

War on Drugs

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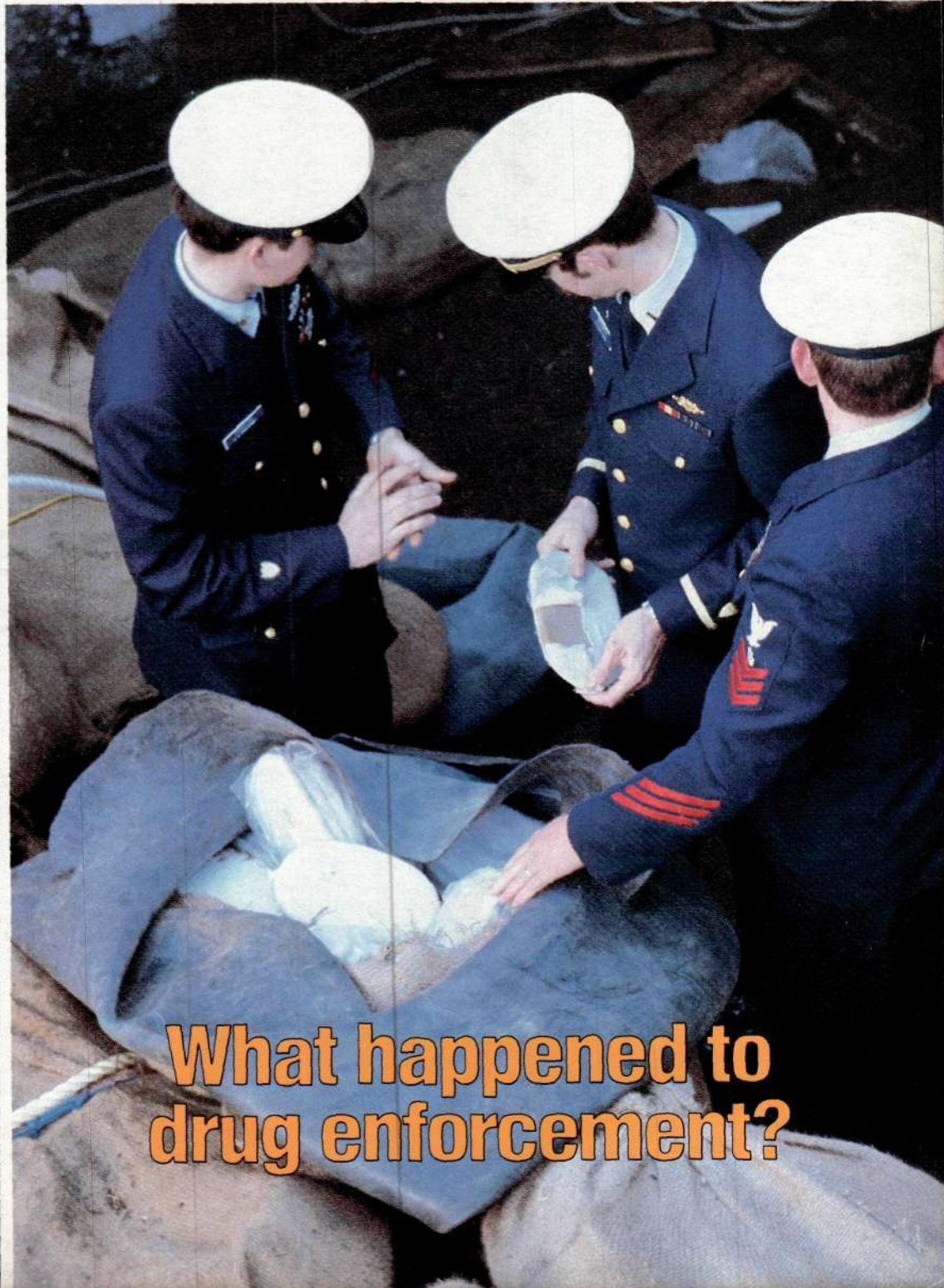
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How to outlaw paraphernalia Special Bulletin

**Shooting up
the rents in
New York City:
Real estate and
the dope mob**

**California town
declares war on
drugs in schools**

**Carter's FDA
okays THC pills
for 'medical' use**



What happened to drug enforcement?



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New in this issue—

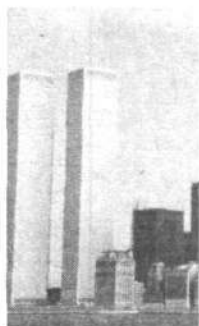
**NADC public service bulletin:
Outlawing drug paraphernalia opposite page 28**



What ever happened to drug enforcement?

by Dean Andromidas

The recent slashing of DEA capabilities is only part of the ongoing attack against our drug defenses 16



Shooting up rents in New York City:

Real estate and the dope mob

by Lydia Schulman and David Goldman

Money made off addicts comes back to finance the buying up of America's first city 24

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On the cover: In the biggest domestic hashish haul in history, agents of the Drug Enforcement Administration, the Coast Guard and U.S. Customs seized 40,000 pounds of hashish aboard the *Olaug* on March 17, 1979. Carter's dismantling of the DEA threatens to end such efforts, opening the floodgates to dope smuggling.

Photo: Wide World

A national movement against the drug-porn lobby

The designation of Playboy Enterprises president Hugh Hefner as the recipient of the 1980 "First Amendment Award" of the B'nai B'rith Anti-Defamation League last September underscores the reasons why the United States needs a powerful national antidrug lobby—fast.

Until very recently, no organization attempting to portray itself to the public and its members as civic-minded would have *dared* to associate the freedoms guaranteed in the Constitution by our founding fathers with the "freedom" to reap huge profits from the destruction of the minds of American youth through pornography and drugs. Yet, this is what occurred at the ADL's annual awards dinner in Los Angeles Sept. 21—with no public outcry except for the picket line posted outside the dinner by the National Anti-Drug Coalition.

Most people associate Hefner with pornography because of *Playboy* magazine, and some know of his philanthropic involvement in developing the sex education curricula that teach perversions as mere "alternative lifestyles," now being foisted upon many American school systems.

But Hefner was honored by the ADL for the activities of his tax-

exempt Playboy Foundation, which is the major funder of the marijuana lobbying group, NORML. The Playboy Foundation picked up the tab (for example) for the 1980 Marijuana Initiative, an unsuccessful effort to place a referendum for legalizing "pot" cultivation on the California ballot. Illegally grown marijuana already ranks high on the list of the state's ten biggest cash crops, displacing many food crops.

In charge of the Playboy Foundation and dispenser of all of its grants is Burton Joseph. Joseph is now said to be Hefner's right-hand man. As Hefner's legal counsel and as director of the Playboy Foundation tax shelter and dope-grant conduit, Joseph is the highest-paid employee in the shady Playboy empire. Joseph was previously the national director of the ADL.

Hefner's previous personal secretary died under mysterious circumstances recently, following his arrest on charges of large-scale cocaine dealing.

Both Hefner and Joseph serve on the advisory board of NORML, for which they serve as financial angels. One of NORML's chief propaganda vehicles for drug use and legalization is *High Times*, the self-styled "magazine of feeling good." *High Times* is staffed chiefly by members of the Yippie anarchist mélange, best known for the terrorist antics of its erstwhile ringleader Abbie Hoffman, now under indictment in New York for cocaine trafficking.

One *High Times* editor and Yippie, Michael Chance, recently moonlighted as the author of a slander article in the November issue of Larry Flynt's *Hustler*, a magazine that specializes in sado-masochism and bestiality. In an article devoted to Lyndon LaRouche, one of the founders of the Anti-Drug Coalition, Chance described the coalition as a "smoke screen for LaRouche's more-unsavory objectives." The *Hustler* piece was one of several identical-format articles libeling the Anti-Drug



"Decadence so blatant in our political institutions confronts the American people with a fundamental moral decision."

Hugh Hefner (r.) accepts the ADL "First Amendment Freedoms" award for his activities to promote bestiality. With him is liberal columnist Art Buchwald.

Wide World

Coalition that appeared simultaneous with Hefner's award in the smut trade's magazines, including *High Times* itself and the West German weekly *Der Spiegel*, whose editor, Rudolf Augstein, was arrested last year for narcotics dealing.

We are not surprised that the drug-porn lobby decided to slander Mr. LaRouche, who commissioned and guided the writing of the 1978 book *Dope, Inc.* and has mobilized an international fight against the drug-running cartel that book exposed. Unable to refute the facts in *Dope, Inc.*, the profiteers of evil have resorted to lies against its authors. The picture becomes even clearer when these slanders are traced back to their source, the New York "throwaway" weekly, *Our Town*. *Our Town's* editor, Edward Kayatt, is a convicted bond swindler; his lawyer and financial angel of *Our Town* is none other than the notorious mob lawyer Roy M. Cohn (see page 36 of this issue).

The exercise of "freedom of speech" in these slanders was exposed to all the world as pure libel when on Oct. 21, 1980 a French court ruled the *International Her-*

ald Tribune guilty of libel in a suit brought by Mr. LaRouche against them for retailing the *Our Town* lies.

But the ADL's award to Hefner reflects a far deeper cancer in our public life, a moral decay that has poisoned the presidency itself.

Jimmy Carter has been associated with this morass of immorality since he appeared with the rock-drug Allman Brothers band at "fundraising" concerts in his 1976 campaign, and discussed his "lusts" in a famous interview with Hefner's *Playboy*. Since taking office, he has systematically filled White House positions with NORML leaders and subordinated U.S. economic policy to their drug-legalization aims.

A moral decision

Decadence so blatant in our political institutions confronts the American people with a fundamental moral decision. Will the nation stand by and watch the systematic destruction of its posterity? Will American citizens continue to tolerate a foreign policy that is leading entire nations, our country's neighbors and allies to

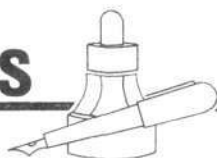
genocide and ruin? Will our citizens continue to look the other way as this same policy crushes the economies of our own industrialized states?

If not, then the Anti-Drug Coalition must grow this year to lead the biggest lobby ever in U.S. history. We have begun this process by creating the only reliable intelligence on drugs now available in the United States, so that the fight can be effectively targeted against the enemy.

We are in touch with scores of organizational working locally and nationally, representing millions of people and parties. By building these forces into one massive lobby, Americans can restore the standards of decency and real freedom as the framers of the Constitution envisaged—the freedom of the individual to develop as a creative, productive adult and not merely to "feel good" like a beast.

Nora Hamerman

—Nora Hamerman
Editor in Chief



America is losing its skilled labor power

To the Editor:

A series of research projects has been done on the relationship of labor productivity and marijuana use by various international concerns. The findings have shown alarming evidence of losses in the productivity of the labor force. Specifically, the studies show that in menial labor there is no decrease in productivity, due to the low level of mental concentration and skill proficiency required. But in higher skill-level jobs, there was marked decrease in productivity.

In 1961, the United Nations categorically denounced marijuana use because of its effects on Third World productivity. This has overwhelming relevance to us in the United States. What the Illinois Anti-Drug coalition has encountered in our suburban neighborhood organizing has devastating implications for the United States' industrial future.

Many citizens in this country have a vague sense of the erosion taking place in American industry, but they have not been able to put their fingers on the full extent of the problem. Here in Illinois we are getting reports from a very important layer of the population—the skilled laborer. The average skilled worker is approximately 50 years old. He is usually a family man with grandchildren. He generally has fought in the Korean War. This man has a strong sense of identification

with America's potent historical role in the world, and more than likely has raised his children on the philosophy of hard work and education as the keys to a good future.

We are finding very demoralized skilled workers who are vehemently against drugs, yet cynical about the productive state of this nation. They feel that America is on its last leg industrially. Their reasoning is characterized invariably by the sobering statements: "My life is ending soon. When I'm gone, what's left? Was my life in vain? The nation's on a dead-end street."

They say: "Either we produce quality education to meet the demands of the future which will give our children a better life, or we reset our goals to comply with the mediocrity being produced, and commit our children to death."

A lot of readers will say to themselves that this is common knowledge and wonder what this has to do with the National Anti-Drug Coalition's work. One worker laid out the connection to us in very precise terms.

He began from the standpoint of his own tool-and-die field. He explained that it takes five years or more of apprenticeship training, which includes 2,000 hours of class training with tremendous emphasis on mathematics and geometry, particularly projective geometry. Projective geometry is instrumental in solving engineering prob-

lems which would otherwise require tedious calculations, and is thus a key to solving the inefficiency of existing technologies.

Geometry is a means to translate the global conceptions of more complex and advanced engineering projects which demand a higher level of division of labor. As was stated in a report on this subject, "it is a *language* necessary to the man of genius who conceives a project, to those who must direct its realization, and finally, to the craftsmen who must themselves complete its specific aspects."

Increasingly alarming to these skilled workers is the rapid decline of adequate and capable young workers. They report cases of inability by young workers to grasp details and intricacies of, for example, machine tool concepts. They are frustrated because they cannot communicate these concepts to the young workers, whose concentration span is greatly impaired by drug abuse.

The Illinois branch of the National Anti-Drug Coalition is going to be doing major follow-up work, featuring interviews and surveys from businesses and apprenticeship programs, etc., to bring this sector's concern to the entire American population. We believe in the "Reindustrialization of America!"

Sheila Jones and
Christopher Scanlon
Chicago, Illinois NADC

Yes—Send Those Clippings!

All letters for publication must include the name and address of the sender (both will be withheld if requested). News clippings should be addressed to Christian Curtis, Managing Editor, *War on Drugs*, 304 W. 58 Street, 5th Floor, New York, N.Y. 10019.

NEWS BRIEFS

Pot trafficking penalties tripled

Criminal penalties for marijuana trafficking were tripled by a new federal law that took effect last Sept. 26. Trafficking, defined by possession of more than 1,000 pounds of the drug, used to bring a maximum sentence of five years in prison and/or \$15,000 in fines. Violators now face a maximum of 15 years and a \$125,000 fine, and if the individual has a prior trafficking conviction, these penalties are doubled.

The new penalties were included in an amendment attached to the Infant Formula Act, which was initiated through the House Health Subcommittee of the Interstate and Foreign Commerce Committee early last year. Much of the Act deals with "controlled substances"—drugs—and was therefore considered an appropriate vehicle for upgrading marijuana penalties, according to antidrug conservatives on the Hill.

