

The Dark Alliance

Gary Webb's Incendiary 1996 SJ Mercury News Exposé

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Cocaine pipeline financed rebels

Evidence points to CIA knowing of high-volume drug network

by Gary Webb

San Jose Mercury News

For the better part of a decade, a San Francisco Bay Area drug ring sold tons of cocaine to the Crips and Bloods street gangs of Los Angeles and funneled millions in drug profits to an arm of the contra guerrillas of Nicaragua run by the Central Intelligence Agency, the San Jose Mercury News has found.

This drug network opened the first pipeline between Colombia's cocaine cartels and the black neighborhoods of Los Angeles, a city now known as the "crack" capital of the world. The cocaine that flooded in helped spark a crack explosion in urban America - and provided the cash and connections needed for L.A.'s gangs to buy weapons.

It is one of the most bizarre alliances in modern history: the union of a U.S.-backed army attempting to overthrow a revolutionary socialist government and the "gangstas" of Compton and South-Central Los Angeles.

The army's financiers - who met with CIA agents before and during the time they were selling the drugs in L.A. - delivered cut-rate cocaine to the gangs through a young South-Central crack dealer named Ricky Donnell Ross.

Unaware of his suppliers' military and political connections, "Freeway Rick" turned the cocaine powder into crack and wholesaled it to gangs across the country.

Drug cash for the contras

Court records show the cash was then used to buy equipment for a guerrilla army named the Fuerza Democratica Nicaraguense (Nicaraguan Democratic Force) or FDN, the largest of several anti-communist groups commonly called the contras.

While the FDN's war is barely a memory today, black America is still dealing with its poisonous side effects. Urban neighborhoods are grappling with legions of homeless crack addicts. Thousands of young black men are serving long prison sentences for selling cocaine - a drug that was virtually unobtainable in black neighborhoods before members of the CIA's army brought it into South-Central in the 1980s at bargain-basement prices.

And the L.A. gangs, which used their enormous cocaine profits to arm themselves and spread crack across the country, are still thriving.

"There is a saying that the ends justify the means," former FDN leader and drug dealer Oscar Danilo Blandon Reyes testified during a recent cocaine-trafficking trial in San Diego. "And that's what Mr. Bermudez (the CIA agent who commanded the FDN) told us in Honduras, OK? So we started raising money for the contra revolution."

Recently declassified reports, federal court testimony, undercover tapes, court records here and abroad and hundreds of hours of interviews over the past 12 months leave no doubt that Blandon was no ordinary drug dealer.

Shortly before Blandon - who had been the drug ring's Southern California distributor - took the stand in San Diego as a witness for the U.S. Department of Justice, federal prosecutors obtained a court order preventing defense lawyers from delving into his ties to the CIA.

Blandon, one of the FDN's founders in California, "will admit that he was a large-scale dealer in cocaine, and there is no additional benefit to any defendant to inquire as to the Central Intelligence Agency," Assistant U.S. Attorney L.J. O'Neale argued in his motion shortly before Ross' trial on cocaine-trafficking charges in March.

The 5,000-man FDN, records show, was created in mid-1981 when the CIA combined several existing groups of anti-communist exiles into a unified force it hoped would topple the new socialist government of Nicaragua.

Waged a losing war

From 1982 to 1988, the FDN - run by both American and Nicaraguan CIA agents - waged a losing war against Nicaragua's Sandinista government, the Cuban-supported socialists who'd overthrown U.S.-backed dictator Anastasio Somoza in 1979.

Blandon, who began working for the FDN's drug operation in late 1981, testified that the drug ring sold almost a ton of cocaine in the United States that year - \$54 million worth at prevailing wholesale prices. It was not clear how much of the money found its way back to the CIA's army, but Blandon testified that "whatever we were running in L.A., the profit was going for the contra revolution."

At the time of that testimony, Blandon was a full-time informant for the Drug Enforcement Administration, a job the U.S. Department of Justice got him after releasing him from prison in 1994.

Though Blandon admitted to crimes that have sent others away for life, the Justice Department turned him loose on unsupervised probation after only 28 months behind bars and has paid him more than \$166,000 since, court records show.

"He has been extraordinarily helpful," federal prosecutor O'Neale told Blandon's judge in a plea for the trafficker's release in 1994. Though O'Neale once described Blandon to a grand jury as "the biggest Nicaraguan cocaine dealer in the United States," the prosecutor would not discuss him with the Mercury News.

Blandon's boss in the FDN's cocaine operation, Juan Norwin Meneses Cantarero, has never spent a day in a U.S. prison, even though the federal government has been aware of his cocaine dealings since at least 1974, records show.

Meneses - who ran the drug ring from his homes in the Bay Area - is listed in the DEA's computers as a major international drug smuggler and was implicated in 45 separate federal investigations. Yet he and his cocaine-dealing relatives lived quite openly in the Bay Area for years, buying homes, bars, restaurants, car lots and factories.

"I even drove my own cars, registered in my name," Meneses said during a recent interview in Nicaragua.

Meneses' organization was "the target of unsuccessful investigative attempts for many years," O'Neale acknowledged in a 1994 affidavit. But records and interviews revealed that a number of those probes were stymied not by the elusive Meneses but by agencies of the U.S. government.

