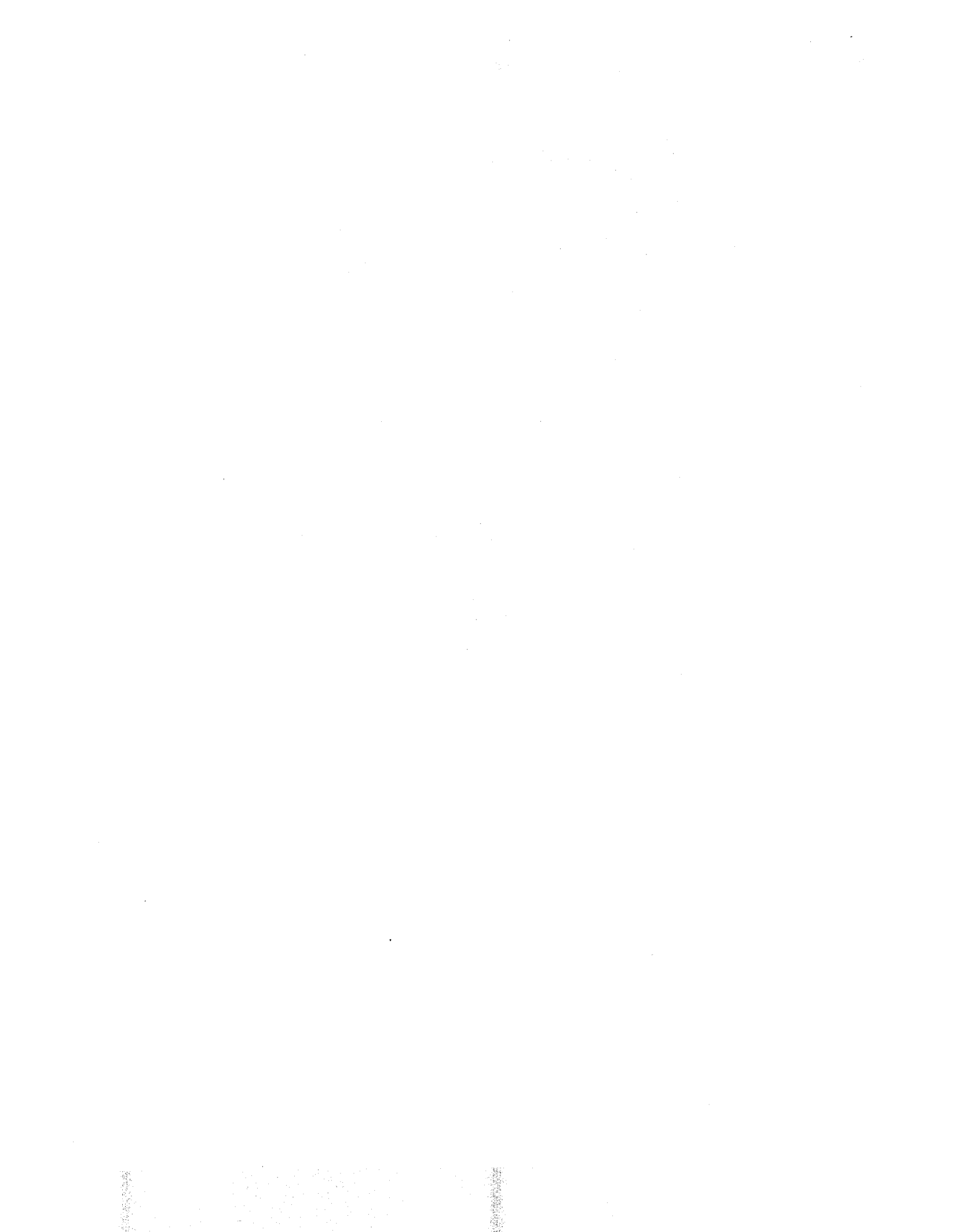
One of the key problems identified at a September 1978 Drug Enforcement Administration conference on the use of financial intelligence in narcotics investigations was that many U.S. attorneys had limited knowledge of or tended not to use available criminal and civil forfeiture authorizations. In addition, Federal prosecutors stated that because asset forfeiture cases were so timeconsuming, it may be more efficient to use their time on additional cases rather than attempt forfeiture of the assets of a trafficker already convicted and in prison. (See p. 16.)

Plans and proposals for implementing the five Central Tactical units reviewed did not specifically provide for seizure and forfeiture of traffickers' assets. The combination of the Drug Enforcement Administration's lack of expertise and the U.S. attorney's unwillingness to use forfeiture statutes goes a long way to explain why the five Central Tactical units neither geared up to nor achieved any significant seizures of traffickers' assets. (See p. 18.)

RECOMMENDATIONS

GAO recommends that the Attorney General direct the Administrator of the Drug Enforcement Administration to evaluate the effectiveness of the various methods used to investigate major traffickers with the aim of determining whether redirecting enforcement resources from less productive approaches is feasible. (See p. 13.)

To increase the use of financial analysis and obtain forfeiture of traffickers' drug-related assets, GAO makes two additional recommendations to the Attorney General. (See p. 20.)