Congressman Billy Lee Evans (D-Ga.) had originally submitted a bill calling for a mandatory 10-year sentence for possession of 100 pounds of the weed. The Health Subcommittee, apparently responding to Evans's initiative, came up with a more liberal version, which made it through the Senate and was signed into law.



Congressman Evans

Warnings about Coast Guard confirmed

An article in the Oct. 12 *New York Times* confirmed warnings published in the July 1980 issue of *War on Drugs*: that the U.S. Coast Guard has become so overextended by added duties such as the surveillance of Cuban refugee boats that it is unprepared to help fight the invasion of marijuana smuggling from Colombia. Reporting on a gathering which included Drug Enforcement Administration officials, the *Times* said that confiscation of marijuana has been declining sharply. The Coast Guard does not have enough people and equipment to do its job adequately, according to Terry Hart, deputy director of the agency's Drug Enforcement Division.

From April to September 1978, about 2.5 million pounds of marijuana were confiscated. In the same period in 1979, the amount fell to 2 million pounds, and only about 700,000 pounds were seized in 1980, Mr. Hart said.

Rude welcome for sex ed in Michigan

A "sex education consultant" sent by the Carter administration to Flint, Michigan for the purposes of scouting out potential resistance to sex ed, was greeted by an angry crowd of picketing parents from all over the state. Dr. Peter Scales, from the consulting firm Mathtech, in Bethesda, Maryland, is compiling reports for a federal project called "Barriers to Sex Education." The purpose of the project is to "profile" the psychological vulnerabilities of targeted populations to federally-funded sex ed curricula. The pickets, many of whom represented the anti-sex ed group known as FACTS, were particularly outraged that Scales refused to allow his profiling interviews to be taped by local residents. According to eyewitnesses, the sex doctor became so flustered by this reception that he stormed out of town.

Congressman Eldon Rudd (R-Ariz.) revealed in the Aug. 27 *Congressional Record* that Mathtech is circulating nationwide a questionnaire titled "Social and Sexual Behavior Inventory." Rudd said the probe contains "explicit and highly personal questions for adolescents . . . concerning the full range of their sex attitudes."



Coast Guard patrol

DEA



Peruvian coca leaves

Cocaine lobby blossoms in Peru

The cocaine mafia in Peru, where the drug brings in well over \$1 billion annually, has set up a National Front of Coca Producers to defend the "right" to grow coca, the plant from which cocaine is derived. The Front is demanding that the government remove all restrictions on coca production and trade and is threatening to hold a pro-coca demonstration in Lima, the capital.

Allegedly made up of peasants, the organization is based in the Tingo Maria area near Bolivia, and according to Peruvian officials, 90 percent of all economic activity in the region stems from the illegal cocaine trade, and is controlled by international trafficking networks.

Drug issue key in Chicago race

Speaking before a group of professional athletes, coaches and medical authorities at a Merchandise Mart luncheon Sept. 23, Richard Daley, candidate for Cook County state's attorney, outlined a seven-point antidrug program described by the *Chicago Sun Times* as "one of the most substantive proposals to emerge from either candidate so far." Daley, a Democrat and son of the late mayor of Chicago, challenged two-term incumbent, liberal Republican Bernard Carey, with a campaign that hits hard on the issue of drugs, legalized gambling and "mob influence" at City Hall.

At the luncheon, Daley lashed out at Carey's prosecution of drug cases, charging that of 19,000 drug-related arrests only "a few hundred, or about 1 percent," of the offenders went to jail. He said his staff had trouble getting information from Carey's office because it keeps few statistics.

The drug-rock connection: tax it

Rock records and performers should be taxed for promoting drug abuse among youth, says Julio Martinez, director of the New York State Division of Substance Abuse Services. "We are developing a legislative proposal that will tax every musician who makes money on recordings that suggest drug use," he announced last October. "I want to tax them \$1 for each and every time a record is sold and a song is aired on the radio." Martinez has compiled an "enemies list" of rock stars who flagrantly promote dope. The list includes the Rolling Stones, who have a release out called "Sister Morphine"; Paul Simon, for his hit about marijuana smoking at a very early age; and the Grateful Dead, for numerous songs extolling cocaine. Others include Bob Dylan, Eric Clapton, Jackson Browne, Jefferson Starship, and Lou Reed.

New life for Select Committee?

Word on Capitol Hill has it that the threat of extinction to the House Select Committee on Narcotics Abuse and Control has subsided, and that chances are "very good" that the now-temporary committee will be permanent by the end of this congressional session. Although the unit is not out of the woods yet, sources report that popular pressure from antidrug groups on the Democratic Caucus, which will determine the committee's future, has made it a "hot" issue. In particular, it is reported that Peter Rodino (D-N.J.) and Tip O'Neill (D-Mass.), the head of the caucus, have shelved their previous aim of letting the committee quietly expire. The final decision will be taken at the Democratic Caucus meeting Dec. 10.



Rock star Paul Simon

NATIONAL NEWS



Joe, Ralph, and Avi Nakash—founders of the "Jordache look."

Jeans ads—a dope link?

If you have ever suspected a conspiracy behind the avalanche of pornography on television advertising "designer jeans," you're not the only one who thinks so. Parents who have tried to carefully screen their children's television viewing only to find that sex and violence are worse in the jeans commercials than in the other programming, have been protesting to the networks. As a result, some of

the more offensive ads have not made it on the air. But the battle is just beginning.

A preliminary investigation by *War on Drugs* showed that the designer jeans companies have multimillion-dollar budgets to push ads that become increasingly explicit in sexual content. Sadomasochism and pederasty are soon to become as common on advertising display as glossy floors and static-

free laundry. Moreover, even a cursory look at the promotions sponsored by the jeans companies shows that more than fancy pocket stitching connects the expensive garments with the seamy world of drugs and rock.

This past fall Puritan Fashions, manufacturers of Calvin Klein jeans, sponsored a free rock concert in New York's Central Park featuring self-avowed bisexual Elton John. As the crowd of several hundred thousand gathered, the most noticeable thing was thousands of marijuana joints being passed. Naturally, this being New York City, where District Attorney Robert Morgenthau has told the police department that they are *not permitted* to make an arrest for marijuana possession, no one threatened the dope users.

The latest advertising idea is to lower the age pushing the sex message. The top TV model for Calvin Klein jeans is 15-year-old Brooke Shields, who made her movie debut playing a child sold into prostitution in New Orleans. After some suggestive camera work featuring the jeans, the model says, "I have 15 pairs of Calvins in my closet. If they could talk I'd be in trouble."

Another big jeans manufacturer, Murjani, uses the name of Gloria Vanderbilt to promote its product. Vanderbilt was a frequent guest at the now closed Studio 54 disco, reputedly a notorious cocaine hangout for the jetset of New York. Recently, Murjani signed on punk rock star Debbie Harry of the group, "Blondie," to use her name on a line of jeans for juniors. Debbie Harry has been interviewed in *High Times* magazine and is a supporter of recreational drugs.

Opening TV to porn

The current one-minute spots of 15-year-old sexpots, 11 year old boys and girls stripped to the waist playing leapfrog, and punk rockers in black leather gloves are just the beginning. The plan, according to one of the biggest jeans companies,

War on Drugs

REPRINTS

For classroom, community and drug education programs

What You Can Do to Stop Marijuana

A special issue of reprints, including "The biological effects of marijuana," by Dr. Gabriel Nahas; "Who's pushing drugs on America?"; and a rundown on the congressional backers of "decrim."
December 1980 32 pp. with illustrations

What Happened to Drug Enforcement?

by Dean Andromidas
The DEA cutbacks are only part of the steady undermining of America's drug defenses.
January 1981 8 pp. with maps

The Sex Education Conspiracy: Brainwashing by Perversion

by Christian Curtis
The backers of "sex education" are the same crowd that created the drug culture.
July 1980 8 pp.

How the Drug Banks Hide \$100 Billion in Dirty Money

by David Goldman
The ABCs of dope money laundering: the cash is "hidden" in the most legal places.
December 1980 11 pp. with illustrations

The Congressmen who Sponsored Marijuana "Decrim"

by Vin Berg and Lydia Cherry
A fact sheet on the 22 leading Congressmen and Senators backing so-called decriminalization.
November 1980 4 pp. with illustrations

Dope, Inc. Runs Washington Foreign Policy

by Marilyn James and Michele Steinberg
Behind the Carter White House's no-win strategy against the heroin epidemic—covering up for "allies" Turkey and Red China.
November 1980 10 pp. with charts.

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\$1.00 each
50 for \$25
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New York, N.Y. 10019

Jordache, is to completely break existing antipornography codes of the National Advertising Bureau, and open the floodgates for nudity in television commercials. Like the other designer jeans companies—Bonjour, JouJou, Calvin Klein, and Murjani—Jordache is using its multimillion dollar advertising budget to take advantage of the teenage and pre-teenage market where the rock culture has already created a huge drug market.

The success of the first round of commercials has made Jordache chief Joe Nakash even more determined to bring his advertising ideas, which started in early 1979 with ads designed for women's magazines, into television. "The ladies will see the most beautiful guy," explained Nakash, "I just have to take his shirt off. He's going to be beautiful. Lots of hair..." After that, Nakash extended the ads to women with their shirts off. One showed a topless model in Jordache jeans riding down the beach on a horse.

The major TV networks would not run it. Another ad in print has a woman, again topless, leapfrogging over a man who is dressed only in Jordache jeans. A Jordache TV spot with a half-naked boy and girl in the leapfrog pose only ran once, due to public outrage.

The Jordache story

The questions surrounding the Nakash brothers who own Jordache have not abated since the former top male model for their jeans ads was discovered shot through the head in his New York apartment on Sept. 8, 1980. Schlomo Paz, an Israeli citizen, was reported as a probable suicide. But the New York Police Department says of the model's case, "Right now it has been marked CUPPI—circumstances undetermined pending police investigation."

Paz was identified in the *New York Post* the day after he died as connected with "an Israeli wing of organized crime." The hitherto not well known "Israeli mafia" was re-

cently shown in an official California report (see article facing page) to be involved in cocaine and marijuana running.

Is there, as suggested in the book *The Israeli Connection* by Jacques Derogy, a deep involvement in the jeans industry by organized crime figures? The Jordache story is disturbing in this light.

According to the official "rags to riches" story put out by Jordache's press agency, the initial bankroll of \$300,000 for the TV advertising blitz that started the "blue" series of jeans ads came from Israel's Bank Leumi, after the company was turned down by a half dozen other banks. Leumi's chairman is Ernst Israel Japhet of the Charterhouse Japhet family, which had an official franchise from the British government during the 19th century for running opium in and out of the Orient.

—Michele Steinberg



'Israeli mafia' seen active in southern California

On Aug. 26 the California State Attorney General George Deukmejian released his annual report to the state legislature which for the first time admitted to the existence of an Israeli mafia. That report, despite its refusal to identify the real controllers of Israeli crime networks, is nevertheless an important victory in efforts by law enforcement officials and others to alert the public on the serious and growing threat of Israeli drug running and related crimes, not only in California but the rest of the United States.

The report, which has met fierce denunciations from Zionists in California and elsewhere, characterizes the self-described Israeli mafia as a gang of 110 members, primarily Israeli nationals but also including Arabs and Iranians. According to the state attorney general, the Israeli mafia now controls an estimated 60 businesses in Los Angeles County, primarily used for "laundering" criminal revenues.

The report further admits that since its formation in California approximately five years ago it has been involved in a series of bankruptcy and insurance frauds; fictitious billings; arson for hire; extortion, primarily of Israeli nationals; and murder. Israelis working for this allegedly L.A.-based mob have been arrested in the Bahamas, Puerto Rico, Mexico City and elsewhere for cocaine trafficking and are known to be active in Brazil, Colombia and Central America.

The attorney general's report confirms charges made by the Drug Enforcement Administration (DEA) in a confidential report

leaked to the press and published Nov. 15, 1979 in the *Los Angeles Times*. That report, never intended for publication, states that the Israeli mafia and other criminal gangs are involved in guns for narcotics trade. "The overwhelming fact," the report states, "is that arms and ammunition are being smuggled into Latin America, with emphasis on Mexico, in return for narcotics. . . . These arms are reaching not only narcotic organizations but extremely active terrorist groups and revolutionary organizations."

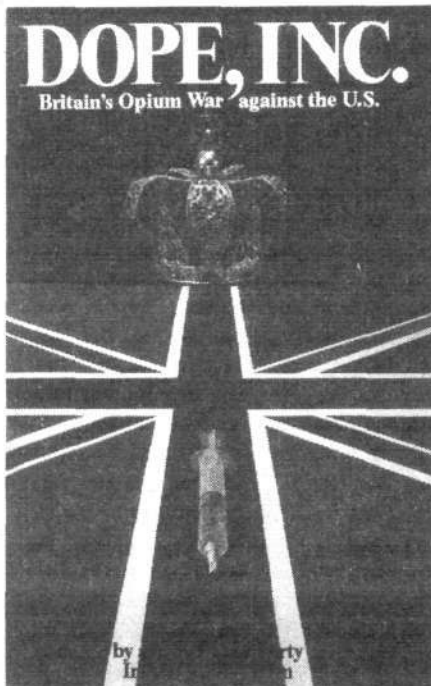
According to the *Valley News* in Los Angeles and other newspapers, the Israeli mafia, reportedly run locally by Joseph Zachariah, formerly of the Bat Yam suburb of Jerusalem, first came prominently into public attention following the shooting and dismemberment of Ester and Eli Ruvner at the Los Angeles Bonaventure Hotel last October. Those murders were the latest in a series of four drug related killings of Israeli nationals in the Los Angeles area over a six month period. The Ruvners were known to traffic in cocaine in the L.A. area. They were \$200,000 in debt to the Israeli mob at the time of their killing and believed to have attempted to swindle Joseph Zachariah.

Murders of Israelis

Zachariah, the Van Nuys, California owner of most of the 60 businesses referred to in the attorney general's report, was later arrested for the murder in the company of his business associate Yar-



Bitzalel Mizrahi, one of the leaders of Israeli organized crime and heroin running according to French investigator Derogy.



Two books that lifted the veil on the "Israeli mafia."



dona Targay at Kennedy Airport in New York. Targay had just arrived from Rio de Janeiro and was discovered to have 2.2 pounds of cocaine in her possession. Yehuda Avital and Eliahu Koumanchero, also wanted on murder charges, are still at large.