CIA hampered probes

Agents from four organizations - the DEA, U.S. Customs, the Los Angeles County Sheriff's Department and the California Bureau of Narcotic Enforcement - have complained that investigations were hampered by the CIA or unnamed "national-security" interests.

One 1988 investigation by a U.S. Senate subcommittee ran into a wall of official secrecy at the Justice Department.

In that case, congressional records show, Senate investigators were trying to determine why the U.S. attorney in San Francisco, Joseph Russoniello, had given \$36,000 back to a Nicaraguan cocaine dealer arrested by the FBI.

The money was returned, court records show, after two contra leaders sent letters to the court swearing that the drug dealer had been given the cash to buy weapons for guerrillas.

After Nicaraguan police arrested Meneses on cocaine charges in Managua in 1991, his judge expressed astonishment that the infamous smuggler went unmolested by American drug agents during his years in the United States.

His seeming invulnerability amazed American authorities as well.

A Customs agent who investigated Meneses in 1980 before transferring elsewhere said he was reassigned to San Francisco seven years later "and I was sitting in some meetings and here's Meneses' name again. And I can remember thinking, 'Holy cow, is this guy still around?'"

Blandon led an equally charmed life. For at least five years he brokered massive amounts of cocaine to the black gangs of Los Angeles without being arrested. But his luck changed overnight.

On Oct. 27, 1986, agents from the FBI, the IRS, local police and the Los Angeles County sheriff fanned out across Southern California and raided more than a dozen locations connected to Blandon's cocaine operation. Blandon and his wife, along with numerous Nicaraguan associates, were arrested on drug and weapons charges.

The search-warrant affidavit reveals that local drug agents knew plenty about Blandon's involvement with cocaine and the CIA's army nearly 10 years ago.

"Danilo Blandon is in charge of a sophisticated cocaine smuggling and distribution organization operating in Southern California," L.A. County sheriff's Sgt. Tom Gordon said in the 1986 affidavit. "The monies gained from the sales of cocaine are transported to Florida and laundered through Orlando Murillo, who is a high-ranking officer of a chain of banks in Florida named Government Securities Corporation. From this bank the monies are filtered to the contra rebels to buy arms in the war in Nicaragua."

Raids a spectacular failure

Despite their intimate knowledge of Blandon's operations, the police raids were a spectacular failure. Every location had been cleaned of anything remotely incriminating. No one was ever prosecuted.

Ron Spear, a spokesman for Los Angeles County Sheriff Sherman Block, said Blandon somehow knew that he was under police surveillance.

FBI records show that soon after the raids, Blandon's defense attorney, Bradley Brunon, called the sheriff's department to suggest that his client's troubles stemmed from a most unlikely source: a recent congressional vote authorizing \$100 million in military aid to the contras.

According to a December 1986 FBI teletype, Brunon told the officers that the "CIA winked at this sort of thing. . . . (Brunon) indicated that now that U.S. Congress had voted funds for the Nicaraguan contra movement, U.S. government now appears to be turning against organizations like this."

That FBI report, part of the files of former Iran-contra special prosecutor Lawrence Walsh, was made public only last year, when it was released by the National Archives at the San Jose Mercury News' request.

Blandon has also implied that his cocaine sales were, for a time, CIA-approved. He told a San Francisco federal grand jury in 1994 that once the FDN began receiving American taxpayer dollars, the CIA no longer needed his kind of help.

None of the government agencies known to have been involved with Meneses and Blandon would provide the Mercury News with any information about them, despite Freedom of Information Act requests.

Blandon's lawyer, Brunon, said in an interview that his client never told him directly that he was selling cocaine for the CIA, but the prominent Los Angeles defense attorney drew his own conclusions from the "atmosphere of CIA and clandestine activities" that surrounded Blandon and his Nicaraguan friends.

"Was he involved with the CIA? Probably. Was he involved with drugs? Most definitely," Brunon said. "Were those two things involved with each other? They've never said that, obviously. They've never admitted that. But I don't know where these guys get these big aircraft."

That very topic arose during the sensational 1992 cocaine-trafficking trial of Meneses after he was arrested in Nicaragua in connection with a staggering 750-kilo shipment of cocaine. His chief accuser was his friend Enrique Miranda, a relative and former Nicaraguan military intelligence officer who had been Meneses' emissary to the cocaine cartel of Bogota, Colombia. Miranda pleaded guilty to drug charges and agreed to cooperate in exchange for a seven-year sentence.

In a long, handwritten statement he read to Meneses' jury, Miranda revealed the deepest secrets of the Meneses drug ring, earning his old boss a 30-year prison sentence in the process.

"He (Norwin) and his brother Luis Enrique had financed the contra revolution with the benefits of the cocaine they sold," Miranda wrote. "This operation, as Norwin told me, was executed with the collaboration of high-ranking Salvadoran military personnel. They met with officials of the Salvadoran air force, who flew (planes) to Colombia and then left for the U.S., bound for an Air Force base in Texas, as he told me."