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ABBREVIATIONS

CENTAC	Central Tactical
DEA	Drug Enforcement Administration
FBI	Federal Bureau of Investigation
IRS	Internal Revenue Service
LSD	Lysergic Acid Diethylamide
PCP	Phencyclidine
RICO	Racketeer Influenced and Corrupt Organization

CHAPTER 1

INTRODUCTION

Illegal drug trafficking is a multibillion dollar business involving many large national and international organizations. Millions of dollars are spent annually by law enforcement agencies on supply reduction efforts.

The U.S. drug enforcement policy, as set forth in the 1979 Federal Strategy for Drug Abuse and Drug Traffic Prevention, stipulates that Federal investigative agencies should place primary emphasis on investigating, arresting, and providing sufficient evidence to prosecute major violators of drug and drug-related statutes, focusing on those traffickers at the top of the organizations. The Federal strategy also stresses investigations which lead to forfeiture of the financial assets of drug traffickers as a means to immobilize trafficking organizations. The Drug Enforcement Administration (DEA) in the Department of Justice is the lead agency for enforcement of Federal drug laws.

THE CENTAC PROGRAM

Major narcotics trafficking organizations are multi-million dollar operations whose illegal activities transcend State and national boundaries. Because high-level violators are isolated from drug transactions, experience has demonstrated that often the only way to proceed against these violators is through conspiracy investigations. The premier effort to develop conspiracy investigations of high-level narcotics violators has been the Central Tactical (CENTAC) program. From inception of the program in 1973 through 1979, 21 investigations of major trafficking organizations had been made. Ten investigations had been directed against heroin distribution organizations, with the remainder involving various other drugs. Appendix I describes these 21 investigations.

DEA headquarters, with input from its five regional offices and headquarters intelligence units, determines whether an investigation should be done under the CENTAC concept. For a CENTAC to be established, the targeted organization

- must be at the top of the criminal hierarchy and capable of distributing major quantities of illegal drugs,
- must be susceptible to immobilization only through conspiracy investigations, and
- must have activities which span more than one DEA region and are clearly beyond the capability of one region to handle.

Upon approval of a CENTAC investigation, DEA prepares an operational plan which includes information on personnel and resources to be used, investigative methods to be employed, and major objectives to be achieved. Personnel from DEA's headquarters and field offices are assigned to the CENTAC. In addition, staff from the Internal Revenue Service (IRS), U.S. Customs Service, and local police forces have been assigned to some CENTAC investigations. Overall administrative control and operational coordination is the responsibility of the CENTAC office within DEA headquarters' Office of Enforcement in Washington, D.C. Prosecutions are coordinated by the Department of Justice's Criminal Division.

CHAPTER 2

WAYS TO EXPAND CENTAC PROGRAM NEED TO BE FOUND

The CENTAC program has proven to be a successful method of arresting and prosecuting large numbers of high-level narcotics traffickers. Using few DEA resources, CENTAC investigations have accounted for a high number of major trafficker arrests. Federal agents and prosecutors have praised the quality of CENTAC investigations and the resulting prosecutions. Yet, no expansion of the CENTAC program is planned.

DEA officials, citing existing resource levels, the agency's commitments to other law enforcement agencies, and DEA's management philosophy that its regional offices should control most investigations which focus on major traffickers, maintain that the CENTAC program is at its optimum level.

There is a paucity of data currently available to confirm or refute DEA's position. The need for more CENTAC-type investigations is clear, however, and existing data suggests that DEA has greater flexibility to redirect resources than it admits. DEA management needs to conduct a rigorous re-examination of its position to serve as a basis for either reallocating existing resources or justifying to the Congress its need for additional resources.

CENTAC RESULTS ARE IMPRESSIVE

The results of CENTAC investigations have been impressive, not only in terms of the number of high-level traffickers arrested, but also the sentences the traffickers have received. In view of the fact that these results were achieved using only a small fraction of DEA's overall resources, they are particularly noteworthy.

Many major violators have been arrested

From January 1976 (the earliest date for which statistics are available) through December 1978, 10 CENTAC investigations resulted in indictments of 731 traffickers. A breakdown of the class of violators 1/ indicted is shown below.

1/DEA places violators into one of four classes according to the importance of their trafficking activities. The highest designation is class I.

CENTAC Results: Violators Indicted

<u>Class of violator</u>	<u>Number</u>	<u>Percent of total</u>
I	260	36
II	134	18
III	243	33
IV	<u>94</u>	<u>13</u>
Total	<u>731</u>	<u>100</u>

A comparison of CENTAC results with DEA's overall record adds greater significance to CENTAC achievements. As shown, 36 percent of the indictments resulting from the 10 CENTAC investigations were class I violators. Overall, only 12 percent of DEA's arrests 1/ initiated by DEA are class I violators.

CENTAC results have been particularly impressive in light of the small percentage of DEA's enforcement effort CENTAC comprised. Since January 1976, less than 3 percent of DEA's enforcement personnel have been assigned to CENTACs, and only 1.3 percent of total expenditures for information and evidence were for CENTAC investigations. Yet, CENTAC accounted for over 12 percent of all class I violators arrested by DEA. Of 2,116 class I violators arrested by DEA during the 3-year period 1976 to 1978, 260 were the result of the 10 CENTAC investigations operational during that time.