The Israel side

Last spring French journalist Jacques Derogy published the book *Israeli Connection: The Mafia in Israel*, which has caused an uproar in Europe and Israel but is still little known in the United States (see *War on Drugs*, November 1980). Although well known in Europe as author of a series of books favorable to Israel, Derogy has been denounced by pro-Begin Zionists because his book implies major organized crime control over sections of the Israeli government. Derogy's book traces the history of organized crime in Israel and its expansion into California and elsewhere, providing information on mob activities not covered by the attorney general's report.

Although this is vehemently denied by the Israeli government, Joseph Zachariah, Eliahu Kou-

manchero, Yehuda Avital and other Israelis implicated in the Ruvner killings are members of the Bat Yam gang, based out of the Bat Yam suburb of Jerusalem, according to Derogy. Schmaya Engel and Gad Shats, the leaders of the gang, have now deployed members throughout Europe and the United States. Consequently any attempt to investigate Zachariah and his smuggling networks in isolation from Israeli crime leaders is doomed to failure.

Derogy notes that one of the crime leaders who would have to be investigated to understand Israeli crime activity in Los Angeles is one Mordechai Tsarfati, better known as "Mentesch." Mentesch, as documented by Derogy as well as Israeli Knesset member Euhoud Oulmert, is known to be a leading gangster figure in Israel with documented historical ties to the top Israeli and Zionist leadership since at least the 1930s. Although not all the information on Mentesch and his associates Bitzalel Mizrahi and Samuel Flatto-Sharon has yet to come to the fore, investigations point to their leadership of Israeli criminal activity. The Bat Yam

gang could not operate without their approval.

Mentesch's organized crime leadership began by at least the 1930s when he had taken control of Israeli docks and consequently became central for smuggling. Because of this control, Mentesch was hired by the Jewish Agency, under the direct orders of future Israeli president Levi Eshkol. The Jewish Agency in Palestine, the above-ground support network for the terrorist Haganah and Mentesch, was used to expand the flow of guns and refugees into Palestine at that time.

From at least the time he was employed by the Jewish Agency, Mentesch came in contact with the U.S. gangster Meyer Lansky. Like Mentesch, Lansky and other criminals were brought directly into arms smuggling for the Haganah, run in the United States by the Sonneborn Institute. Of course, Lansky and Mentesch's collaboration did not end with Israeli independence. According to Derogy, California was transformed into the Israeli mafia's second most important narcotics center following the 1973 Mideast war through a deal between the Bat Yam gang and Meyer Lansky.

Dope, Inc. division of labor

Although Derogy's book and the more limited exposures of Israeli mafia activities in Los Angeles are welcome additions in exposing drug running, the exposés themselves conceal the actual nature of the drug mafia. The role of the international drug lobby in dominating financial and political life was first exposed in the book *Dope Inc.* Further investigative work by *War on Drugs* has dramatically corroborated and expanded the charges first made in that book.

As *Dope Inc.* identified, the international drug cartel is not merely a network of street level smugglers and thugs—however essential such a network may be to the cartel. Dope Inc. is a \$200 billion industry which could not work without a highly centralized divi-

sion of labor involving computerized marketing studies, an affiliated chemical processing industry, and the use of international banking for both credit and concealment of drug revenues.

Moreover, the use of narcotics to pacify entire nations such as China has been the official policy of the British government for centuries. Consequently any attempt to understand the growth of the British-promoted world narcotics trade without investigating the role of such firms as Barclays or respected businessmen in Britain or elsewhere will not succeed. In fact numerous international banks and corporations could not exist without their revenue from the dope trade.

An expanded investigation of the Israeli mafia along these broader lines would probably include a close look at the activities of such respectable businessmen as Sam Rothberg and Louis Boyar. Rothberg is currently chairman of the World Jewish Appeal, U.S. Israeli bonds and a director of the U.S. board of Bank Leumi, Israel's largest bank. Boyar is the president of a leading San Francisco investment firm. Together they

helped form the Israel Corporation.

Rothberg and Boyar have otherwise been top supporters of Meyer Lansky's attempt to return to Israel, which recently became successful. Rothberg's association with Lansky dates back to Prohibition when Lansky ran booze smuggling through American Distilleries, which Rothberg still controls. Rothberg and Boyar are close to Lansky business associate Yacov Cohen, a top controller of Israeli crime. According to Derogy, Cohen is also the controller of Moses Schnitzer, the Israeli president of the World Diamond Federation, former member of the Irgun terrorist band and friend of Menachem Begin.

In 1974 it was exposed in court that Israel Corporation, Bank Hapoalim and other major Israeli firms were illegally laundering money through Banque de Crédit Internationale (BCI), then run by Tibor Rosenbaum out of Switzerland. In the ensuing scandals it was revealed that BCI officer Sylvain Ferdman, also an official for the notorious Investment Overseas Services, was top bagman for Meyer Lansky. BCI and its related

firms were involved in laundering billions of dollars of illegal money and other revenues from organized crime.

One of the favorite forms of money laundering is diamonds—easily concealed, impossible to trace. Is it any wonder then that the three top Israeli banks—Leumi, Hapoalim and Israel Discount, documented to have funded BCI—also control 30 percent of the world diamond market and run the entire diamond retailing market in Hong Kong? Although diamonds account for 40 percent of Israel's exports, no records are required by law and no records of any transactions are kept.

The Israeli diamond trade never kept any records since its 1930s formation when virtually the entire Irgun membership was employed in the diamond trade, according to Moses Schnitzer. And who was the person most responsible, according to public accounts, for Israel's rapid expansion of its share of the diamond market in the 1950s? Michael Tzur, now imprisoned for his role as chairman of the Israel Corporation during the time it funded BCI.

—Joseph Brewda



Meyer Lansky (3rd from right) and associates in Chicago in the 1930s, when he worked for Capone and Luciano.



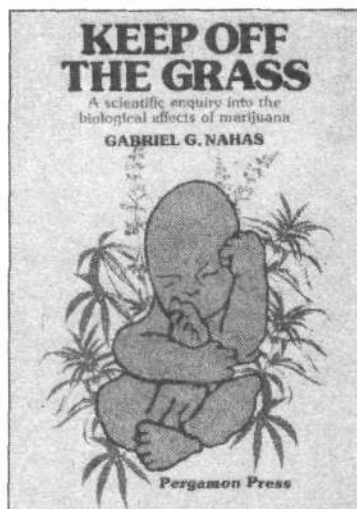
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NEWS

NADC News

Mich. lawmakers pressured to stop 'decrim' bill

A number of Michigan legislators who are supporting a measure to decriminalize marijuana have come under extreme pressure from constituents rallied by the state chapter of the National Anti-Drug Coalition.

Last year, the pot lobby narrowly secured passage of Michigan Senate Bill 65 (SB 65), described by an NADC spokesman as a "drug pusher's dream." The bill would remove criminal penalties for possession, use, and, in some cases, the distribution of marijuana.

Antidrug forces fear passage of the bill in the state House of Representatives this session for good reason. The Senate Judiciary Committee, which must pass the bill onto the floor before it can be voted on, is cochaired by two prodrug Democrats, Dennis Hertel of Detroit and Mark Clodfelter of Flint. Both voted for the bill in 1979 when it was barely defeated by a one-vote margin.

Additionally, several representatives who voted against the measure last year have now retired.

Educating the voters

But the Michigan Anti-Drug Coalition has launched a statewide campaign which has begun to turn the tide against SB 65. A drive to educate the voters through circulation of thousands of leaflets detailing the contents of the bill was launched with door-to-door walking tours by coalition members.

The leaflet, which lists every state rep's vote on the 1979 bill along with his home address and

telephone number, has been picked up and distributed by numerous constituency groups. Churches, civic groups like the VFW and Knights of Columbus, schools, block clubs, and professional associations have all joined the campaign.

Face-to-face confrontations between constituents and their representatives have forced a number of legislators to drop their support of the bill.

State Rep. Gary Corbin of Clio became totally flustered when publicly confronted by fellow parishioners at Sunday church services. "Who do you think you're fooling," they asked, "when you put on your 'family man' face on Sundays and the rest of the time you are supporting legislation which would increase drug use by our children?" Reading from the ADC leaflet, they asked him, point by point, how he could support such a law. Corbin quickly promised to change his vote and oppose the bill.

Speaking at a campaign even in her home district of Birmingham, Rep. Ruth McNamee was brought to tears by the parents of a youth whose life had been destroyed by drugs. After reading the provisions of the bill from the leaflet, they demanded that McNamee vote against the measure so that other children would be spared the dangers of drug abuse. McNamee agreed to withdraw her support of the bill.

One foolish legislator, Jack Leegal of Detroit, made the mistake of ignoring his constituents' de-



Michigan State Rep. Alan Cropsey (center), a staunch opponent of decrim, at the NADC founding convention in Detroit in 1979.

mands and stated he would continue to support SB 65. He was defeated in a surprise upset in the August Democratic primary.

Bill has little chance

A number of lawmakers, heeding this warning, have now contacted the ADC to announce that they will switch to active opposition of the bill and requested that the coalition get the news out to their constituents. Some have indicated that the decrim measure has become the number one issue raised in calls from voters. In yet another case, the wife of pro-decrim Republican Representative William Bryant told a coalition member who was going door-to-door in their wealthy Grosse Pointe neighborhood that their phone was "ringing off the hook"

with calls from irate constituents.

In addition to calls from frightened legislators, the ADC phones are busy with calls from various community organizations including several parochial and public schools who are requesting bundles of leaflets, speakers for their groups, copies of the coalition's national magazine *War on Drugs*, and more information on the campaign to shut down the international drug cartel, *Dope, Inc.*

With this level of mobilization against SB 65, chances for its passage appear to be dimming. Insiders report that Judiciary Committee cochairman Dennis Hertel, one of the bill's proponents last year, is now listening carefully to his constituents. The word is that Hertel is preventing its release to the House.

TV jazz show draws fire across USA

The Public Broadcasting System (PBS) in New York City stated that *War on Drugs* is "editorially biased" as its excuse for renegeing on a previous agreement to allow reporters for the magazine and other interested members of the press corps to preview the first two segments of the PBS series on "black music" titled "From Jumpstreet." PBS representative Betsy Vorce indicated that the reversal of her previous decision had been made after a visit to Washington, D.C., site of WETA, the PBS station which produced the Jumpstreet series.

As described in our last issue, the NADC has launched a campaign to prevent "From Jumpstreet" from being aired, both because of the racist content of its segments and its promotion of jazz, rock, and disco which would reinforce the growing use of dangerous drugs among youth.

The NADC campaign to "Stop Jumpstreet" was launched not only to block the series from being aired, but also to prevent the broadcasts from being incorporated into public school curricula, as currently planned. A WETA press release gives a flavor of what parents can expect their children to learn in school if Jumpstreet reaches the classroom. A segment entitled "Dance to the Music" is described: "Striking parallel scenes compare African ritual dances to modern disco." Other segments, such as "Jazz Vocalists," take place in "nightclub setting[s]," while "Black Music in Theater and Film" will favorably portray the

racist "happy ducky" minstrel shows by which blacks were first brought into theater and film.

A statement condemning the Jumpstreet series is being circulated by the NADC and has, as of this writing, been endorsed by: Albert Mayes, chairman of the board of the Church Musicians Guild of the Seventh Day Adventists; Rev. James B. Cokley, Jr., Abraham Thompson Memorial AME Zion Church, Queens, New York and National chaplain, Scottish Rite Masons; Samuel Kahl, Governor's Commission on Youth, Oregon; R. Thad Taylor, president, Shakespeare Society of America.

Other endorsers include: Dr. James Mays, chairman of the board, People United to Save Humanity (PUSH), Los Angeles division; Dr. Helene Wilbur, professor of music, Los Angeles; the Holy Spirit Council, R. C., Bronx, New York; Rev. Paul A. Wickens, St. Venantius Church, R. C., Orange, New Jersey; and Walter Unterberg, conductor, West Los Angeles Chamber Orchestra.

Rev. Edwin J. Fagowski, St. Augustine, R. C., Depew, New York; Rev. Thaddeus L. Dolatowski, St. Valentine Church, R. C., Buffalo, New York; Rev. John Skrapips, St. Elizabeth Church, R. C., Buffalo; and Rev. Henry Bojarzin, Calvary Lutheran Church, Eggertsville, New York, have also signed the statement. (*Affiliations for identification only.*)

War on Drugs has begun a cooperative subscription program for community groups. The aim of the program is to help these groups raise money by getting their members and supporters to subscribe to *War on Drugs*. *War on Drugs* will donate a portion of the subscription price to the participating group. If your group is interested in participating in this program or would like more information, write to *War on Drugs*, 304 W. 58th St., 5th Floor, New York, NY 10019, Attn.: Diane Oliver, or call (212) 247-8820.

NEWS

Washington

Federal gov't in rush to okay THC pills

As of last September, the federal government has medically "legalized" the use of THC, the mind-altering ingredient of marijuana. Under the new ruling, THC pills will soon be available to an estimated half-a-million "cancer patients" across the country, through a network of up to 10,000 registered doctors and 1,000 clinics and pharmacies. A special federal prescription, called a Research Order for Medication, from one of the doctors registered with the plan is all that is needed to obtain capsules of the drug, which drug lobbyists admit is stronger than mescaline and psilocybin.

Although the drug lobby is quietly containing its enthusiasm, the move by the Carter administration represents a significant victory for pot groups, and puts the country one step away from full legalization of marijuana. The new policy is the result of a very patient plan by groups such as the National Organization for the Reform of Marijuana Laws and the Campaign Against Marijuana Prohibition (CAMP), but the National Anti-Drug Coalition charges that a considerable amount of bending of the law by federal agencies was also involved.

"We're taking this to court," an NADC spokesman commented. "It is clear that the most fundamental scientific procedures were violated in slapping a 'medical' label on marijuana, and that an indecent amount of haste was involved in pushing this measure through the federal bureaucracy."

In fact, the dispensing of THC

was authorized without the need of any new legislation or even congressional hearings. The National Cancer Institute (NCI), a division of the Department of Health and Human Services, submitted "evidence" to the Food and Drug Administration last June, claiming that there is reason to believe that marijuana is useful in curbing the side effects suffered by cancer chemotherapy patients and in alleviating glaucoma symptoms. The Oncology Advisory Committee of the FDA voted 5 to 4 in favor of the NCI recommendation that marijuana (specifically, THC) be reclassified as a Group C drug—which means that the drug can enjoy wide distribution under special federal guidelines for "research" purposes only. Marijuana was previously scheduled in Group B as a drug with no recognized medical benefits and with extremely limited restrictions on its use for research.