Meneses - who has close personal and business ties to a Salvadoran air-force commander and former CIA agent named Marcos Aguado - declined to discuss Miranda's statements during an interview at a prison outside Managua in January. He is scheduled to be paroled this summer, after nearly five years in custody.

U.S. General Accounting Office records confirm that El Salvador's air force was supplying the CIA's Nicaraguan guerrillas with aircraft and flight support services throughout the mid-1980s.

The same day the Mercury News requested official permission to interview Miranda, he disappeared.

While out on a routine weekend furlough, Miranda failed to return to the Nicaraguan jail where he'd been living since 1992. Though his jailers, who described him as a model prisoner, claimed Miranda had escaped, they didn't call the police until a Mercury News correspondent showed up and discovered he was gone.

He has not been seen in nearly a year.

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Salvador air force linked to cocaine flights, Nicaraguan contras, drug dealer's supplier

*by Gary Webb
San Jose Mercury News*

One thing is certain: There is considerable evidence that El Salvador's air force was deeply involved with cocaine flights, the contras and drug dealer Oscar Danilo Blandon Reyes' cocaine supplier, Norwin Meneses.

Meneses said one of his oldest friends is a former contra pilot named Marcos Aguado, a Nicaraguan who works for the Salvadoran air-force high command.

Aguado was identified in 1987 congressional testimony as a CIA agent who helped the contras get weapons, airplanes and money from a major Colombian drug trafficker named George Morales. Aguado admitted his role in that deal in a videotaped deposition taken by a U.S. Senate subcommittee that year.

His name also turned up in a deposition taken by the congressional Iran-contra committees that same year. Robert Owen, a courier for Lt. Col. Oliver North, testified he knew Aguado as a contra pilot and said there was "concern" about his being involved with drug trafficking.

While flying for the contras, Aguado was stationed at Ilopango Air Base near El Salvador's capital.

In 1985, the DEA agent assigned to El Salvador - Celerino Castillo III - began picking up reports that cocaine was being flown to the United States out of hangars 4 and 5 at Ilopango as part of a contra-related covert operation. Castillo said he soon confirmed what his informants were telling him.

Starting in January 1986, Castillo began documenting the cocaine flights - listing pilot names, tail numbers, dates and flight plans - and sent them to DEA headquarters.

The only response he got, Castillo wrote in his 1994 memoirs, was an internal DEA investigation of him. He took a disability retirement from the agency in 1991.

"Basically, the bottom line is it was a covert operation and they (DEA officials) were covering it up," Castillo said in an interview. "You can't get any simpler than that. It was a cover-up."

Trio created mass market in U.S. for crack cocaine

by Gary Webb

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If they'd been in a more respectable line of work, Norwin Meneses, Oscar Danilo Bandon Reyes and "Freeway Rick" Ross would have been hailed as geniuses of marketing.

This odd trio - a smuggler, a bureaucrat and a ghetto teenager - made fortunes creating the first mass market in America for a product so hellishly desirable that consumers will literally kill to get it: "crack" cocaine.

Federal lawmen will tell you plenty about Rick Ross, mostly about the evils he visited upon black neighborhoods by spreading the crack plague in Los Angeles and cities as far east as Cincinnati. Tomorrow, they hope, Freeway Rick will be sentenced to life in prison without the possibility of parole.

But those same officials won't say a word about the two men who turned Rick Ross into L.A.'s first king of crack, the men who, for at least five years, supplied him with enough Colombian cocaine to help spawn crack markets in major cities nationwide. Their critical role in the country's crack explosion has been a strictly guarded secret.

To understand how crack came to curse black America, you have to go into the volcanic hills overlooking Managua, the capital of the Republic of Nicaragua.

Biggest military upset

During June 1979, those hills teemed with triumphant guerrillas called Sandinistas - Cuban-assisted revolutionaries who had just pulled off one of the biggest military upsets in Central American history. In a bloody civil war, they'd destroyed the U.S.-trained army of Nicaragua's dictator, Anastasio Somoza.

In the dictator's doomed capital, a minor member of Somoza's government decided to skip the war's obvious ending. On June 19, Oscar Danilo Bandon Reyes gathered his wife and young daughter and flew into exile in California.

Today, Bandon is a well-paid and highly trusted operative for the U.S. Drug Enforcement Administration. Federal officials say he is one of the DEA's top informants in Latin America, collecting intelligence on Colombian and Mexican drug lords and setting up stings.

In March, he was the DEA's star witness at a drug trial in San Diego, where, for the first time, he testified publicly about his strange interlude between government jobs: the years he sold cocaine to the street gangs of black Los Angeles.

Bandon swore that he didn't plan on becoming a dope dealer when he landed in the United States with \$100 in his pocket, seeking political asylum. He did it, he insisted, out of patriotism.

When duty called in late 1981, he was working as a car salesman in East Los Angeles. In his spare time, he said, he and a few fellow exiles were working to rebuild Somoza's defeated army, the Nicaraguan national guard, in hopes of one day returning to Managua in triumph.

But the rallies and cocktail parties the exiles hosted raised little money. "At this point, he became committed to raising money for humanitarian and political reasons via illegal activity (cocaine trafficking for profit)," said a heavily censored parole report, which surfaced during the March trial.