CENTAC results are also more impressive than those of DEA/Federal Bureau of Investigation (FBI) task forces. Even though staffed with 21 DEA special agents (about 1 percent of DEA's total) and an equal number of FBI agents, few class I violator arrests have been made. During the 18 months, from October 1977 to May 1979, the 3 DEA/FBI task force investigations resulted in indictments of 12 class I traffickers.

1/CENTAC data is for individuals indicted rather than arrested. DEA officials said this would tend to slightly deflate the CENTAC data relative to DEA total arrests.

Many trafficking organization leaders received long prison sentences

Many of the leaders of the five drug trafficking organizations investigated by the CENTAC units we studied in detail received lengthy prison sentences and special parole terms. 1/ For example:

<u>Trafficker</u>	<u>Drug</u>	<u>Sentence</u>	
		<u>Prison</u>	<u>Special parole</u>
Valenzuela	Heroin	Life	-
Vila	Heroin	30 years	-
Melendez-Pereira	Heroin	15 years	5 years
Watson	Heroin	15 years	20 years
Lugo	Heroin	15 years	20 years
Jones	PCP	10 years	-
Gaxiola	Heroin	8 years	15 years

OFFICIALS PRAISE THE PROGRAM

All of the 51 officials we held discussions with, including DEA agents and management officials and U.S. attorneys, commended the CENTAC program. These officials stated that the program represented one of DEA's best efforts to investigate major narcotics traffickers.

Federal prosecutors cite improved case quality

We talked to 10 U.S. attorneys, assistant U.S. attorneys, and the chiefs of major drug prosecution units in 4 judicial districts who had been involved in CENTAC prosecutions. All praised the CENTAC method of investigating major violators, citing better investigative and prosecutorial coordination and improved evidence gathering as CENTAC advantages.

1/Special parole terms are mandated by the Controlled Substances Act for most defendants sentenced to a term of imprisonment for trafficking. Essentially, it increases the amount of time a defendant is monitored by probation officers after a prison sentence.

One of the most frequently cited benefits of CENTAC investigations by Federal prosecutors is the improved case presented to the court. By probing an entire interregional trafficking organization and presenting the investigation results in their entirety, Federal prosecutors better demonstrate to the judge and jury the magnitude of the illegal activities conducted by the illicit organization. Federal prosecutors familiar with the trial of Jose Valenzuela, for example, said that the scope of the CENTAC investigation enabled the prosecutors to demonstrate the extensive drug empire, including drug amounts and resulting financial gains, of the Valenzuela organization. In their opinion, this presentation was instrumental in obtaining Valenzuela's conviction and life sentence.

Overall, Federal prosecutors said that DEA should be conducting more investigations like those done under the CENTAC program.

DEA officials note advantages
of the program

All of the 16 DEA agents and 25 management officials we held discussions with in 3 of DEA's 5 regions and at the headquarters in Washington praised the CENTAC program. More than 80 percent (34) of these officials believed that CENTAC investigations were the best way to probe large interregional drug trafficking organizations.

All 16 DEA agents who had been assigned to CENTAC units believed that the CENTAC approach offered many advantages over other types of DEA investigations. Specifically, these agents said that the dedication of the agent team to one investigation and the ease of gathering corroborating evidence in scattered geographical areas were two reasons why the CENTAC method was desirable. For example:

--A supervisory agent from New York, noting the complexity of a conspiracy investigation, said CENTAC units have agents assigned ". . . who are familiar with the case and are able to travel wherever they need to obtain information . . . Continuity is achieved by assigning the same agents to the entire investigation."

--An agent from San Diego commenting on the CENTAC investigation he supervised said that "agents were able to interview all witnesses themselves rather than relying upon the agents in other offices to do so."

Overall, DEA agents and management officials said the complexity of conspiracy cases, coupled with the need to gather evidence from a wide geographic area, makes CENTAC-type investigations a must for probing many of the highest level drug trafficking organizations. They explain that the CENTAC investigative method allows investigators to more efficiently tie together evidence gathered from various locations--a necessity for conspiracy investigations.

MANY MULTIREGIONAL CONSPIRACY
INVESTIGATIONS REQUIRED TO ATTACK
THE HIGHEST LEVEL VIOLATORS

Most of the highest level narcotics violators identified by DEA belong to trafficking organizations whose illegal activities cover wide geographic areas. DEA officials acknowledge that probing these organizations will require CENTAC-type investigations.

DEA identified over 6,200 class I narcotic traffickers. From these major traffickers, DEA's Office of Intelligence determined that 119 violators head the top narcotics trafficking organizations. These violators were identified as a guide to achieve maximum results in the deployment of DEA's intelligence and enforcement personnel. Nearly all of these top violators head highly mobile organizations whose illegal activities are of wide geographic scope, often covering two or more of DEA's regions.