In early September, the FDA advised Health and Human Services to allow the National Cancer Institute to begin dispensing the THC pills.

While the entire affair hides under the cloak of "research," it has been orchestrated at every step by the forces pushing for total legalization. The bulk of the NCI's medical "evidence" came from doctors affiliated with NORML and CAMP, and its star glaucoma witness, Robert Randall, is a founder of the Alliance for Cannabis Therapeutics, which was set up and funded by NORML. A top FDA researcher admitted to *War on Drugs* that the

evidence was entirely anecdotal. "Do you know how many glaucoma patients there are in the country taking marijuana medically?" he asked. "Six!" Not a single ophthalmologist testified before the FDA hearing; Randall, who smokes ten joints a day, was the sole glaucoma "expert."

On the alleged beneficial effects for chemotherapy patients, no evidence was submitted on alternatives to marijuana in curing nausea side effects, a point that the National Anti-Drug Coalition stresses. "Drug enthusiasts can always say heroin is an effective pain reliever," the NADC spokesman said, "but it is now correctly classified as having no medical value. Other less dangerous substances are just as effective, and they have much less potential for abuse. Since marijuana is almost universally seen as a 'recreational' drug of abuse, it is certain that a huge portion of pot released for 'medical research' will be diverted for illegal use."

Since 1978, 24 states have passed laws recognizing the "medical" benefits of marijuana—under pressure from the pot lobby. The purpose, according to pot lobby sources, is to create a "demand" on the federal government for pot supplies, since Washington has sole authority for such distribution. Washington did the next best thing by releasing THC.

However, NORML, CAMP and others are ostensibly opposed to the THC plan, saying they want marijuana available for use in its pure form. It's not that the pot lobby is opposed to the pills per se; the real issue is marijuana cultivation. "Everybody knows THC pills will fail medically," an activist for the Alliance for Cannabis Therapeutics said recently. "Pills are the most ineffective way possible for ingesting THC." Does that mean the government will have to buy marijuana from domestic pot growers to meet the states' demands, he was asked.

"That's what we're counting on," he replied.



Wide World

Carter receiving country music award last May from Willie Nelson, who later sang the national anthem at the Democratic Convention and forgot the words.

New Carter drug scandals

First Jimmy Carter's "drug adviser" Peter Bourne was charged with writing false "quaalude" prescriptions and forced to resign. Then one of Carter's sons admitted to the press that he holds pot parties under the watchful eye of the Secret Service. The President invited Gregg Allman of the Allman Brothers rock group—members of which have been convicted for cocaine trafficking—to the White House, as well as country-rock star Willie Nelson, who confided that his "boys don't play where they can't smoke dope."

The latest drug-related scandals surrounding the White House were brought to light with the cases of Carter campaign manager Tim Kraft and the President's brother, Billy.

Kraft suddenly resigned in mid-September after it was reported that the Justice Department was investigating charges that he had used cocaine.

As for Billy Carter, the London *Sunday Times* revealed that the President's brother had held "Roman orgies" in an Italian hotel suite "full of naked men and women . . . trashy prostitutes," paid for by the Libyan government, according to the *New York Post*.

The *Times* also reported that Michele Papa, the Sicilian lawyer who set up the connection between Billy Carter and the Libyans, is a member of a Sicilian separatist organization that is "Mafia-infiltrated."

Although narcotics have not been mentioned in these accounts, *War on Drugs* investigators have established that Michele Papa is not only Mafia-"connected," but is in fact one of the top godfathers of the Sicilian underworld. Recent arrests and investigations by Italian and French narcotics police show that Sicily is one of the major heroin processing centers in the world today.

WHAT EVER HAPPENED TO DRUG ENFORCEMENT

?



Dean Andromidas tells who is imposing cutbacks on the Drug Enforcement Administration—and why. Behind the cuts is a policy to reverse the 'war on drugs' that crushed the French Connection and shut down Turkish poppy growing less than ten years ago.

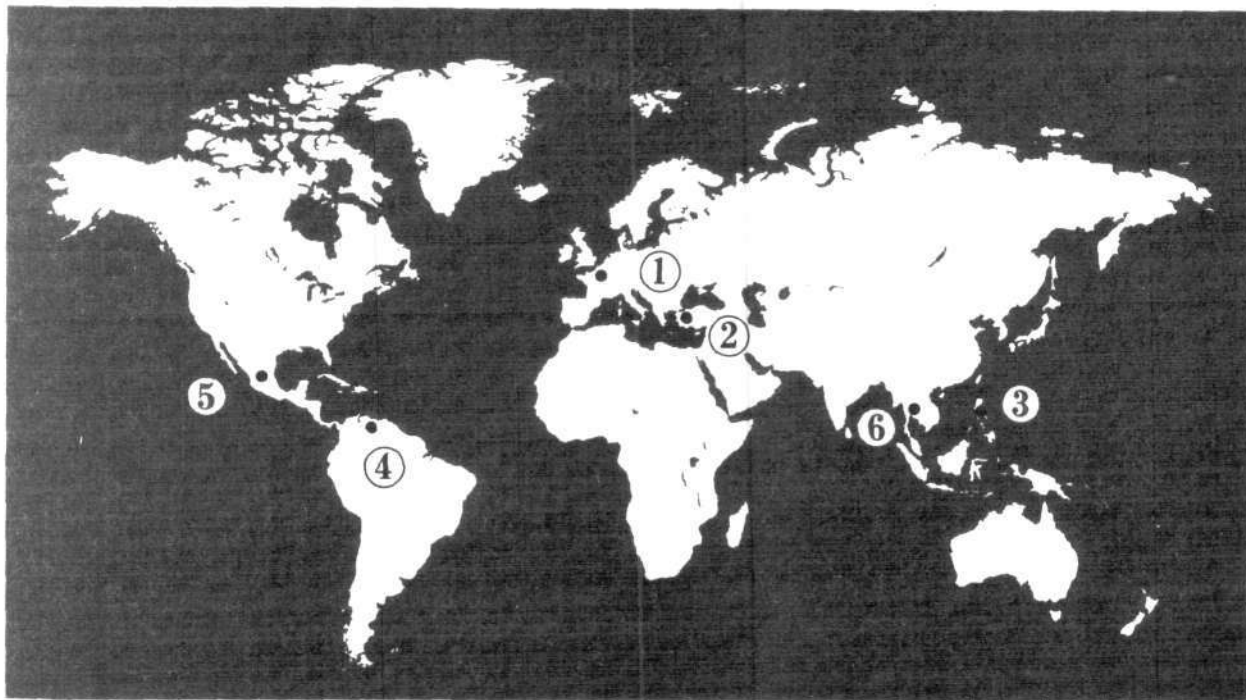
In a virtual declaration of war against the European allies of the United States, the Carter administration has ordered the closing of the Paris regional office of the Drug Enforcement Administration, threatening our European allies with an unprecedented drug epidemic. The closing of the Paris office, effective Oct. 1, 1980, means that there is no coordinating or analysis center for the DEA district offices in Europe, Turkey and the Middle East. The move represents the adoption of British 19th century Opium War tactics as a means of bending the will of the European governments to the Carter administration's foreign policy.

This policy has been confirmed by reports from highly reliable intelligence sources that Carter's national security adviser, Zbigniew Brzezinski, undertook a clandestine tour last spring of Pakistan's Northwest Frontier Province negotiating a guns-for-drugs deal with the territory's Pathan tribesmen who are now conducting a guerrilla war against Soviet troops in Afghanistan. These provinces and their Pathan tribesmen form the linchpin of the poppy cultivation region known as the "Golden Crescent," which includes Iran, Pakistan, and Afghanistan. The Golden Crescent has been identified as the major opium source for the heroin that has been flooding Europe.

The cut in the DEA's European operation is representative of the Carter administration's determination to sabotage U.S. drug enforcement and is directly responsible for the currently horrendous narcotics situation. One narcotics expert charged that the "Carter administration has solved the narcotics problem by walking away from it."

A brief review of the cutbacks since Carter took office demonstrates a systematic destruction of any form of drug enforcement.

• **Paris.** The regional office, with its staff of 24 agents, was responsible for all district offices in Western Europe as well as in the Middle



DEA regional offices worldwide: only two left

- | | |
|-------------------------------------|---|
| 1 Paris: closed Oct. 1, 1980 | 4 Caracas: closed 1978 |
| 2 Ankara: closed 1978 | 5 Mexico City: to be closed 1981 |
| 3 Manila: closed 1978 | 6 Bangkok: to be closed 1981 |

East, North Africa, and the crucial Golden Crescent. The 24 staff members included seven special agents, one intelligence officer, and 16 laboratory and administrative personnel. Under the latest DEA cutbacks, only four agents and one secretary will remain, while the office is downgraded from regional to district status. The remaining personnel will either retire or return to Washington.

Meanwhile, Europe is being hit by an unprecedented heroin epidemic. In West Germany the 1979 heroin overdose death total of 615 was twice the number of the preceding year. There are now 60,000 West German addicts, and the total is growing at a rate of 10 percent a year. Authorities there report heroin consumption at 5.4 tons last year, with a large portion going to U.S. troops stationed at NATO bases. Switzerland, Austria, Italy, Scandinavia, and the Low Countries are also being hit.

The French Connection, which was responsible for 70 to 90 percent of all the heroin entering the United States from the 1950s to the early 1970s, has been reestablished within the past 18 months. This time it is teaming up with the Sicilian and Italian Mafia. Late last year the top "chemist" of the old French Connection was arrested at a heroin laboratory in northern Italy. Already this year, Italian authorities have raided three Sicilian heroin labs that have proven to be among the largest ever seen in Europe. According to DEA and European authorities, the bulk of No. 4 heroin entering the U.S. and circulating in Europe now comes from Italian labs that form part of the Corsican-French Connection. These labs are capable of producing up to a ton of heroin a month.

• **Turkey.** In 1978 the DEA closed the Ankara regional office, which was responsible for enforcement in

the Middle East and the Golden Crescent. Officials report that 78 percent of the heroin consumed in Europe comes through this region. The DEA currently has no agents in either Iran or Afghanistan, and the small DEA presence in Pakistan is more than nullified by Brzezinski's deals with the opium-trading tribes.

• **Southeast Asia.** The Manila regional office has also been closed down, and the DEA and the State Department have made preliminary plans to close the remaining Bangkok, Thailand office next year. The opium situation throughout Asia is as extensive and outrageous as it was during the clipper ship era one century ago. And the continuation of "China card" diplomacy initiated by Henry Kissinger eight years ago pulls the United States ever closer to the Peking regime, regarded by narcotics experts as the largest single source

of heroin *in the world*. The Chinese-controlled Golden Triangle still accounts for 25 percent of all heroin traffic into the U.S., according to official estimates—which *War on Drugs* has learned are doctored on orders from the White House to eliminate any mention of China in world drug traffic. The Golden Triangle opium poppy crop this year is expected to total 700 tons—almost five times last year's harvest.

• **Latin America.** The regional DEA office in Caracas, Venezuela was closed in 1979. Yet over the past three years the economies of several Latin American countries have seen narcotics production and trafficking mushroom from a marginal operation into the largest money-maker on the continent. In Colombia, cocaine and marijuana earn two to three times what coffee—the traditional cash crop—does. In Bolivia, cocaine activity accounts for more income than all other exports combined. Cocaine running in neighboring Peru now brings in as many dollars as oil and copper. In Jamaica, "ganja"—the local term for marijuana—is the mainstay of an economy that has been driven back to the 18th century by crushing austerity.

Domestic cutbacks

Within the United States, funding has been cutback for 20 local DEA task force programs, completely eliminating three of them. The task forces were unique collaborative efforts between the DEA and local police in several cities, combining the detailed knowledge of the local situation by the police departments with the DEA's international intelligence capabilities as well as its federal "clout." This is the DEA's most direct "field" capability, through which agents are infiltrated into drug rings, surveillance is maintained, and evidence for arrests is gathered.

The task forces terminated include those in El Paso, Texas and Reno, Nevada. Both cities are ma-

yor transshipment points for a wide range of narcotics. Lt. Ray Ramirez, chief of the El Paso Narcotics Division, told *War on Drugs* that the shutdown of the task force is going "to set us back quite a number of years." Ramirez added that according to the DEA's own figures, 25 to 50 percent of all narcotics coming into the U.S. across the Mexico-Texas border passes through what drug experts call the El Paso "pipeline." Ramirez's division depended on the DEA not only for equipment and "buy money" (cash to make drug purchases leading to arrests), but for office space as well. The division must now depend solely on the El Paso police, which itself is facing drastic budget cuts.

The third task force terminated was the Philadelphia program, regarded as one of the best efforts in the country. The announcement

caused an outcry among city officials, and indications are that the city will not be able to come up with the funds to keep the program going on its own. Yet, once again, Philadelphia has been cited as one of the four major U.S. cities to be hardest hit by the expected heroin epidemic from the Middle East, according to public statements made by Benjamin Civiletti, White House domestic policy adviser Stuart Eizenstat, and DEA chief Peter Bensinger himself.

The international and domestic erosion of U.S. drug enforcement is seen around the world as nothing short of a scandal. Even among DEA veterans and among foreign narcotics officials, the cutbacks are viewed as an abrogation of the Carter administration's international responsibilities. One shocked former U.S. narcotics agent referred to the closing of the



Young French victims of the new heroin epidemic. On cutting back the DEA in Europe, the State Department couldn't care less.

Paris office as "like bringing General Eisenhower to Washington during World War II and having him direct his field armies from an office there."

An internationally-known expert put it this way: "The great effectiveness of the Paris office had to do with the regional director. The synchronizing of policy between Europe and the Middle East will be seriously affected. The problem of time differences and communications made the instant direction and policy interpretation of the regional director invaluable. In Paris the chief could give policy decisions on 90 to 99 percent of policy questions. The European and Bangkok offices both functioned this way.

"Another thing," he continued. "The chief could closely coordinate operations among two or three countries. He is able to determine when an agent is manipulating a case to make himself or his district office look good. The chief could correct this right on the spot as he saw it developing, making the investigations more effective. It would be insane to attempt this sort of coordination from Washington. The ability to plan strategy is as much tactics as it is strategic. . . . This whole way of operating has been abandoned."

The situation has deteriorated so badly in Europe that the DEA agent in Milan, Italy, an area where some of the largest heroin laboratories in the world are located, "spends 90 percent of his time clipping newspapers and the rest at cocktail parties trying to develop contacts," according to one reliable source.