That venture began, Blandon testified, with a phone call from a wealthy college friend in Miami.

Blandon said his college chum, who also was working in the resistance movement, dispatched him to Los Angeles International Airport to pick up another exile, Juan Norwin Meneses Cantarero. Though their families were related, Blandon said, he'd never met Meneses until that day.

"I picked him up, and he started telling me that we had to (raise) some money and to send to Honduras," Blandon testified. He said he flew with Meneses to a camp there and met one of his new companion's old friends, Col. Enrique Bermudez.

Bermudez - who'd been Somoza's Washington liaison to the American military - was hired by the Central Intelligence Agency in mid-1980 to pull together the remnants of Somoza's vanquished national guard, records show. In August 1981, Bermudez's efforts were unveiled at a news conference as the Fuerza Democratica Nicaraguense (FDN) - in English, the Nicaraguan Democratic Force. It was the largest and best-organized of the handful of guerrilla groups known as the contras.

Bermudez was the FDN's military chief and, according to congressional records and newspaper reports, received regular CIA paychecks for a decade, payments that stopped shortly before his still-unsolved slaying in Managua in 1991.

Reagan OKs covert operations

White House records show that shortly before Blandon's meeting with Bermudez, President Reagan had given the CIA the green light to begin covert paramilitary operations against the Sandinista government. But Reagan's secret Dec. 1, 1981, order permitted the spy agency to spend only \$19.9 million on the project, an amount CIA officials acknowledged was not nearly enough to field a credible fighting force.

After meeting with Bermudez, Blandon testified, he and Meneses "started raising money for the contra revolution."

While Blandon says Bermudez didn't know cocaine would be the fund-raising device they used, the presence of the mysterious Mr. Meneses strongly suggests otherwise.

Norwin Meneses, known in Nicaraguan newspapers as "Rey de la Droga" (King of Drugs), was then under active investigation by the DEA and the FBI for smuggling cocaine into the United States, records show.

And Bermudez was very familiar with the influential Meneses family. He had served under two Meneses brothers, Fermin and Edmundo, who were generals in Somoza's army.

Despite a stack of law-enforcement reports describing him as a major drug trafficker, Norwin Meneses was welcomed into the United States in July 1979 as a political refugee and given a visa and a work permit. He settled in the San Francisco Bay Area, and for the next six years supervised the importation of thousands of kilos of cocaine into California.

At the meeting with Bermudez, Meneses said in a recent interview, the contra commander put him in charge of "intelligence and security" for the FDN in California.

Blandon, he said, was assigned to raise money in Los Angeles.

Blandon said Meneses gave him two kilograms of cocaine (roughly 4 1/2 pounds) and sent him to Los Angeles.

"Meneses was pushing me every week," he testified. "It took me about three months, four months to sell those two keys because I didn't know what to do. . . ."

To find customers, Blandon and several other Nicaraguan exiles working with him headed for the vast, untapped markets of L.A.'s black ghettos.

Blandon's marketing strategy, selling the world's most expensive street drug in some of California's poorest neighborhoods, might seem baffling, but in retrospect, his timing was uncanny. He and his compatriots arrived in South-Central L.A. right when street-level drug users were figuring out how to make cocaine affordable: by changing the pricey white powder into powerful little nuggets that could be smoked - crack.

Emergence of crack

Crack turned the cocaine world on its head. Cocaine smokers got an explosive high unmatched by 10 times as much snorted powder. And since only a tiny amount was needed for that rush, cocaine no longer had to be sold in large, expensive quantities. Anyone with \$20 could get wasted.

It was a "substance that is tailor-made to addict people," Dr. Robert Byck, a Yale University cocaine expert, said during congressional testimony in 1986. "It is as though (McDonald's founder) Ray Kroc had invented the opium den."

Crack's Kroc was a disillusioned 19-year-old named Ricky Donnell Ross, who, at the dawn of the 1980s, found himself adrift on the streets of South-Central Los Angeles.

A talented tennis player for Dorsey High School, Ross had recently seen his dream of a college scholarship evaporate when his coach discovered he could neither read nor write.

A friend of Ross' - a college football player home at Christmas from San Jose State University - told him "cocaine was going to be the new thing, that everybody was doing it." Intrigued, Ross set off to find out more.

Through a cocaine-using auto-upholstery teacher Ross knew, he met a Nicaraguan named Henry Corrales, who began selling Ross and a friend, Ollie "Big Loc" Newell, small amounts of remarkably inexpensive cocaine.

Thanks to a network of friends in South-Central L.A. and Compton, including many members of various Crips gangs, the pair steadily built up clientele. With each sale, Ross reinvested his hefty profits in more cocaine.

Eventually, Corrales introduced Ross and Newell to his supplier, Blandon. And then business really picked up.

"At first, we was just going to do it until we made \$5,000," Ross said. "We made that so fast we said, no, we'll quit when we make \$20,000. Then we was going to quit when we saved enough to buy a house . . ."