DEA officials said that probing major trafficking organizations, such as those on the top violators lists, often requires well-coordinated interregional conspiracy investigations. In responding to a Senate Appropriation Committee question on the CENTAC program in April 1979, DEA said that to investigate many large criminal organizations it is necessary to coordinate resources from a central point. DEA told the Committee: "It has been found that CENTAC units have a unique ability to respond effectively to highly mobile national and international organizations."

DEA HAS LIMITED PROGRAM EXPANSION

Given the success of the Central Tactical units and the need for more multiregional conspiracy investigations, the expansion of the program is warranted. Such expansion would be consistent with the Attorney General's policy guidelines for the fiscal year 1980 budget. He directed DEA to "increase its emphasis on major trafficking organizations through Central Tactical Unit (CENTAC) operations and the development of major conspiracy cases."

However, DEA officials said the current size of the CENTAC program is optimum given existing enforcement resources, required commitments, and their preference for regionally controlled investigations which focus on major drug traffickers.

DEA says limited resources and other commitments restrict program expansion

DEA officials, while acknowledging the value of CENTAC-type investigations, say that expansion of the CENTAC program beyond its current level is not possible. In responding to a question on CENTAC program expansion raised by the Senate Appropriations Committee in April 1979, DEA said "Any increase in activity above the current level will necessitate more resources. There are no additional resources available through reprogramming in this budget request."

DEA officials explained that their ability to reallocate enforcement resources to the CENTAC program is restricted by various legal and administrative commitments, including (1) the legal requirement to investigate referrals from other Federal agencies, particularly at the borders, and (2) their administratively mandated commitment to State and local law enforcement coordination efforts.

Investigations of other agencies' referrals largely unproductive

DEA's requirement to investigate other agency referrals and their commitment to State and local coordination efforts do not involve or result in many major violator investigations. In our report, "Illegal Entry at the United States-Mexico Border--Multiagency Enforcement Efforts Have Not Been Effective in Stemming the Flow of Drugs and People" (GGD-78-71, Dec. 2, 1977), we noted that less than 2 percent of the cases involved major violators, and only 8 percent

of the investigations led to the identification of higher level violators.

More recently, DEA management in South Florida told us there was a large increase in the number of other Federal agencies' referrals associated with the area's large drug increase. These cases generally involved minor traffickers and hampered DEA's ability to devote more resources to major conspiracy investigations.

DEA officials said their commitment to coordinate with State and local law enforcement agencies, such as assignments of personnel to State and local task forces, also limits their ability to devote more resources to investigations of high level traffickers. In our report "Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes," (GGD-80-4, Oct. 25, 1979), we reported that some of the DEA/State and local task forces established to foster coordination were concentrating their efforts on low-level violators.

DEA can reallocate other resources
to CENTAC-type investigations

DEA management has greater flexibility to reallocate resources to CENTAC-type investigations than it admits. In 1979, about 12 percent of their resources was expended on referrals from other agencies; about 10 percent was expended on Federal/State and local task forces; and the remainder, 78 percent of DEA's resources, was devoted to self-initiated investigations. This high level of discretionary resources suggests that resources could be made available for CENTAC investigations. This is particularly true in light of the fact that much of the resources devoted to self-initiated investigations are targeted at relatively low level traffickers. About 30 percent of the resources worked on investigations in which no level I or II traffickers were even suspected of being involved.

DEA prefers regionally controlled
investigations

DEA's management philosophy dictates that most investigations be controlled by its regional offices. DEA officials told us that, while the CENTAC program has been successful, DEA regionally controlled programs to attack

major traffickers also have been successful. However, little data is available to confirm or refute DEA's position. Its management philosophy of regionally controlled investigations tends to work against one of the major benefits of CENTAC-- effective investigations of the full scope of major traffickers activities that cross regional lines.

Regionally controlled investigations
work against CENTAC expansion

DEA officials point out that one of the benefits of the CENTAC program was to show the regions how to undertake complex conspiracy cases. And, according to DEA officials, since CENTAC program initiation in 1973, the regions have been conducting considerably more complex conspiracy cases. The officials also noted that the 1978 consolidation of DEA's regions from 13 to 5 expanded DEA's regional boundaries. This, in turn, makes it easier for one region to investigate trafficking organizations whose illegal activities encompass large geographic areas.

Although it is true that the larger regions may facilitate investigations of larger trafficking organizations, most of the top level organizations identified by DEA have activities that span two or more of DEA's new expanded regions. The ability of the regions to effectively run investigations involving more than one region is open to question.

Some CENTAC investigations have been controlled by a DEA regional office rather than the CENTAC office in headquarters. Discussions with agents assigned to these investigations and U.S. attorneys indicated that these regionally controlled CENTAC investigations were not as well run. Coordination between DEA's regions and between the CENTAC unit and the U.S. attorney's office was not as good, and the lines of authority and responsibility were not as clear.

Although over 100 major trafficker organizations have been identified by DEA, many DEA officials expressed the opinion that it would be inefficient to target these organizations for investigations until their involvement in trafficking is established through investigations of lower echelon organization members--a bottoms-up approach. DEA believes that the regions are more familiar with local trafficking patterns and methods and can better direct investigations by using information gained from lower level traffickers and then working up to the high-level violators.