Who is responsible

War on Drugs investigators have established that the undercutting of U.S. drug defenses is the joint work of the White House, the Justice Department, and the State Department.

At the White House Office of Management and Budget, which is responsible for fiscal "efficiency" and for drawing up the final draft



Civiletti: task force programs against heroin in cities are "low priority."

DEA budget to be presented for congressional approval, Katherine Collins confirmed that \$3,027,000 was cut from the domestic task force program. When asked why the cuts were being made at a time when the White House says the nation's major cities can expect a heroin epidemic, she claimed that the cuts were "minimal," since the total DEA budget is over \$200 million. But why the task forces, she was asked. "We chose the task forces essentially because they were low on the priority list given us by the Justice Department, under whose jurisdiction the DEA budget lies. Out of their list of 500 programs it is pretty low."

Dick Williams from the White House Office of Drug Policy tried to claim that the task forces would continue, but not within the formal structure of the DEA program. When asked if this meant that the move was just a bookkeeping exercise, he replied, "Yes, yes, money is being cut . . . but these programs are not important." On the question of the closing of the Paris office, Williams denied responsibility and pointed to the State Department.

The referral to the State Department is not surprising, since the assistant secretary of state for international narcotics matters is

Mathea Falco. Prior to her appointment by President Carter in 1977, Falco was a member of the advisory board of the National Organization for the Reform of Marijuana Laws (NORML). In her official capacity, she continues to advocate the international "decriminalization" of marijuana and admits the "possibility" of doing the same for cocaine.

War on Drugs spoke to a special State Department "liaison officer," who asked not to be identified. The officer stated that DEA regional centers are "totally unnecessary and merely the creations of bureaucracies." The bureaucrat elaborated by citing pop sociologist Max Weber, who developed the idea that bureaucracies perpetrate themselves like organisms.

The decision to dismantle the Paris center, he went on, was made by a commission composed of the White House, the departments of Justice and State, and the DEA, charged with carrying out a White House directive to reduce U.S. government personnel overseas. The commission, over DEA's objections, not only mandated the Paris closing, but recommended shutting down Bangkok and Mexico City as well.

"This will have no effect on law enforcement," the State Department officer stated. "It will decrease the paper work and the danger of agents getting caught between two bosses, one in Washington and one in the regional office." Asked if the move encountered protests from Western European officials, he admitted that both German and French narcotics officials expressed serious concern. "But these are only the people that the DEA types worked with," he quickly added. "Of course they don't want to see their pals leave."

In fact, the DEA pullout caused such an uproar in Europe across the Atlantic, that the State Department had to send a special envoy to attempt to smooth aroused tempers of not only European law enforcement authorities, but of DEA personnel there as

well, according to European press reports. The State Department declined to name the envoy.

According to an account in a London newspaper, the envoy told European DEA agents that the functions of the Paris office would simply be "moved" to Washington. If there are any problems, the official was quoted, more personnel can be added on in Washington. At any rate, he concluded, the cuts will have no effect on the flow of narcotics into the United States.

"But what about Europe?" one DEA agent asked.

"F--- Europe," was the reply from the State Department envoy.

Nixon's war on drugs

The current Washington attitude is the culmination of a ten-year effort aimed at pulling the rug out from under American drug enforcement, beginning with the campaign to sabotage the "war on drugs" declared under Nixon.

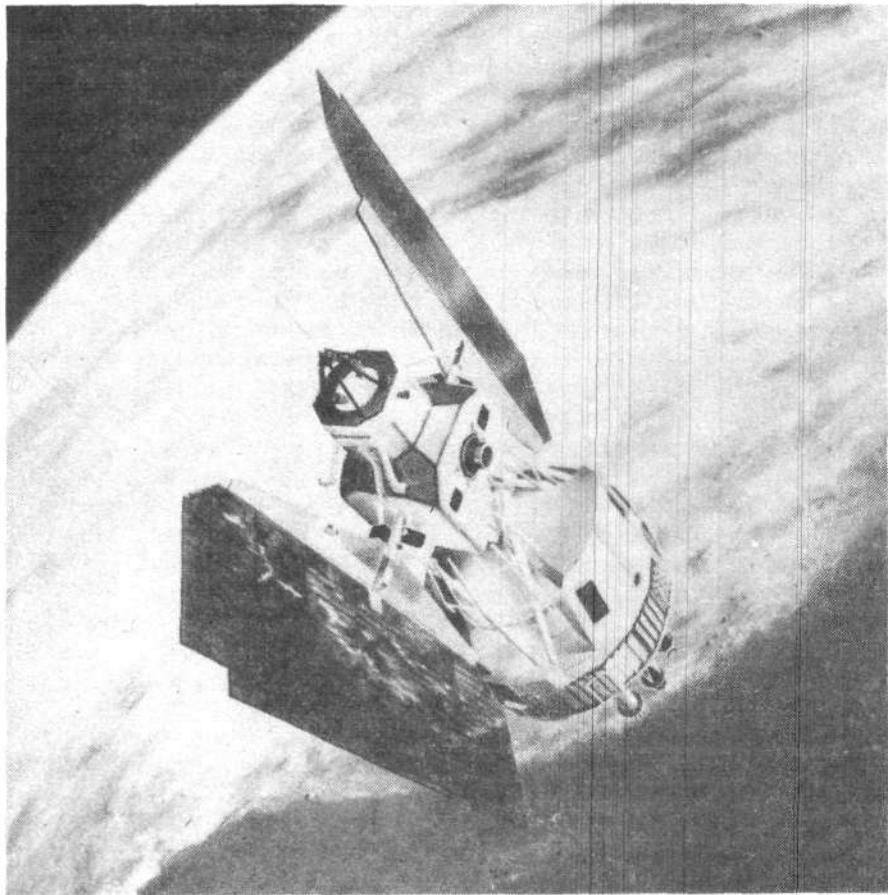
Speaking before a group of television and newspaper executives on June 18, 1971, Richard Nixon declared, "Drug traffic is public enemy number one domestically in the United States today, and we must wage a total offensive worldwide, nationwide, government-wide." Appointing New Jersey official Nelson Gross to the post of senior adviser and coordinator for international narcotics matters two months later, Nixon launched what became known as "heroin diplomacy."

Gross "took the ball and ran," as one veteran of the period put it. He instructed over 50 embassies to immediately draft action plans to make narcotics the number one priority of American foreign policy. He advised Nixon to threaten countries such as Thailand, Turkey, and Mexico with cutoffs of economic and military aid if they refused to crack down on traffickers. Gross even called for the U.S. to use its

influence with the World Bank and the International Monetary Fund to sever credits to violating nations.

Nelson Gross took on the Golden Triangle opium region of Southeast Asia head on. Teams of CIA and Bureau of Narcotics and Dangerous Drugs agents were deployed to devise ways of interdicting opium caravans coming out of Burma, Laos, Thailand, and China. NASA spy satellites were used to spot poppy fields, while scientists were contracted to develop chemical defoliants and even a new strain of weevil that would attack poppies.

Nixon's heroin diplomacy quickly sorted out the friends from the enemies of the narcotics trade. Daniel Patrick Moynihan, U.S. ambassador to India at the time and a collaborator of Henry Kissinger in developing the "China card," was openly critical of the high priority drug enforcement was receiving in U.S. foreign policy. "One



Above: former ambassador to India "Pat" Moynihan, who complained of being "surrounded by narcs" during the period of "heroin diplomacy."

Left: the Landsat-2 satellite. NASA spy satellites were used to spot poppy fields in the Nixon administration's "war on drugs."

can scarcely enter an American embassy in some parts of the world without being surrounded by narcs," he once wrote. "The cable traffic that crosses American ambassadors' desks concerns drugs more than any other single issue of domestic importance. Visiting bureaucrats are more likely—on a statistical basis—to be concerned with drug matters than any other subject."

It was through heroin diplomacy that economic and political pressure was put on Turkey, one of the world's primary sources of illegal opium, forcing it to outlaw poppy cultivation for the first time in its history.

Within the United States Nixon created the Office of Drug Abuse Law Enforcement in December 1971 by presidential order, which avoided the time-consuming process of creating a new federal agency. The new office drew several hundred agents from the Bureau of Narcotics and Dangerous Drugs; the Customs Bureau; the Bureau of Alcohol, Firearms, and Tobacco; and the Internal Revenue Service, and was placed under the direction of Customs Commissioner Myles Ambrose. Despite Justice Department foot-dragging on a number of occasions, ODALE, as the new office was called, set up offices in 33 cities where 33 federal grand jury investigations were conducted against high-level traffickers.

Six months later, Nixon formed the Office of National Narcotics Intelligence, under the supervision of William Sullivan of the FBI, as a complement to ODALE.

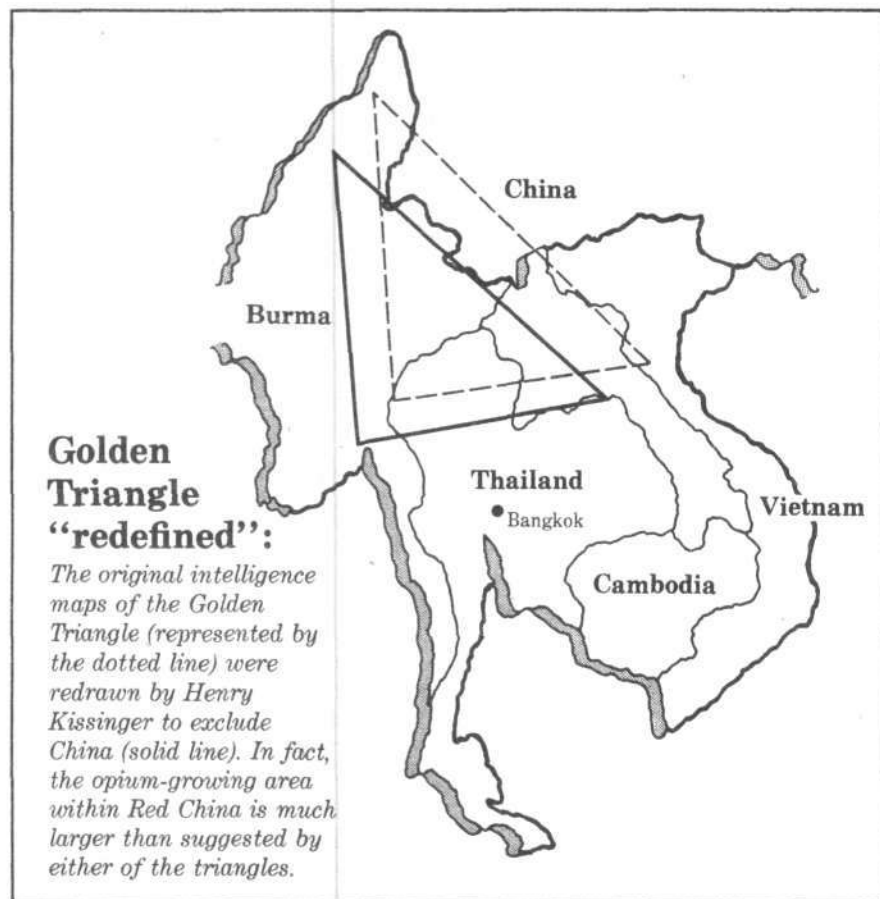
The Kissinger connection

Although Nixon's war on drugs was a good start in demolishing the drug trade, it was doomed by Nixon's blind faith in Henry Kissinger. To Kissinger, heroin diplomacy was a mortal threat to his emerging plans for a geopolitical alliance with China against the Soviet Union. The soon-to-become secretary of state knew full well that if the truth concerning



Phil Ulanowsky

Henry Kissinger issued a secret report denouncing the use of sanctions against heroin trafficking countries.



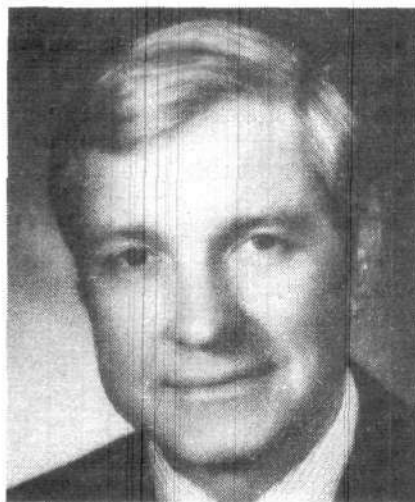
China's keystone role in world heroin traffic were to be made known, the Maoist regime would be defined as a strategic threat to the United States.

While Kissinger was Nixon's national security adviser, he had received an intelligence report proving China's role in the heroin trade. The report, according to one of its authors, contained a map of the Golden Triangle, including Red China within the triangle's limits. The report was returned to its authors with its map redrawn so that the coordinates of the triangle fell below China. A terse note was attached: "There is no evidence available to show that China is involved in the international narcotics trade."

While the National Security Council was doctoring intelligence reports, Henry Kissinger and Patrick Moynihan went directly after Nelson Gross and heroin diplomacy. Almost simultaneous with Nixon's announcement of a war on drugs, two months prior to Gross's appointment, Kissinger issued a secret report denouncing the use of sanctions against heroin trafficking countries. "The application of aid sanction," the report stated, "would be ineffective and counterproductive, except where degrees of U.S. support established overwhelming dependence"—i.e., Vietnam.

To undercut Gross's authority, Moynihan convinced Nixon to form the Ad Hoc Cabinet Committee on Narcotics with Kissinger as chairman. The committee also included Kissinger's closest White House associate, then-Colonel Alexander Haig. Given the publicly stated prejudices of both Kissinger and Moynihan against anything approaching an international dope crackdown, it is not difficult to understand why the committee continually worked to dampen enthusiasm for the administration's high-pressure heroin diplomacy.

ODALE, the ONNI and many of the individuals key to the war on drugs of that period were dragged down in the wake of Watergate.



DEA enemy Percy (top) and his friend, DEA head Bensinger.

Nelson Gross himself was framed on corruption charges in New Jersey and forced to resign, spending one year in prison. His programs were quickly dismantled by the State Department.

Published accounts of the Nixon war on drugs have cashed in on the Watergate hysteria to cover up the true impact of the antidrug mobilization of those years. Typical of these was the 1976 book, *Agency of Fear*, by Edward Epstein, which flatly dismisses the entire antidrug effort as Nixonian dirty tricks. The specialized narcotics offices set up during that time, according to Epstein, were merely covers for operations against Nixon's political enemies.