Ross would eventually own millions of dollars' worth of real estate across Southern California, including houses, motels, a theater and several other businesses. (His nickname, "Freeway Rick," came from the fact that he owned properties near the Harbor Freeway in Los Angeles.)

Within a year, Ross' drug operation grew to dominate inner-city Los Angeles, and many of the biggest dealers in town were his customers. When crack hit L.A.'s streets hard in late 1983, Ross already had the infrastructure in place to corner a huge chunk of the burgeoning market.

It was not uncommon, he said, to move \$2 million or \$3 million worth of crack in one day.

"Our biggest problem had got to be counting the money," Ross said. "We got to the point where it was like, man, we don't want to count no more money."

Nicaraguan cocaine dealer Jacinto Torres, another former supplier of Ross and a sometime-partner of Blandon, told drug agents in a 1992 interview that after a slow start, "Blandon's cocaine business dramatically increased. . . Norwin Meneses, Blandon's supplier as of 1983 and 1984, routinely flew quantities of 200 to 400 kilograms from Miami to the West Coast."

Blandon told the DEA last year that he was selling Ross up to 100 kilos of cocaine a week, which was then "rocked up" and distributed "to the major gangs in the area, specifically the Crips and the Bloods," the DEA report said.

At wholesale prices, that's roughly \$65 million to \$130 million worth of cocaine every year, depending on the going price of a kilo.

"He was one of the main distributors down here," said former Los Angeles Police Department narcotics detective Steve Polak, who was part of the Freeway Rick Task Force, which was set up in 1987 to put Ross out of business. "And his poison, there's no telling how many tens of thousands of people he touched. He's responsible for a major cancer that still hasn't stopped spreading."

But Ross is the first to admit that being in the right place at the right time had almost nothing to do with his amazing success. Other L.A. dealers, he noted, were selling crack long before he started.

What he had, and they didn't, was Blandon, a friend with a seemingly inexhaustible supply of high-grade cocaine and an expert's knowledge of how to market it.

"I'm not saying I wouldn't have been a dope dealer without Danilo," Ross stressed. "But I wouldn't have been Freeway Rick."

The secret to his success, Ross said, was Blandon's cocaine prices. "It was unreal. We were just wiping out everybody."

"It didn't make no difference to Rick what anyone else was selling it for. Rick would just go in and undercut him \$10,000 a key," Chico Brown said. "Say some dude was selling for 30. Boom - Rick would go in and sell it for 20. If he was selling for 20, Rick would sell for 10. Sometimes, he be giving (it) away."

Ross said he never discovered how Blandon was able to get cocaine so cheaply. "I just figured he knew the people, you know what I'm saying? He was plugged."

But Freeway Rick had no idea just how "plugged" his erudite cocaine broker was. He didn't know about Meneses, or the CIA, or the Salvadoran air-force planes that allegedly were flying the cocaine into an air base in Texas.

And he wouldn't find out about it for another 10 years.

Crack was born during 1974 in S.F. Bay Area

by Gary Webb

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Though Miami and Los Angeles are commonly regarded as the twin cradles of crack, the first government-financed study of cocaine smoking concluded that it was actually born in the Bay Area in January 1974.

After comedian Richard Pryor nearly immolated himself during a cocaine-smoking binge in 1980, the National Institute on Drug Abuse hired UCLA drug expert Ronald Siegel to look into the then-unfamiliar practice.

Siegel, the first scientist to document crack's use in the United States, traced the smoking habit back to 1930, when Colombians first started it.

But what was being smoked south of the border - a paste-like substance called BASE (bah-SAY) - was very different from what Californians were putting in their pipes, Siegel found, even though they called it the same thing: free base.

BASE was a crude, toxics-laden precursor to cocaine powder. On the other hand, free base (which later became known as crack or rock) was cocaine powder that had been reverse-engineered to make it smokable.

When San Francisco Bay Area dealers tried recreating the drug they'd seen in South America, Siegel learned, they'd screwed up.

"When they looked it up in the Merck Manual, they saw cocaine base and thought, well, yeah, this is it," Siegel, a nationally known drug researcher, said. "They mispronounced it, misunderstood the Spanish, and thought (BASE) was cocaine base."

The base described in the organic-chemistry handbook was cocaine powder separated from its salts, a process easily done with boiling water and baking soda.

It was an immediate, if unintentional, hit.

"They were wowed by it," Siegel said. "They thought they were smoking BASE. They were not. They were smoking something nobody on the planet had ever smoked before."

Using the sales records of several major drug-paraphernalia companies, Siegel correlated crack's public appearance with the appearance of base-making kits and glass pipes for smoking it. The sales records zeroed in on the Bay Area.

"We were able to show to our satisfaction that they were directly responsible for distributing the habit throughout the United States," Siegel said.

"Wherever they were selling their kits, that's where we started getting the clinical reports. It all started in Northern California."

His groundbreaking study was never published by the government, purportedly for budgetary reasons.

Siegel, who said he grew concerned that the information would not be made available to other researchers, published it himself in an obscure medical journal in late 1982.

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Drug king free, but black aide sits in jail

How cheap cocaine became the scourge of the inner city

by Gary Webb

San Jose Mercury News

For the past 1 1/2 years, the U.S. Department of Justice has been trying to explain why nearly everyone convicted in California's federal courts of "crack" cocaine trafficking is black.