Although the merits of this rationale is not being challenged, it contrasts sharply with the Government's approach to other criminal activity. The organized crime strike forces and the FBI's Top Thief program, for example, both are premised on the belief that targeting suspected criminal organizations for investigation will have greater impact than investigating such organizations only when their link to specific crimes has been established.

Limited data for judging success of regionally controlled investigations

DEA officials told us that, while the CENTAC program has been successful, DEA regionally controlled programs have also successfully attacked major violators. They noted that increasing amounts of resources are being devoted to conspiracy investigations of high-level drug organizations. Mobile and special task forces and regional conspiracy units are just some of the examples of programs that have been established to focus on major violators. DEA, however, has only limited information on the costs or results of specific types of investigations.

DEA statistics on total arrests show that the number of class I arrests have remained relatively constant into 1979. The chart on the following page shows DEA arrest statistics over the past several years.

DEA Domestic Arrests
(note a)

<u>Class of violator</u>	<u>1976</u>	<u>1977</u> (note b)	<u>1978</u>	<u>1979</u> (note c)
I	922	649	545	426
II	730	546	401	226
III	3,648	3,260	2,720	1,476
IV	<u>843</u>	<u>1,942</u>	<u>1,306</u>	<u>671</u>
Total	<u>6,143</u>	<u>6,397</u>	<u>4,972</u>	<u>2,799</u>
Percent class				
I violator	15	10	11	15

a/Data includes CENTAC arrests. (1976-78 CENTAC arrests are shown on p. 4.)

b/The decline in class I and II arrests from 1976 to 1977 is partially attributable to more stringent classification adopted in November 1976.

c/1979 arrests are for the first 6 months: January to June 1979.

DEA officials also pointed out that the percentage of class I traffickers arrested does not indicate the level of effort they are directing toward those violators. They explained that many minor violator arrests are byproducts of class I violator investigations. For example, 47 percent of its arrests during the 12 months ending June 30, 1979, resulted from class I violator investigations. While significant, this still means that more than 50 percent of DEA's arrests result from investigations directed at less significant violators.

DEA does not accumulate cost and outcome data that can be used to evaluate specific kinds of investigative methods. As noted earlier in this chapter, 78 percent of DEA criminal investigative staff time is charged to DEA initiated cases.

Nearly all 1/ of DEA's major programs directed at high-level violators (i.e., mobile task forces, special task forces, CENTACs, regional conspiracy units, etc.) are included in this total. Because costs and results of these programs were not accumulated by program, adequate analysis of the effectiveness of specific investigative programs was not possible.

In addition, DEA does not have adequate data on the disposition of arrested traffickers to help evaluate the effectiveness of investigative methods. DEA's system for accumulating this information is incomplete and contained information on only one-half of the CENTAC defendants who had been sentenced.

CONCLUSIONS

X The CENTAC program has been successful, and program expansion is warranted. However, this is not likely to occur given DEA's belief that the program is at its optimum level. This may be correct. However, until DEA rigorously evaluates the benefits of its various programs, it will not be in a position to know whether to reallocate resources or to be able to justify additional resources for CENTAC or CENTAC-type investigations.

RECOMMENDATION TO THE ATTORNEY GENERAL

X We recommend that the Attorney General direct the Administrator of DEA to evaluate the effectiveness of the various methods used to investigate major traffickers with the aim of determining whether redirecting enforcement resources from less productive approaches is feasible.

1/DEA/FBI task force costs and resulting arrests are accumulated separately.

CHAPTER 3

ECONOMIC INCENTIVE MUST BE ATTACKED

Although the forfeiture of drug traffickers' assets is an integral part of the Government's strategy to immobilize trafficking organizations, CENTAC has had minimal success in this area.

Even though many high-level traffickers prosecuted as a result of CENTAC investigations received substantial prison sentences, their drug-related assets were, in general, not forfeited to the United States. If traffickers are to be immobilized and would-be traffickers discouraged, more must be done to reduce the financial reward for illicit drug dealings. The lack of success of the five CENTAC units reviewed in obtaining drug traffickers' assets can be attributed, at least in part, to three interrelated causes.

--DEA did not have the expertise necessary to develop financial cases.

--Federal prosecutors were inexperienced or unwilling to use Federal statutes to obtain forfeiture of illegally generated assets.

--Asset seizures were not established as a goal in the CENTAC's operational plans.

Major changes are needed to improve the Government's ability to immobilize trafficking organizations.

ONLY SMALL AMOUNTS OF TRAFFICKERS' FUNDS ARE TAKEN

Despite the enormous amounts of illegally derived funds generated by illicit drug organizations, few assets have been taken from the organizations. Although the estimated annual earnings of the five trafficking organizations investigated by the five CENTACs we reviewed in detail ranged from \$10 to \$35 million, and each had been operating for many years, the CENTAC units made no concerted effort to immobilize the organizations through asset forfeitures.