Epstein's book was funded by

two sources: the Smith-Richardson Foundation and the Drug Abuse Council. The DAC, which was set up by the Ford Foundation in 1970 and which formally disbanded as a White House advisory panel in April 1980, was one of the organs of the drug lobby in the United States. Financed by the Carnegie Corporation, the Commonwealth Fund (whose titular head is Queen Elizabeth II), and the Kaiser Foundation, the DAC included Mathea Falco and several other leading NORML members. The Drug Abuse Council's final report called for the legalization of marijuana and the easing of penalties for possession of cocaine, hashish, and methadone.

Whittling away the DEA

The attack on drug enforcement did not end with the August 1974 resignation of Richard Nixon, but continued with a series of subtle operations against the Drug Enforcement Administration.

The DEA was founded at the height of the Watergate upheaval on July 1, 1973, through Presidential Plan No. 2 as an independent agency within the Justice Department. It was formed as a conglomeration of six agencies: the Bureau of Narcotics and Dangerous Drugs, the Office of Drug Abuse and Law Enforcement ODALE, the Office of National Narcotics Intelligence (ONNI), and elements of the Customs Bureau and the Office of Science and Technology. Its first director was Nixon appointee John Bartels, from the New Jersey State Crime Commission.

The DEA's broad powers to conduct investigations and arrests across state lines and internationally came quickly under attack from Capitol Hill liberals. Sen. Charles Percy (R-Ill.), a friend of Kissinger and a marijuana "decrim" supporter, immediately got the Senate Permanent Investigations Committee to hold hearings on alleged excesses by members of ODALE, many of whom had been brought into the newly created

DEA. The subject of Percy's action was a series of what were subsequently proven to be phony break-ins and supposed brutalities committed by DEA agents in Collinsville, Ill. Despite the exoneration of the agents three years later, the hearings whipped up a public outcry against DEA "police state tactics," and led to the enactment of restrictions on the DEA's investigative powers.

Percy prompted another set of hearings in 1975 under Henry Jackson (D-Wash.), this time around charges of corruption. Although none of the charges even led to indictments, the hearings did force the resignation of DEA chief Bartels.

One year later, the DEA came under repeated attack from the Senate Foreign Relations Committee. One incredible committee report equated DEA overseas operations with the U.S. military's conduct of the Vietnam war, and insinuated that the DEA was involved in repression and torture. As a result, the Senate amended the Foreign Relations Act of 1961 to prohibit the DEA from training foreign police agencies.

In a 1978 amendment inspired by the Carter "human rights" campaign, DEA agents are forbidden to take part in foreign interrogations or to witness interrogations by foreign police agencies.

With the 1976 appointment of Illinois businessman Peter Bensinger as director, the final taming of the agency was accomplished. Bensinger is very close, oddly enough, to the family of Charles Percy. Both Bensinger and Percy were associates as executives of the Brunswick Corporation, and Bensinger's father is known to be Percy's largest political contributor. Peter Bensinger is also related by marriage to former attorney general Edward Levy of the University of Chicago, author of the infamous "Levy Guidelines." These guidelines dealt a crucial blow, perhaps not ironically, to the intelligence-gathering powers of Bensinger's DEA.



Stop DEA cuts

The National Anti-Drug Coalition has launched an emergency citizens' initiative to pressure Congress and federal agencies to stop the impending operational cutbacks of the Drug Enforcement Administration. The NADC drive includes a nationwide write-in campaign, and this issue of *War on Drugs* provides a postcard with the NADC statement to be sent to the chairman of the House Select Committee on Narcotics Abuse and Control.

The statement calls for 1) hearings by a committee of Congress to review the DEA and the Department of Justice's action in eliminating crucial DEA operations; and 2) emergency allocations to restore to full operating budget of the Paris regional office for 1981 and to expand the DEA budget for task force operations in U.S. cities.

In addition, the coalition has begun gathering endorsements from prominent political figures, and religious and civic leaders. At a news conference in New York Oct. 3 cosponsored by the NADC, Republican candidate for the U.S. Senate Al D'Amato endorsed the coalition's effort. Stressing the DEA's capability for stopping drug traffic worldwide, D'Amato stated: "Fighting drugs on the streets of New York, at the port of entry, is the last line of defense—one step before the drugs fall into the hands of pushers and users. We should be fighting to cut off the supply at its source, in the producing countries. We should be working to cut off the drug pipeline through the transshipment countries in Western Europe."

NADC spokesman Khushro Gandhi, who appeared before the press with D'Amato, announced the coalition's campaign, which is aimed at restoring the crucial DEA Paris regional office as well as 20 task force programs threatened here in the United States.

The latest endorsement has come from the National Democratic Policy Committee, whose advisory board chairman is former presidential candidate Lyndon LaRouche. "Coming at a time of the worst drug plague in the history of our nation, these cuts are absolutely indefensible," a committee statement said. "It would seem that the Carter administration is willing to spend millions in Abscam entrapment operations against respected business, political, and labor leaders, but not one cent to stop drug traffickers from gaining free and easy access to the United States."

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New York real estate—along with rents—is booming. Yet housing and infrastructure are collapsing. The reason? Billions of dollars are pouring into the city by a handful of foreign firms that sit on top of the world drug trade, creating one of the most incredible speculative boondoggles in history. Real estate analyst Lydia Schulman and banking expert David Goldman tell the story in shocking detail.

Last July, one news item peeked through the gloom of more announcements of New York City budget deficits and service cutbacks. A big Canadian realtor, Cadillac Fairview, made the winning bid on an all-time record development contract, to take 30 acres of unused property on the East River and put \$700 million into a giant apartment, shopping, and entertainment complex.

The Canadian plan, solemnly debated in the editorial pages of the *New York Times* and the *Daily News*, capped a three-year spending spree in New York real estate,

driving commercial rents up to double their previous levels, and residential rents by almost as much. After years of economic bad news and declining population, the real estate boom seemed to brighten New York's future.

Or did it?

Reporters seeking the source of the multibillion-dollar flow of funds into New York found a stone wall of obscure corporate fronts in Switzerland, Liechtenstein, and small Caribbean islands. Advertisements appeared in every edition of the *Times* Sunday real estate section, representing "foreign

clients with \$1 to \$20 million" of investment money looking for commercial or housing properties in New York.

At one firm, Kenneth Laub Associates, realtor Richard M. Rosen told *War on Drugs*, "Our clients deal in cash only," an astonishing fact in an industry where fortunes rise and fall on access to borrowed money. "Our clients are referred to us by Swiss banks," Rosen said. "No, we cannot say who they are. They demand complete confidentiality."

At the top level of the development business, which includes Canadian firms like Cadillac Fairview, winner of the East River bid, and Olympia and York, the city's third largest commercial landlord, the source of funds is no clearer. Their Canadian head offices are an investment conduit for funds from the trillion-dollar "offshore" pool of funds, where the rule is no taxes and no public scrutiny.

Where is the money coming from? What our investigators had already discovered about Canadian real estate led us on a trail of inquiry with a shocking conclusion: *The profits from the sale of*

real estate transactions. During the past year, several large Canadian banks, the bankers for the Canadian firms like Cadillac Fairview and Olympia and York, set up offices in Miami, bringing with them their clients' confidential investment funds.

War on Drugs contacted investigator Charles Kimball after his results had led Florida police to pursue indictments against several real estate operators. "What we have been dealing with here," Kimball said, "is elements of the

old Meyer Lansky mob." Lansky, as the 1978 bestseller *Dope, Inc.* showed, set up the round-robin of money laundering between American narcotics traffic and dirty-money havens in Switzerland, Liechtenstein, and the Caribbean.

Does this have anything to do with the New York real estate boom? Kimball was asked. "According to my contacts in New York," countered the Florida economist, "the same groups based in Panama and the Netherlands Antilles have been flooding money into New York City."

In the December issue of *War on Drugs*, we reported in detail how the Florida money-washing circuit operates. Ten small Florida banks were charged at Senate Banking Committee hearings in June with laundering over \$200 million in dope money. The money, Treasury investigators told the senators, was often deposited at these banks in cash out of heavy suitcases, in million-dollar amounts.

However, *War on Drugs* showed, the Treasury was only pruning the wilder elements of the traffic, not attacking the roots. The actual size of the Florida dope trade was estimated at \$13 billion in 1978 by the Senate Permanent Investigations Subcommittee, a big chunk of the total American traffic, estimated at \$100 billion annually in *Dope, Inc.*

The \$200 million reported to be laundered through Miami banks, we showed, was the rather small cut taken by the expendable petty hoods who move the illegal goods from the cocaine and marijuana-growing regions of Latin America to the Florida coast. The biggest chunks of the retail and wholesale trade inside the United States are run by the sophisticated criminals who take better precautions than to hand their earnings to bank tellers in suitcases.

Instead, we reported, they employ complex and almost trace-proof channels in the New York



No more room for families in New York

The family is a dying institution on the island of Manhattan. Real estate speculation has driven up rents so high that the average wage earner cannot afford an apartment large enough to bring up a family—and also pay for food, clothing, and other necessities. In fact, as of 1978 single-person households accounted for over 50 percent of the renter households in Manhattan. The singles and childless couple syndromes are at their most extreme in Manhattan—where rents on two bedroom apartments now start at over \$1,000 in a safe neighborhood—but not peculiar to the borough. In 1978 one- and two-

person households accounted for seven out of 10 renter households citywide.

These were among the startling findings presented in *Rental Housing in the City of New York, Supply and Conditions 1975-78* (New York, 1979) by Peter Marcuse, former chairman of Columbia University's Division of Urban Planning.

The study also found that as of 1978, 31.2 percent of renter households were paying 40 percent or more of their before tax incomes on rent. Tenants organizations estimate that nearly half of the city's households now pay 40 percent or more of their incomes on rent. So much for the traditional rule of thumb that said that households should pay no more than 25 percent of income on rent.

The median rent jumped from \$109 to \$210 per month city

wide and from \$111 to \$224 per month in Manhattan between 1970 and 1978, the period during which New York's rent control law was relaxed. However, the "median rent" says nothing about the astronomical levels that rents have reached in one of the better, relatively safe neighborhoods with access to decent public schools and reliable public transportation. According to J. I. Sopher & Co., the largest renting agents in the city, one-bedroom apartments now start at \$600 a month and two-bedroom apartments at \$1200 a month in such neighborhoods in Manhattan. In "new gentry" neighborhoods like SoHo and Columbus Avenue and the West 60s, landlords break up large apartments into one-room studios and rent them for \$500 to \$600 a month to eager singles and "gays".

City-based commodities markets, and the intricacies of modern electronic banking, to move their funds through New York's international banking center and then out to the Caribbean and Europe. New York dope traffickers, Drug Enforcement Agency sources report, also use Florida banks to "wash" their money.

A recent Treasury study of illegal money flows in the U.S. economy showed that the principal flow of dope money in the form of cash was, indeed, between New York City and Florida, confirming the analysis we presented in *War on Drugs*' December issue. Earlier, the Treasury had reported that Florida banks were receiving several billion dollars a year more cash than the rest of the country, swamping the regional branch of the Federal Reserve System, the nation's cash-manager, with excess currency.

Now, the Treasury showed that New York City banks were drawing an extra \$2.6 billion per year from the Federal Reserve Bank of New York. In its report, published in the *Wall Street Journal* Sept. 11, the Treasury implied that the main use of this extra cash was the narcotics traffic.

'DOPEC'

Florida's Charles Kimball was undoubtedly correct when he asserted that the dope-financed real estate boom in Florida was happening again in New York City. From the documentation assembled by the Permanent Investigations Subcommittee of the Senate and the U.S. Treasury, and the extensive independent investigations of *War on Drugs*, the New York and Florida narcotics money circuit are two outposts in a vast, multi-billion-dollar chain of dope money laundering. *Dope, Inc.* revealed that the dope traffic was neck-and-neck with the OPEC oil cartel for first place in international trade, with an annual cash flow of \$200 billion.²

Laundered through Switzerland, Hong Kong, Liechtenstein,

and the Caribbean, this gigantic pool of wealth found its way back into the economies of the big industrial countries, buying politicians, grabbing up legitimate business, and financing further expansion of organized crime. "Dope, Inc." is not a disparate collection of street-corner pushers, the 1978 book showed, but a top-down monopoly, controlling supplies from the Golden Triangle and Southwest Asia, and the Andean highlands of Latin America, and also controlling prices down to the street level.

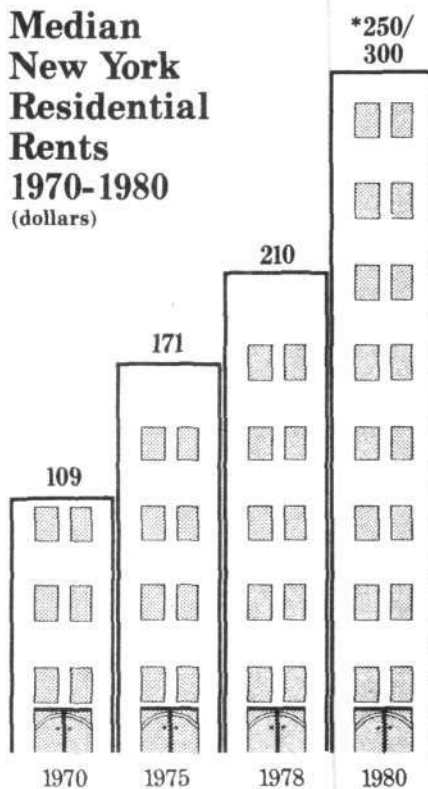
Major banking interests handled the vast cash volume of the traffic, as well as the 50 percent of the world gold market diverted into illegal channels and other means of secretly transporting illegal revenue. These institutions start with the immense Hongkong and Shanghai Bank, founded a century

ago as the central bank of the official British opium traffic, and still the center of the world heroin and opium trade.