Critics, including some federal-court judges, say it looks like the Justice Department is targeting crack dealers by race, which would be a violation of the Constitution.

Federal prosecutors, however, say there's a simple, if unpleasant, reason for the lopsided statistics: Most crack dealers are black.

But why - of all the ethnic and racial groups in California to pick from - crack planted its deadly roots in L.A.'s black neighborhoods is something Oscar Danilo Blandon Reyes may be able to answer.

Blandon is the Johnny Appleseed of crack in California - the Crips' and Bloods' first direct connect to the cocaine cartels of Colombia. The tons of cut-rate cocaine he brought into black L.A. during the 1980s and early 1990s became millions of rocks of crack, which spawned new markets wherever they landed.

On a tape made by the Drug Enforcement Administration in July 1990, Blandon casually explained the flood of cocaine that coursed through the streets of South-Central Los Angeles during the previous decade.

"These people have been working with me 10 years," Blandon said. "I've sold them about 2,000 or 4,000 (kilos). I don't know. I don't remember how many."

"It ain't that Japanese guy you were talking about, is it?" asked DEA informant John Arman, who was wearing a hidden transmitter.

"No, it's not him," Blandon insisted. "These . . . these are the black people."

Arman gasped. "Black?!"

"Yeah," Blandon said. "They control L.A. The people (black cocaine dealers) that control L.A."

But unlike the thousands of young blacks now serving long federal prison sentences for selling mere handfuls of the drug, Blandon is a free man today. He has a spacious new home in Nicaragua and a business exporting precious woods, courtesy of the U.S. government, which has paid him more than \$166,000 over the past 18 months, records show - for his help in the war on drugs.

That turn of events both amuses and angers "Freeway Rick" Ross, L.A.'s premier crack wholesaler during much of the 1980s and Blandon's biggest customer.

"They say I sold dope everywhere, but, man, I know he done sold 10 times more dope than me," Ross said during a recent interview.

Nothing epitomizes the drug war's uneven impact on black Americans more clearly than the intertwined lives of Ricky Donnell Ross, a high-school dropout, and his suave cocaine supplier, Blandon, who has a master's degree in marketing and was one of the top civilian leaders in California of an anti-communist guerrilla army formed by the U.S. Central Intelligence Agency. Called the Fuerza Democratica Nicaraguense (FDN), it became known to most Americans as the contras.

In recent court testimony, Blandon, who began dealing cocaine in South-Central L.A. in 1982, swore that the first kilo of cocaine he sold in California was to raise money for the CIA's army, which was trying on a shoestring to unseat Nicaragua's new socialist Sandinista government.

After Blandon crossed paths with Ross, a South-Central teenager with gang connections and street smarts necessary to move the army's cocaine, a blizzard engulfed the ghettos.

Former Los Angeles police narcotics detective Stephen Polak said he was working the streets of South-Central in the mid-1980s when he and his partners began seeing more cocaine than ever before.

"A lot of detectives, a lot of cops, were saying, 'hey, these blacks, no longer are we just seeing gram dealers. These guys are doing ounces; they were doing keys,'" Polak recalled. But he said the reports were disregarded by higher-ups who couldn't believe black neighborhoods could afford the amount of cocaine the street cops claimed to be seeing.

"Major Violators (the LAPD's elite anti-drug unit) was saying, basically, 'ahh, South-Central, how much could they be dealing?'" said Polak. "Well, they (black dealers) went virtually untouched for a long time."

It wasn't until January 1987 - when crack markets were popping up in major cities all over the nation - that law-enforcement brass decided to confront L.A.'s crack problem head-on. They formed the Freeway Rick Task Force, a cadre of veteran drug agents whose sole mission was to put Rick Ross out of business. Polak was a charter member.

"We just dedicated seven days a week to him. We were just on him at every move," Polak said.

Ross, as usual, was quick to spot a trend. He moved to Cincinnati and quietly settled into a woodsy, suburban home.

"I called it cooling out, trying to back away from the game," Ross said. "I had enough money."

His longtime supplier, Blandon, reached the same conclusion about the same time. He moved to Miami with \$1.6 million in cash and invested in several businesses.

But neither Ross nor Blandon stayed "retired" for long.

A manic deal-maker, Ross found Cincinnati's virgin crack market too seductive to ignore.

Plunging back in, the crack tycoon cornered the Cincinnati market using the same low-price, high-volume strategy - and the same Nicaraguan drug connections - he'd used in L.A. Soon, he also was selling crack in Cleveland, Indianapolis, Dayton and St. Louis.

"There's no doubt in my mind crack in Cincinnati can be traced to Ross," police officer Robert Enoch told a Cincinnati newspaper three years ago.

But Ross' reign in the Midwest was short-lived. In 1988, one of his loads ran into a drug-sniffing dog at a New Mexico bus station, and drug agents eventually connected it to Ross. He pleaded guilty to crack trafficking charges and received a mandatory 10-year prison sentence, which he began serving in 1990.

In Miami, Blandon's retirement plans also had gone awry as his business ventures collapsed.