Court imposed fines have also been extremely limited. For example, in the 5 CENTACs we reviewed, less than 10 percent (18) of the 187 sentenced traffickers were fined, and the fines totalled only \$118,000.

The chart below demonstrates the relatively small amount of money taken from the trafficking organizations.

Assets Taken From Traffickers

<u>Trafficking organization</u>	<u>Annual estimated revenues</u>	<u>Traffickers convicted</u>	<u>Total fines</u>	<u>Asset forfeitures (note a)</u>
LSD	\$35 million	5	\$ 24,000	0
Heroin	\$10-16 million	43	0	0
PCP	\$10 million	25	\$ 34,000	0
Heroin	\$10-16 million	69	\$ 55,000	0
Heroin	(Unknown)	45	\$ 5,350	0
Total	<u>\$65-\$77 million</u>	<u>187</u>	<u>\$118,350</u>	<u>0</u>

a/According to DEA officials, small amounts of cash, vehicles, and laboratory equipment may have been seized and subsequently forfeited in civil proceedings under authority granted in 21 U.S.C. 881. However, DEA does not accumulate this information.

DEA LACKS THE EXPERTISE TO DEVELOP CASES TO OBTAIN FORFEITURE OF TRAFFICKERS' ASSETS

Narcotics investigations involving financial analysis have been highly touted for over 3 years. However, these investigations have been minimally implemented. The primary reason for this is that DEA simply lacks the expertise to develop these types of cases.

In early 1976, DEA established a financial intelligence project unit within DEA's Office of Intelligence to develop and encourage the use of financial investigations. Specifically, the unit was established to

- collect and develop financial intelligence,
- perform research on domestic and foreign statutes to devise methods to attack the financial aspects of trafficking,

- provide assistance to ongoing narcotics investigations, and
- provide liaison with other agencies to coordinate exchanges of financial information and personnel with financial expertise.

The financial intelligence unit has been plagued with inadequate staffing and constantly changing personnel. The staff has consisted of only 2 people since the unit's formation, despite an estimated staffing need of 10. In addition, at least eight different people have filled the two staff positions since the unit was established.

DEA's investigative personnel do not have backgrounds in financial analysis, and financial analysis training programs for DEA's agents have been limited. Short briefings on financial techniques have been provided as a part of DEA's basic and other agent training courses. Also in May 1979, DEA initiated a 1-week course on financial investigations. By the end of 1979, 3 such courses were held for about 100 of DEA's more than 2,000 agents. However, this 1 week course can only provide a short introduction to an extremely complex topic.

Unlike the FBI and the IRS, which have many agents/accountants, DEA has none. According to the Department of Justice, DEA will not realize any growth in its overall position strength through fiscal year 1981. Thus, the Department said DEA would not be able to increase its staff with a significant number of financial specialists to assist in investigations. The Department agrees that financial specialists are needed and is considering several alternatives, but it said they were too premature to enumerate.

FEDERAL PROSECUTORS DO NOT USE CRIMINAL FORFEITURE STATUTES

Another inhibiting factor in obtaining forfeiture of narcotic traffickers' drug-related assets is that most Federal prosecutors are unfamiliar with or reluctant to use forfeiture provisions of Federal law. Three Federal statutes allow for the forfeiture of traffickers' drug-related assets:

- The Continuing Criminal Enterprise statute (21 U.S.C. 848), part of the 1970 Controlled Substances Act, allows for forfeiture of profits obtained by an individual from the criminal enterprise.
- The Racketeer Influenced and Corrupt Organization statute (RICO) (18 U.S.C. 1961-64), part of the Organized Crime Control Act of 1970, allows for forfeiture of profit, interest, or property acquired in violation of the RICO statute.
- Title 21 section 881 of the U.S. Code allows for civil forfeiture of vehicles, equipment, and other items used to facilitate controlled substance violations. In addition, since November 1978 this statute also provides for forfeiture of moneys or other things of value used in exchange for a controlled substance and all proceeds of that exchange.

One of the key problems identified at a September 1978 DEA conference on the use of financial intelligence in narcotics investigations was that many U.S. attorneys had limited knowledge of or had a tendency not to use the forfeiture provisions available in the Continuing Criminal Enterprise and RICO statutes. The former chief of Justice's Narcotics and Dangerous Drug Section told us that prosecutors seem to be unaware of the enhanced penalties available under the forfeiture sections of the U.S. Code.

This is only a partial explanation, however. Federal prosecutors told us that forfeiture cases were complicated and time-consuming. Eight of the 10 U.S. attorneys who were involved in the 5 CENTAC prosecutions we reviewed told us that attempting to use the forfeiture provisions in those cases could have made them much more difficult to prosecute and may have jeopardized the conviction. Citing their overall scarcity of resources, two attorneys in charge of Major Drug Trafficker Prosecution Units expressed concern that attempting to obtain forfeiture of assets would not be an efficient use of their time. In addition, the U.S. Attorney of one of the primary districts prosecuting large scale narcotics cases explained that:

"It takes considerably more time to develop a case when you're going to attempt to obtain forfeiture of a trafficker's assets. It might be more efficient to work on another case and get an additional trafficker in jail."