Last year, HongShang bought majority interest in New York's \$13 billion Marine Midland Bank, despite the protests of New York State banking authorities, who complained that the Hong Kong giant refused to divulge its secret "hidden profits" account. Other banks identified in *Dope Inc.* as servicing the drug traffic include Canadian giants like the Bank of

Median New York Residential Rents 1970-1980

(dollars)

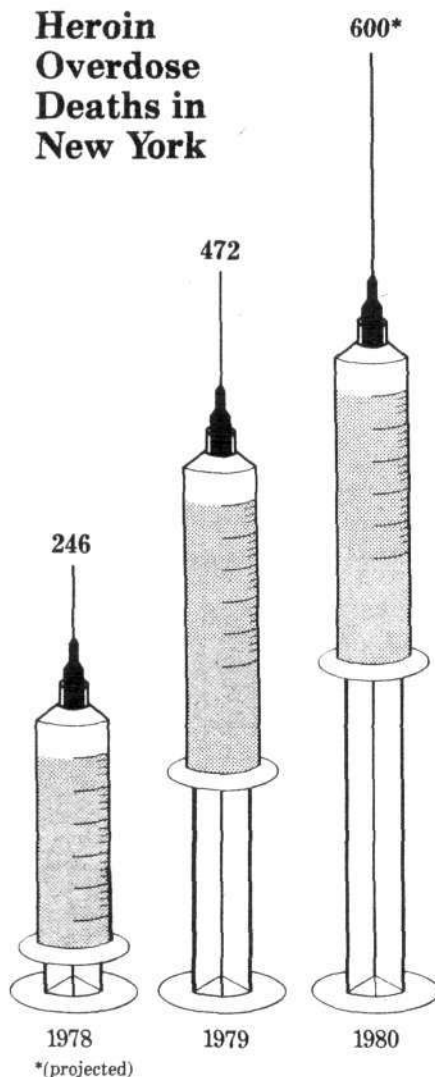


*(estimated)

Source: (except for 1980 figure) Peter Marcuse, Columbia University

The median gross rents figure is considered low since it includes rent controlled rates.

Heroin Overdose Deaths in New York



*(projected)

Source: District Attorney Robert M. Morgenthau of Manhattan, reported in the New York Times 9/23/80.

Nova Scotia and the Royal Bank of Canada, multibillion-dollar institutions whose branch network covers the Caribbean, and who specialize in on-the-hush money transfers from Jamaica, Guyana, and other big marijuana exporters.

New York City's real estate market is one of the world's juiciest financial plums. With a rent-roll of about \$100 billion, New York's office buildings and apartment complexes are bought by life insurance companies, pension funds, and other big international investors, as one of the world's most desirable investments.

The capitalized value (resale value) of the real estate within New York City's five boroughs is an incredible \$700 billion—*three times* the estimated value of all the manufacturing plant and equipment in the entire United States economy!

The New York bubble is the most extreme example of the deterioration of the nation's economy: our capital has been misinvested into useless and even counterproductive forms of speculation, while the basic capital stock of American industry has not been replenished. But even more, the stupendous growth of real estate values in New York is the culmination of a fifteen-year binge identical to the dope trade buyout of Florida real estate. Without a decade-and-a-half accumulation of cash through the narcotics traffic, the New York City bubble would not exist. In New York City, as in Florida and elsewhere, what we discover is the result of a \$100 billion per year narcotics traffic accumulating since the mid-1960s. The narcotics traffic has become a determining factor in American inflation.

Since 1977, the first class side of the New York real estate market has been the pickings of a tightly-knit handful of major foreign investors based out of Canada. Like Cadillac Fairview, the other foreign money in the market is stupendously well-heeled and totally anonymous. Organizations such as Olympia and York are the biggest buyers of the last three years, and even locally headquartered developers like Donald Trump, the "wonder boy" of New York real estate, are making their big plays with foreign money. The same trend Charles Kimball reported in Florida is at work: domestic investors have been forced out of the market by stone-faced Canadians.

City Hall has been drawn, as if by a magnet, into the real estate boom since Mayor Edward Koch

Continued on page 29



Dorian Bartlett

Above: Mayor Edward Koch.

Left: Donald Trump's projected \$375 million Convention Center. Since Koch took office in 1977, tax laws, property auctions, and zoning regulations have been bent to accommodate the speculative real estate boom. It is no coincidence that the New York portfolios of firms like Trump, Olympia and York, and Cadillac Fairview have mushroomed.



NATIONAL ANTI-DRUG COALITION

PUBLIC SERVICE BULLETIN NO. 1

Outlawing Drug Paraphernalia

- 1 The issues in the courts
- 2 Text of the Drug Enforcement Administration's model bill
- 3 Status of antiparaphernalia laws state by state

WINTER 1980-81

Issued by the National Anti-Drug Coalition

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- P.O. Box 214, Bloomfield, New Jersey 07003. Phone (201) 743-9124; (212) 625-5997

1

The cases and issues before the courts

The National Anti-Drug Coalition is taking the stand that laws to outlaw drug paraphernalia—items that are used to grow, prepare, purify and ingest illegal drugs—are an important step in stopping the drug culture in the United States. For this reason, we are reprinting in full the Model Drug Paraphernalia Act, drafted by the Drug Enforcement Administration in August 1979.

While this law is an important tool in the war against drugs, the use of marijuana has become so widespread that outlawing paraphernalia is simply a rearguard or ancillary action in getting drugs out of the schools and streets of our nation. If police departments are forced by budget cuts and bad political decisions to turn a blind eye at the person smoking a single marijuana joint, as for example in New York City, then adding the paraphernalia law to an already long list of unenforced laws is just a paper exercise.

The key to every antidrug law, including paraphernalia, is enforcement. Already the "paraphernalia lobby"—those individuals who make their living from the sales of rolling papers, hash pipes, cocaine purifying kits, high intensity lighting systems to grow better marijuana, and the like—is on the offensive to have the antiparaphernalia laws declared unconstitutional and unenforceable.

Over the spring and summer months of 1980, federal courts in New Jersey, Illinois, Florida, Ohio, Alabama and Delaware have ruled to uphold antiparaphernalia laws adopted by individual municipalities. These legal precedents provide an opportunity to spread the laws to hundreds of other states and cities.

The strategy of the paraphernalia lobby is to challenge every law in the courts to have it either declared unenforceable, or significantly weakened.

In an interview with the National Anti-Drug Coalition, Harry Meyers, the drafter of the model act, in the Office of Chief Counsel of the Drug Enforcement Administration in Washington, explained that the paraphernalia lobby raises about 15 legal arguments against the law. Only three have been seriously considered by the courts.

The paraphernalia defenders claim:

- 1) paraphernalia has legitimate uses, centering around the idea that a "pipe" is used for tobacco

as well as marijuana, a "coke spoon" might be sold by a jewelry store as a fancy salt server; a "roach clip" might be used to connect battery cables.

- 2) merchants have no idea what their merchandise is used for after it leaves their store, and cannot be held responsible;
- 3) paraphernalia comes in so many forms that any attempt to describe it by law would have to be unconstitutionally vague.

Many of the legal problems of the paraphernalia bill come from the fact that municipalities adopted versions which did not cover all the points addressed in the DEA's model bill.

The decision by Federal Judge Debevoise in the New Jersey case **World Imports, Inc. vs. Woodbridge Township** (Civil Action 80-1414) provides a powerful precedent for getting the laws to stick.

After hearing testimony from an "expert witness" brought in by the proprietor of a shop that sells paraphernalia, and who attempted to show that items identified as drug paraphernalia had "legal" uses, such as converting a water pipe to a lamp, Judge Debevoise made the following comment in his final decision:

"A number of retail stores commonly called headshops specialize in selling drug paraphernalia. Only the naive or duplicitous would contend that sales of drug paraphernalia by headshops were intended primarily for such innocent purposes as making a lamp from a water pipe, fashioning an article of personal adornment from a coke spoon, or feeding wounded birds with syringes and eyedroppers. The purpose of a headshop is to capitalize upon, to perpetuate and to augment the current interest, particularly among the young, in items which are obviously intended for the use with illegal drugs."

In dealing with the question of a merchant's liability for the use of something he sells in the commission of a crime (i.e., using illegal drugs), Judge Debevoise ruled that the clause stating that the seller "reasonably should have known" the use to which his goods would be put is enforceable, and that the law ade-

quately provides evidentiary standards for determining the intent of the seller.

A commentary on Article II of the model act on "Manufacture or Delivery of Drug Paraphernalia" supplied by the DEA cites the legal precedent in **Backun vs. United States**, 112 F 2d 635 (4th Cir. 1940) which holds that a merchant is liable as an accessory to a crime if his prior knowledge is established:

"To say that the sale of goods is a normally lawful transaction is beside the point. The seller may not ignore the purpose for which the purchase is made if he is advised of that purpose, or wash his hands of the aid that he has given the perpetrator of a felony by the plea that he has merely made a sale of merchandise. One who sells a gun to another knowing that he is buying it to commit a murder, would hardly escape conviction as an accessory to the murder by showing that he received full price for the gun; . . . In any case, not only does the act of the seller assist in the commission of the felony, but his will assents to its commission since he could refuse to give assistance by refusing to make the sale."

In the same vein, laws outlawing "paraphernalia" for other crimes such as counterfeiting, bootlegging liquor, and packaging bootleg tobacco have existed and been upheld for decades in the United States, with many court precedents upholding these laws. For example, a merchant who sells sugar, yeast, grain, copper tubing, bottle corks, food coloring, etc. may be selling items which are individually totally legal and harmless. But if he sells only these items along with instructions on amounts to use for producing "moonshine" there is no doubt that he is catering to the buyer's illegal intentions.

Since the drafting of the antiparaphernalia law, the paraphernalia industry has made an effort to "clean up its act" by removing the overt statements about "growing your own marijuana" and "placing the joint in the holder here" to make the intent question more difficult to prove in court.

But as recently as November 1979, Mr. Andrew Kowl, publisher of *Accessories Digest*, the journal of the Accessories Trade Association, removed any doubt of foreknowledge in the following exchange before the House of Representatives Select Committee on Narcotics Abuse and Control:

Mr. Evans (D-Ga.): "But what I am concerned with here, and what the committee is concerned with, is an industry which is benefiting in hundreds of millions of dollars, if not billions of dollars, from the sale of items used in connection with illicit, illegal materials."

Mr. Kowl: "That the industry is involved with manufacturing . . ."

Rep. Evans: "If we did away with the drug industry, there would be no need for paraphernalia, right?"

Mr. Kowl: "Right."

Rep. Evans: "And these drugs that we are talking about basically are illegal drugs?"

Mr. Kowl: "The drugs we are talking about basically are."

Constitutional questions

The paraphernalia lobby's last defense is to duck behind the First Amendment of the Constitution—"Freedom of Speech." Along with those who print and sell child pornography, prostitutes and other undesirables, they claim they have the "right" to "express themselves." To screech "First Amendment" in this case is truly overstepping the bounds of the law. Commercial speech is protected by the First Amendment up until it crosses the line into the realm of soliciting an illegal transaction; at that point it is a crime and no longer protected.

In his treatment of the "free speech" question, Judge Debevoise cites **Pittsburgh Press Company vs. Pittsburgh Commission on Human Relations**, 413 U.S. 376 (1973) where the newspaper above attempted to defend its right and its customer's to advertise a house for sale "only to whites," which obviously violates civil rights legislation and is not protected by the First Amendment.

The broader questions behind both the paraphernalia sellers and the dope lobby who argue that "free enterprise" and "the right to do your own thing" are basic constitutional freedoms is their attempt to overthrow the basic tenets of the Constitution. The fathers of the American Revolution explicitly outlawed a notion of "free enterprise" by profiteers and mandated that commerce is to be promoted to the benefit of the nation as a whole, and regulated accordingly.

The drug lobby then argues that everyone should have the "right" to choose to ingest illegal drugs and to otherwise break the law in the privacy of their own home, provided they do not harm anyone else. The drug lobby insists that using and selling drugs and paraphernalia are "victimless" crimes.

This is not a new argument. In the American Revolution, Jeremy Bentham, a British liberal in the employ of the drug trafficking British East India Company drafted a "counter constitution." Bentham's idea is that "society" is secondary to an individual's basic impulse to "maximize pleasure and avoid pain." So, Bentham would argue, "if it feels good, do it."

Instead of adopting this view, our founding fathers created a nation guided by the Constitution based on a commitment to self-perfection and the progress of individuals and society. This is the fundamental question in the fight against drugs.

2

Model drug paraphernalia act

*Drafted by the Drug Enforcement Administration
of the United States Department of Justice, August 1979*

ARTICLE I (Definitions)

SECTION (insert designation of definitional section) of the Controlled Substances Act of this State is amended by adding the following after paragraph (insert designation of last definition in section):

"() The term 'Drug Paraphernalia' means all equipment, products and materials of any kind which are used, intended for use, or designed for use, in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance in violation of this Act (meaning the Controlled Substances Act of this State). It includes, but is not limited to:

- (1) Kits used, intended for use, or designed for use in planting, propagating, cultivating, growing or harvesting of any species of plant which is a controlled substance or from which a controlled substance can be derived;
- (2) Kits used, intended for use, or designed for use in manufacturing, compounding, converting, producing, processing, or preparing controlled substances;
- (3) Isomerization devices used, intended for use, or designed for use in increasing the potency of any species of plant which is a controlled substance;
- (4) Testing equipment used, intended for use, or designed for use in identifying, or in analyzing the strength, effectiveness or purity of controlled substances;
- (5) Scales and balances used, intended for use, or designed for use in weighing or measuring controlled substances;
- (6) Diluents and adulterants, such as quinine hydrochloride, mannitol, mannite, dextrose and lactose, used, intended for use, or designed for use in cutting controlled substances;
- (7) Separation gins and sifters used, intended for use, or designed for use in removing twigs and

seeds from, or in otherwise cleaning or refining, marijuana;

- (8) Blenders, bowls, containers, spoons and mixing devices used, intended for use, or designed for use in compounding controlled substances;
- (9) Capsules, balloons, envelopes and other containers used, intended for use, or designed for use in packaging small quantities of controlled substances;
- (10) Containers and other objects used, intended for use, or designed for use in storing or concealing controlled substances;
- (11) Hypodermic syringes, needles and other objects used, intended for use, or designed for use in parenterally injecting controlled substances into the human body;
- (12) Objects used, intended for use, or designed for use in ingesting, inhaling, or otherwise introducing marijuana, cocaine, hashish, or hashish oil into the human body, such as:
 - (a) Metal, wooden, acrylic, glass, stone, plastic, or ceramic pipes with or without screens, permanent screens, hashish heads, or punctured metal bowls;
 - (b) Water pipes;
 - (c) Carburetion tubes and devices;
 - (d) Smoking and carburetion masks;
 - (e) Roach clips: meaning objects used to hold burning material, such as a marijuana cigarette, that has become too small or too short to be held in the hand;
 - (f) Miniature cocaine spoons, and cocaine vials;
 - (g) Chamber pipes;
 - (h) Carburetor pipes;
 - (i) Electric pipes;
 - (j) Air-driven pipes;
 - (k) Chillums;
 - (l) Bongs;
 - (m) Ice pipes or chillers;

"In determining whether an object is drug paraphernalia, a court or other authority should consider, in addition to all other logically relevant factors, the following:

- (1) Statements by an owner or by anyone in control of the object concerning its use;
- (2) Prior convictions, if any, of an owner, or of

anyone in control of the object, under any state or federal law relating to any controlled substance;

- (3) The proximity of the object, in time and space, to a direct violation of this Act;
- (4) The proximity of the object to controlled substances;
- (5) The existence of any residue of controlled substances on the object;
- (6) Direct or circumstantial evidence of the intent of an owner, or of anyone in control of the object, to deliver it to persons whom he knows, or should reasonably know, intend to use the object to facilitate a violation of this Act; the innocence of an owner, or of anyone in control of the object, as to a direct violation of this Act shall not prevent a finding that the object is intended for use, or designed for use as drug paraphernalia;
- (7) Instructions, oral or written, provided with the object concerning its use;
- (8) Descriptive materials accompanying the object which explain or depict its use;
- (9) National and local advertising concerning its use;
- (10) The manner in which the object is displayed for sale;
- (11) Whether the owner, or anyone in control of the object, is a legitimate supplier of like or related items to the community, such as a licensed distributor or dealer of tobacco products;
- (12) Direct or circumstantial evidence of the ratio of sales of the object(s) to the total sales of the business enterprise;
- (13) The existence and scope of legitimate uses for the object in the community;
- (14) Expert testimony concerning its use."