He returned to the San Francisco Bay Area and began brokering cocaine again, buying and selling from the Nicaraguan dealers he'd known in his days with the FDN. In 1990 and 1991, he testified, he sold about 425 kilos of cocaine in Northern California - \$10.5 million worth at wholesale prices.

But unlike before, when he was selling cocaine for the contras, Blandon was constantly dogged by the police.

Twice in six months he was detained, first by Customs agents while taking \$117,000 in money orders to Tijuana to pay a supplier, and then by the LAPD when he was in the act of paying one of his Colombian suppliers more than \$350,000.

The second time, after police found \$14,000 in cash and a small quantity of cocaine in his pocket, he was arrested. But the U.S. Justice Department - saying a prosecution would disrupt an active investigation - persuaded the police to drop their money-laundering case.

Soon after that, Blandon and his wife, Chepita, were arrested by DEA agents on charges of conspiracy to distribute cocaine. They were jailed without bond as dangers to the community, and several other Nicaraguans also were arrested.

The prosecutor, L.J. O'Neale, told a federal judge that Blandon had sold so much cocaine in the United States his mandatory prison sentence was "off the scale."

Then Blandon "just vanished," said Juanita Brooks, a San Diego attorney who represented one of Blandon's co-defendants. "All of a sudden his wife was out of jail and he was out of the case."

The reasons were contained in a secret Justice Department memorandum filed in San Diego federal court in late 1993.

Blandon, prosecutor O'Neale wrote, had become "valuable in major DEA investigations of Class I drug traffickers." And even though probation officers were recommending a life sentence and a \$4 million fine, O'Neale said the government would be satisfied if Blandon got 48 months and no fine. Motion granted.

Less than a year later, records show, O'Neale was back with another idea: Why not just let Blandon go? After all, he wrote the judge, Blandon had a federal job waiting.

O'Neale, saying that Blandon "has almost unlimited potential to assist the United States," said the government wanted "to enlist Mr. Blandon as a full-time, paid informant after his release from prison."

After only 28 months in custody, most of it spent with federal agents who debriefed him for "hundreds of hours," he said, Blandon walked out of the Metropolitan Correctional Center in San Diego, was given a green card and began working on his first assignment: setting up his old friend, "Freeway Rick," for a sting.

Records show Ross was still behind bars, awaiting parole, when San Diego DEA agents targeted him.

Soon after Ross went to prison for the Cincinnati bust, federal prosecutors offered him a deal. His term would be shortened by five years in return for testimony in a federal case against Los Angeles County Sheriff's detectives that included members of the old Freeway Rick Task Force.

Within days of Ross' parole in October 1994, he and Blandon were back in touch, and their conversation quickly turned to cocaine.

According to tapes Blandon made of some of their discussions, Ross repeatedly told Blandon that he was broke and couldn't afford to finance a drug deal. But Ross did agree to help his old mentor, who was also pleading poverty, find someone else to buy the 100 kilos of cocaine Blandon claimed he had.

On March 2, 1995, in a shopping-center parking lot in National City, near San Diego, Ross poked his head inside a cocaine-laden Chevy Blazer, and the place exploded with police.

Ross jumped into a friend's pickup and zoomed off "looking for a wall that I could crash myself into," he said. "I just wanted to die." He was captured after the truck careened into a hedgerow. He has been held in jail without bond since then.

Ross' arrest netted Blandon \$45,500 in government rewards and expenses, records show. On the strength of Blandon's testimony, Ross and two other men were convicted of cocaine-conspiracy charges in San Diego last March - conspiring to sell the DEA's cocaine. Sentencing was set for today. Ross is facing a life sentence without the possibility of parole. The other men are looking at 10- to 20-year sentences.

Acquaintances say Blandon, who refused repeated interview requests, is a common sight these days in Managua's better restaurants, drinking with friends and telling of his "escape" from U.S. authorities.

According to his Miami lawyer, Blandon spends most of his time shuttling between San Diego and Managua, trying to recover Nicaraguan properties seized in 1979, when the Sandinistas took power.

Aug 23, 1996

Cocaine sentences weighted against blacks

*by Gary Webb
San Jose Mercury News*

When it comes to cocaine, it isn't just a suspicion that the war on drugs is hammering blacks harder than whites. According to the U.S. Justice Department, it's a fact.

The "main reason" cocaine sentences for blacks are longer than for whites, the Bureau of Justice Statistics reported in 1993, is that 83 percent of the people being sent to prison for "crack" trafficking are black "and the average sentence imposed for crack trafficking was twice as long as for trafficking in powdered cocaine."

Even though crack and powder cocaine are the same drug, you have to sell more than six pounds of powder before you face the same jail time as someone who sells one ounce of crack - a 100-to-1 ratio.

That logic has eluded Dr. Robert Byck, a Yale University drug expert, from the moment he discovered the 100-to-1 ratio may have been his inadvertent doing.

In 1986, at the height of an election-year hysteria over crack, Byck was summoned before a U.S. Senate committee to tell what he knew about cocaine smoking.