The Federal Strategy for Drug Abuse and Drug Traffic Prevention stipulates that financial investigations should be an integral part of the U.S. drug enforcement effort. The assets of convicted narcotics violators must be taken in order to effectively immobilize traffickers and deter other individuals from trafficking. To do this, Federal prosecutors must make more use of the forfeiture statutes.

ASSET FORFEITURES NOT ESTABLISHED
AS GOAL IN CENTAC UNIT
INVESTIGATIVE PLANS

Plans and proposals for implementing the five CENTACs reviewed did not specifically provide for seizure and forfeiture of traffickers assets. CENTACs were directed at obtaining indictments and arrests of leading figures in the trafficking organizations. For example, the CENTAC 13 proposal included such objectives as

- identify for immobilization members and primary customers of the organization,
- identify all associates of the organization, and
- determine the interrelationship between organization members and other major trafficking organizations.

Neither the proposal objectives nor the methods described to implement those objectives set forth the gathering of financial evidence as a means to realize forfeiture of the organization's assets.

In only one of the five CENTAC units we studied in detail did the proposal refer to the gathering of financial evidence. However, in this case, we were told by the U.S. attorney involved in the prosecution that this financial evidence was used to provide additional evidence to support conviction of the principal defendant. Asset forfeiture was neither intended nor attempted.

The combination of DEA's lack of expertise and the Federal prosecutor's unwillingness to use forfeiture statutes goes a long way to explain why the five CENTAC units neither geared up to nor achieved any significant forfeitures of traffickers assets.

DEA informed us that since our audit work was completed, it has required that all new CENTACs have as a primary objective the seizure and forfeiture of the trafficker's assets. Whether this will be enough to overcome the impediments to asset forfeitures in DEA and the U.S. attorney offices remains to be seen. The degree to which regionally controlled investigations are placing emphasis on asset seizures remains unknown. DEA has issued no specific instructions governing the objectives of these investigations.

MORE TAX INFORMATION COULD
BE REQUESTED BY DEA

The IRS has valuable financial information that DEA can use in investigating drug traffickers. Although the disclosure provisions of the Tax Reform Act of 1976 placed strict controls over law enforcement agencies' access to certain types of IRS information, DEA, consistent with the disclosure provisions, can do more to secure helpful financial data.

Among other things, the Tax Reform Act of 1976 gave the heads of certain Federal agencies, including the Department of Justice, the means to obtain tax information needed in nontax criminal cases. Information collected by IRS, but not provided by or on behalf of the taxpayer, termed "third-party" information, can be obtained by submitting a written request to the Secretary of the Treasury specifying the taxpayer's name and address, the tax periods involved, the statutory authority under which the agency head is proceeding, and the specific reason why the tax information is needed.

Misunderstandings and delay by both DEA and IRS have caused a limited flow of tax-related information. IRS officials told us that they have taken steps to improve the flow of third party information to DEA. IRS's Tax Disclosure Office at headquarters monitors all DEA requests for information and makes sure IRS district offices provide the information to DEA. These officials said an extremely small number of requests are denied; however, DEA has made very few third party information requests.

This is borne out by Department of Justice congressional testimony in December 1979, that the number of Department of Justice requests (including those from DEA) for tax information has declined from 1,816 in 1975 to only 124 during a 6-month period of 1979.

Congressional action may eventually ease the way for law enforcement agencies to obtain tax information. Until then, however, DEA, which has the primary responsibility for drug law enforcement, must do all that it can to ensure that its agents--difficulties notwithstanding--request and use tax-related information in narcotics investigations. This is especially important if DEA is to increase its efforts to cause forfeiture of traffickers drug-related assets.

CONCLUSIONS

Illegally derived profits and assets must be taken if major drug trafficking organizations are to be immobilized. The CENTAC program investigations have left drug traffickers' drug-related assets virtually untouched.

We attribute this to

- the lack of priority on the use of forfeiture statutes by Federal prosecutors,
- DEA's limited expertise to develop financial aspects of narcotics investigations,
- the lack of established investigative goals to seize traffickers' assets, and
- the limited use of tax-related information in narcotics cases.

Some actions have been taken by DEA to improve its efforts to take the profit from drug organizations. However, much more must be done before any substantial increase in forfeitures of drug organizations' assets are realized.

RECOMMENDATIONS TO THE ATTORNEY GENERAL

We believe that much more can be done to use financial analysis in narcotics investigations and to obtain forfeiture of traffickers' drug-related assets. We recommend that the Attorney General:

X--direct Federal prosecutors to make greater use of statutes to obtain forfeiture of major narcotics traffickers' assets; and

--direct the Administrator of DEA to expand its program for the use of financial analysis and information in narcotic investigations. Such a program should include: a more effective financial intelligence unit, the hiring of financial analysts, expanded financial analysis training programs, and ensuring that tax-related information is requested and used where appropriate.