Byck, a renowned scientist who edited and published Sigmund Freud's cocaine papers, had been studying crack smoking in South America for nearly 10 years, with growing alarm.

Sen. Lawton Chiles, a Florida Democrat (and now that state's governor), was pushing for tougher crack laws, and he asked Byck about testimony he had given previously that "some experts" believed crack was 50 times more addictive than powder cocaine. Byck acknowledged some people believed that.

Despite the speculative nature of the figure, Byck said, the addictive factor of 50 was "doubled by people who wanted to get tough on cocaine" and then, for reasons he still finds incomprehensible, turned into a measurement of weight.

The resultant 100-to-1 (powder-vs.-crack) weight ratio, Byck said, was "a fabrication by whoever wrote the law, but not reality. . . . You can't make a number."

Recently, the U.S. Sentencing Commission - a panel of experts created by Congress to be its unbiased adviser in these matters - tried and failed to find a better reason to explain why powder dealers must sell 100 times more cocaine before they get the same mandatory sentence as crack dealers.

The "absence of comprehensive data substantiating this legislative policy is troublesome," it reported last year.

In 1993, cocaine smokers got an average sentence of nearly three years. People who snorted cocaine powder received a little over three months. Nearly all of the long sentences went to blacks, the commission found.

Justice Department researchers estimated that if crack and powder sentences were made equal, "the black-white difference . . . would not only evaporate but would slightly reverse."

Based on such findings, the commission recommended in May 1995 that the cocaine-sentencing laws be equalized, calling the 100-to-1 ratio "a primary cause of the growing disparity between sentences for black and white federal defendants."

Apparently fearful of being seen as soft on drugs, Congress voted overwhelmingly last year to keep the crack laws the same. On Oct. 30, President Clinton signed the bill rejecting the commission's recommendations.

Oct. 3, 1996

Affidavit shows CIA knew of contra drug ring

*by Gary Webb and Pamela Kramer
Knight-Ridder Newspapers*

LOS ANGELES - During the early 1980s, federal and local narcotics agents knew that a massive drug ring operated by Nicaraguan contra rebels was selling large amounts of cocaine "mainly to blacks living in the South Central Los Angeles area," according to a search-warrant affidavit obtained by the San Jose Mercury News.

The Oct. 23, 1986, affidavit identifies former Nicaraguan government official Danilo Blandon as "the highest-ranking member of this organization" and describes a sprawling drug operation involving more than 100 Nicaraguan contra sympathizers.

The affidavit of Thomas Gordon, a former Los Angeles County sheriff's narcotics detective, is the first independent corroboration that the contra army - the Nicaraguan Democratic Force - was dealing "crack" cocaine to gangs in Los Angeles' black neighborhoods. Known by its Spanish initials, the FDN was an anti-communist commando group formed and run by the CIA during the 1980s.

Gordon's sworn statement says that both the Drug Enforcement Administration and the FBI had informants inside the Blandon drug ring for several years before sheriff's deputies raided it Oct. 27, 1986. Gordon's affidavit is based on police interviews with those informants and one of the DEA agents who was investigating Blandon.

Twice during the past year, Ron Spear, Los Angeles County Sheriff's Department spokesman, told the Mercury News that his department had no records of the 1986 raids and denied having a copy of Gordon's search-warrant affidavit.

The Mercury News obtained the entire search-warrant affidavit this week. Sheriff Sherman Block's office did not respond yesterday to written questions about the affidavit.

A recent Mercury News series revealed how Blandon's operation, which sold thousands of kilos of cocaine to black Los Angeles drug dealers, created the first mass market for crack in America during the early 1980s and helped fuel a crack explosion that is still reverberating through black communities. Both the CIA and the Justice Department have denied government involvement.

But according to a legal motion filed in a 1990 case involving a deputy who helped execute the search warrants, one of the suspects involved in the raid identified himself as a CIA agent and asked police to call CIA headquarters in Virginia to confirm his identity. The motion, filed by Los Angeles defense attorney Harlan Braun on behalf of Deputy Daniel Garner, said the narcotics detectives allowed the man to make the call but then carted away numerous documents purportedly linking the U.S. government to cocaine trafficking and money-laundering efforts on behalf of the contras.

The motion said CIA agents appeared at the sheriff's department within 48 hours of the raid and removed the seized files from the evidence room. But Braun said detectives secretly copied 10 pages before the documents were spirited away. Braun attempted to introduce them in the 1990 criminal trial to force the federal government to back off the case. Braun was hit with a gag order, the documents were put under seal and Garner was convicted of corruption charges.

Internal sheriff's department records of the raid "mysteriously disappeared" around the same time the seized files were taken, Braun's motion said. That claim was buttressed in an interview this week by an officer involved in the raid.

The officer, who requested anonymity, said the alleged CIA agent was Ronald Lister, a former Laguna Beach police detective who worked with Blandon in the drug ring. The 1986 search-warrant affidavit identifies Lister's home in Laguna Beach as one of the places searched. It says Lister was involved in transporting drug money to Miami and was Blandon's partner in a security company. The company, according to a former employee, was doing work at a Salvadoran military air base in the early 1980s. Lister pleaded guilty to cocaine trafficking in 1991.