CHAPTER 4

SCOPE OF REVIEW

We performed our review at DEA headquarters in Washington, D.C.; DEA regional and district offices in Detroit, Los Angeles, New York and San Diego; Department of Justice, Criminal Division, Narcotics and Dangerous Drugs Section in Washington, D.C.; U.S. Attorney Offices and Administrative Offices of the U.S. Courts in the Southern District of New York, Southern and Central Districts of California, and Eastern District of Michigan. Some limited work was also performed at the headquarters offices of the IRS, U.S. Customs Service, FBI, and Immigration and Naturalization Service.

Our work included:

- analysis of DEA criminal investigative files;
- discussions with CENTAC supervisors, special agents, and other DEA officials;
- discussions with judges and U.S. attorneys;
- review of cases and probation reports at several judicial districts;
- analysis of criminal justice statistics provided by the Administrative Office of the U.S. Courts; and
- discussions with Department of Justice and other agency officials in Washington.

Data on CENTAC costs and results included primarily in chapter 2 were calculated on the basis of the results of all CENTAC units initiated between January 1976 and June 1979 (CENTACs 10-22). Similar data on CENTACs initiated prior to January 1976 was not available. Data on the financial results of CENTACs included in chapter 3 and other specific examples of CENTAC cases were determined from an in-depth analysis of 5 CENTAC investigations--CENTACs 10, 13, 14, 16, and 17.

We also drew from the experience gained in other GAO efforts, particularly:

- "Gains Made in Controlling Illegal Drugs, Yet the Drug Trade Flourishes," (GGD-80-4, Oct. 25, 1979);
- "Reducing Federal Judicial Sentencing and Prosecuting Disparities: A Systematic Approach Needed," (GGD-78-112, Mar. 19, 1979);
- "Disclosure and Summons Provision of 1976 Tax Reform Act--Privacy Gains with Unknown Law Enforcement Effects," (GGD-78-110, Mar. 12, 1979);
- "U.S. Attorneys Do Not Prosecute Many Suspected Violators of Federal Laws," (GGD-77-86, Feb. 27, 1978).

DESCRIPTION OF CENTRAL TACTICAL UNITS ESTABLISHED

<u>CENTAC unit number</u>	<u>Description</u>	<u>Date established</u>
1	Investigation of heroin being manufactured in Lebanon and distributed in the United States.	Nov. 1973
2	Investigation of a major heroin distribution system.	Nov. 1973
3	Investigation of the production and distribution of Southeast Asian heroin.	Jan. 1974
4	Investigation of the manufacture of amphetamines in Mexico and distribution to the United States.	Feb. 1974
5	Investigation of methamphetamine production in Canada and distribution in 25 States of the USA and 5 provinces of the Dominion of Canada.	Mar. 1974
6	Investigation of the various organizations smuggling cocaine from South America to the United States.	Mar. 1975
7	Investigation of the illicit production and distribution of phencyclidine and methamphetamines in the United States and Canada.	Apr. 1975
8	Investigation of over 100 individuals involved in a vast multikilogram heroin/cocaine importation distribution network covering major metropolitan areas of the Eastern United States and extending west to Chicago.	May 1975
9	Investigation of an organization that had been active in the distribution of heroin from Thailand to the United States since 1969.	Oct. 1975

- 10 The investigation of an LSD manufacturing and distribution organization of greatest significance. Jan. 1976
- 11 Investigation of a nationwide heroin distribution organization consisting predominately of black violators dealing with Mexican heroin obtained directly from high-level foreign sources. Apr. 1976
- 12 Investigation of a large polydrug trafficking network with significant Mexican and South American sources of supply using a variety of transshipment routes to the United States. June 1976
- 13 Investigation of the Henry Watson organization which distributed throughout the United States huge quantities of heroin obtained directly from major suppliers in Mexico. June 1976
- 14 Investigation of an illicit PCP manufacturing and redistribution organization estimated to be responsible for up to 50 percent of the criminal traffic in PCP in the United States. June 1976
- 16 Investigation of the Valenzuela Family Organization, which operated clandestine heroin labs in the Culiacan Province of Mexico, smuggled it to the Bakersfield area of California, and then wholesaled the drugs along the entire eastern United States through five separate trafficking groups operating in New York and Puerto Rico. Aug. 1976
- 17 Investigation of an organization based in Tijuana which distributed Mexican heroin from San Diego to Los Angeles, San Francisco, Chicago, and Detroit. Aug. 1976
- 18 Investigation of an organization which consists of multiple sub-groups based in Colombia, South America, smuggling large

- quantities of Colombian cocaine mainly through a seaman/courier network on the Gran Colombiana Line to port cities on the East, Gulf, and West coasts of the United States. May 1977
- 19 Investigations of the Herrera Family trafficking organization operated by Jaime Herrera and approximately 90 key members clandestinely manufacturing heroin in the regions of Durango and Guadalajara, Mexico, and distributing it throughout the United States. Sept. 1977
- 20 Investigation of an organization involved in the smuggling and distribution of large quantities of marijuana and cocaine. Nov. 1978
- 21 Investigation of a multinational cocaine trafficking organization that utilizes the most advanced and intricate techniques to protect its operations and resources. May 1979
- 22 Investigation of an organization consisting of international marijuana and cocaine traffickers based in various States. Apr. 1979

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