ARTICLE II

(Offenses and Penalties)

SECTION (designation of offenses and penalties section) of the Controlled Substances Act of this State is amended by adding the following after (designation of last substantive offense):

"SECTION (A) (Possession of Drug Paraphernalia)

It is unlawful for any person to use, or to possess with intent to use, drug paraphernalia to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale, or otherwise introduce into the human body a controlled substance in violation of this Act. Any person who violates this section is guilty of a crime and upon conviction may be imprisoned for not more than (), fined not more than (), or both."

"SECTION (B) (Manufacture or Delivery of Drug Paraphernalia)

It is unlawful for any person to deliver, possess with intent to deliver, or manufacture with intent to deliver, drug paraphernalia, knowing, or under circumstances where one reasonably should know, that it will be used to plant, propagate, cultivate, grow, harvest, manufacture, compound, convert, produce, process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest, inhale, or otherwise introduce into the human body a controlled substance in violation of this Act. Any person who violates this section is guilty of a crime and upon conviction may be imprisoned for not more than (), fined not more than (), or both."

"SECTION (C) (Delivery of Drug Paraphernalia to a Minor)

Any person 18 years of age or over who violates Section (B) by delivering drug paraphernalia to a person under 18 years of age who is at least 3 years his junior is guilty of a special offense and upon conviction may be imprisoned for not more than (), fined not more than (), or both."

"SECTION (D) (Advertisement of Drug Paraphernalia)

It is unlawful for any person to place in any newspaper, magazine, handbill, or other publication any advertisement, knowing, or under circumstances where one reasonably should know, that the purpose of the advertisement, in whole or in part, is to promote the sale of objects designed or intended for use as drug paraphernalia. Any person who violates this section is guilty of a crime and upon conviction may be imprisoned for not more than (), fined not more than (), or both."

ARTICLE III

(Civil Forfeiture)

SECTION (insert designation of civil forfeiture section) of the Controlled Substances Act of this State is amended to provide for the civil seizure and forfeiture of drug paraphernalia by adding the following after paragraph (insert designation of last category of forfeitable property):

"() all drug paraphernalia as defined by Section () of this Act."

ARTICLE IV

(Severability)

If any provision of this Act or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

3

Antiparaphernalia laws state by state

On March 31, 1980, the first statewide law outlawing paraphernalia was signed by Georgia Governor Busbe. Since then more than 15 states and more than 20 counties and municipalities have enacted bills against paraphernalia as of October 1980.

The battle is on. Groups like the Accessories Trade Association, the New York Accessories Trade Association, the Wisconsin Contemporary Gifts Association, and individual headshops selling paraphernalia, are acting as a national lobby and legal force to challenge the laws in the court. Antidrug groups can fight back:

1) If there is no law in your state or city, contact your local city councilman or state representative and inform them of the existence of the Model Drug Paraphernalia Act.

2) If the law is being challenged in the courts, make the NADC's legal commentary available to the lawyer for the city or state.

3) If there is a law, organize informational meetings with citizens, and representatives from police departments to ensure that the laws will be enforced.

Where a state is not listed, there is no law.

Alabama: Act 80-579 was signed by the governor on May 23, 1980 and was upheld in U.S. federal district court in Birmingham, Alabama in mid-September. The bill, sponsored by state Sen. Parsons, is modeled on a bill passed in Georgia, and is even stricter than the DEA Model bill. Lawyer Judith Crittenden, acting against the bill, is expected to appeal the federal court decision.

California: Senate bill 1660 will go into effect on Jan. 1, 1981. This bill is a compromise version that does little more than prohibit the sales of paraphernalia to minors, and is being supported by the paraphernalia lobby.

Colorado: Following adoption of House Bill 1190 on July 1, 1980, Judge Finesilver ruled the bill to be too broad and unconstitutional. The version adopted by both branches of the Colorado State

Legislature was not the DEA's model, due to an opinion given by the state attorney general as to the unconstitutionality of the DEA version. Sponsors of the bill in the House were: Representatives Wieherstein, Hastings, Spelts, and Sauthre. Sponsors in the State Senate were: Sens. Soash and Phelps.

Connecticut: Public Act 80-224, known as House bill 5710 will go into effect on October 1, 1980. The bill, modeled on the DEA's version, was sponsored by the Public Health Committee of the Connecticut House of Representatives.

Delaware: House bill 673, sponsored by State Rep. Ambrosino, went into effect on June 12, 1980. Modeled on the DEA's version, this act was upheld in U.S. federal court on August 15, 1980 (Civil Action 80-825, *Delaware Accessories Trade Association v. Rich S. Gebelein, Esq. Attorney General*).

Plaintiffs are expected to appeal the case, or will await the outcome of a test of a similar law in Maryland, now before the 3rd Circuit Court of Appeals.

Florida: House bill 6 with Chapter 80-30, sponsored by State Rep. Hawkins and State Sen. Pool, goes into effect Oct. 1, 1980. Modeled on the DEA's version, the bill was challenged and upheld in U.S. Federal District Court, Southern District of Florida on August 29, 1980 (Civ-NCR 80-6157, *Florida Businessmen for Free Enterprise v. City of Hollywood*).

Georgia: Act 1307 was signed into law by Governor Busbe on March 31, 1980. The bill was sponsored by State Rep. Felton and four others.

Illinois: A statewide bill, Senate bill 1505, sponsored by State Senator Maitland, is presently pending.

This is not the DEA version. However, a city ordinance adopted by the Village of Antioch, Ohio, based on the Model Act has been challenged and upheld in federal court. (80-C 1574, *Levas v. Village of Antioch*).

Indiana: House bill 1468, sponsored by State Rep. Dellinger and State Senators Bosma and Kerger, was signed into effect on April 30, 1980.

Kansas: House bill 2889, sponsored by State Rep. Moore, passed both houses of the state legislature, but was then vetoed by Governor Carlin. Rep. Moore's bill was not based on the Model Act.

Louisiana: Act 669, sponsored by State Senator Kiefer, went into effect on Sept. 12, 1980. It is a modified version of the Drug Enforcement Administration Model Act.

Minnesota: There is no current bill, but there is a fight. Over the last year, six bills were introduced into the House of Representatives and State Senate. Sponsors include: State Representatives McDonald, Kempe, Evans and Luknic; and State Senators Peterson, Knutson, Purfeerst, Menning and Knaak.

Nebraska: Legislative bill 991 based on the Model Act was signed into effect on April 23, 1980. This bill was sponsored by the Law Enforcement and Justice Advisory Committee, which is chaired by Senator Nichol.

New Jersey: Senate bill 1021, sponsored by State Sen. DiFrancesco and State Rep. Remington and based on the Model Act, has passed both houses and is awaiting the

Governor's signature. A city ordinance using the DEA model adopted by the township of Woodbridge was challenged and upheld in Federal Court (Civil Action 80-1414, *World Imports Inc. v. Woodbridge Township*) on June 8, 1980.

New Mexico: There is no current bill. A bill levying a 67-70 percent tax on all drug paraphernalia items was sponsored by State Sen. Conway, but did not pass the House Judiciary Committee.

New York: Senate bill 10142, Chapter 812, sponsored by State Sen. Padavan and 25 co-introducers went into effect on July 30, 1980, but has been stopped by a federal court injunction. The state bill, a weakened version of the Model Act, makes paraphernalia sale a civil rather than criminal offense.

There is also a second challenge to a version of the bill adopted as a county ordinance in Westchester County, where the penalties have remained criminal offenses. Attorneys for the paraphernalia vendors who challenged the bill have successfully obtained a temporary restraining order against enforcement of the bill.

North Dakota: Legislative bill 12.1-31-04 was signed into effect on July 1, 1980. There is presently a court challenge.

Ohio: There is no statewide bill. An ordinance passed by the City of Parma, based on the DEA Model Act, was upheld in federal court by Judge Manos. This decision is currently under appeal. (C-80-38, *Record Revolution #6 v. City of Parma*).

Oklahoma: House bill 1935, sponsored by State Rep. Morgan did not pass the Public and Mental Health Committee earlier this year. How-

ever the State Legislature is conducting two studies on aspects of the bill: State Senator Keating is sponsoring a review of the Model Act; and State Representative Hooper is investigating the subject of sales of paraphernalia used for illicit drugs.

Pennsylvania: Senate bill 634, based on the Model Act, passed the State Senate, but was stalled in the House Judiciary Committee, earlier this year. Support for reintroducing the bill exists in both houses of the State Legislature.

Virginia: An act of the State Assembly, known as Chapter 401, section 18.2—248.2 and section 18.2—255.1 was passed and went into effect on July 1, 1980. This is a watered down version of the DEA Model Act.

West Virginia: House bill 930, originally sponsored by State Senator Gilligan was signed by the governor on March 8, 1980. This was not the DEA Model Act, and was challenged and ruled unconstitutional in court.

Wisconsin: No statewide bill. An ordinance passed by the City of West Allis, Wisconsin which prohibits sales of paraphernalia to minors, is being challenged by the Wisconsin Contemporary Gifts Association in federal court. Other municipalities have adopted ordinances, and a statewide bill requested by the Wisconsin Congress of Parents and Teachers Associations was introduced by 50 state representatives and 8 state senators, but did not pass out of the State Judiciary Committees.

Washington: Senate bill 2174, sponsored by State Sen. Van Holbeke, was stopped in the House Judiciary Committee this year.

Ads show 'intent': illegal drug use

Paraphernalia advertising in 1979—before the nationwide movement to ban headshops began—was completely unambiguous about the use to which certain “accessories” are to be put. Exhibits A-C are ads that appeared in 1979 issues of *High Times* (“the magazine of feeling good”).



EXHIBIT A

An ad for “boosters” pushes a product designed to restore “potency” to two illegal drugs—marijuana (“grass”) and cocaine (“coke”), after these drugs are smuggled from distant places (“travelling” in the ad).

EXHIBIT B ▶

This full-page, four-color advertisement offered a hash pipe of the kind some headshop owners have tried to tell the courts could also be used for smoking legal tobacco. The pipe rests in a bed of marijuana smuggled in from Colombia (letters on the torn sack show the country of origin, reputed to be the source of the most potent “grass”).

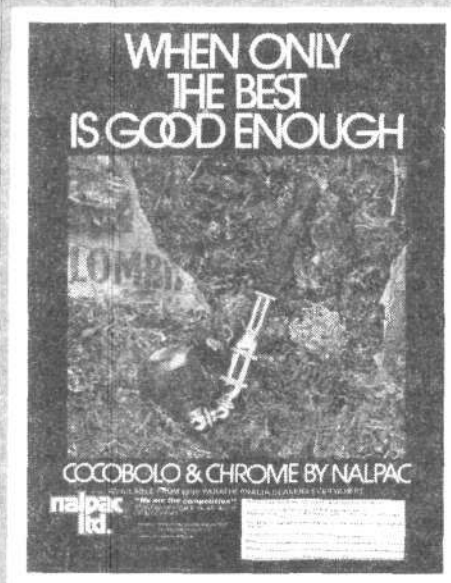


EXHIBIT C

Another type of “accessory” was hawked in *High Times* for the open purpose of aiding indoor illegal cultivation of marijuana on a scale that would far exceed so-called personal use. The full-page ad features five books as “Growers’ Guides” and a metal halide lamp used to grow a “12 foot plant” in six months.

Continued from page 28

took office in 1977. City tax laws, property auctions, zoning changes, and development policy have been bent to accommodate the downtown building purchases of Olympia and York, the East Side extravaganza planned by Cadillac Fairview, and the new Convention Center projected by Donald Trump. Top former officials of New York City now work for the foreign real estate giants. They include Olympia and York's lawyer and spokesman before the city's Board of Estimate, former deputy mayor John Zuccotti, and Donald Trump's own representative, Stanley Friedman, a former Bronx borough president who is a member of the firm of Trump's lawyer, Roy Cohn.

In Montreal, the big real estate investors are an interlocking maze of business ties that draw in the highest levels of international finance. In New York, the wheeler-dealers who bring in the tax breaks and zoning variances are a handful of old-time city officials, a club so elite that all the important operators would fit into a single penthouse cocktail party.

The foreign investment boom has changed the face of New York City. Major projects now underway include:

- The \$700 million complex of 1,800 luxury apartment units mentioned earlier, to be built by Cadillac Fairview. Known as "River Walk," the project will include a hotel, high-priced shops, and a 203-pier marina for pleasure boats.

- The "Trump Tower," a 28-story, 62-sided building under construction at 56th Street and 5th Avenue. At prices ranging from \$5 to \$13 million apiece, the apartments in Trump Tower will be "so expensive that only foreigners will be able to buy them," its developer, Donald Trump, predicted.

- A new Convention Center with a \$375 million price tag, a gigantic "rehabilitation" plan for tawdry 42nd Street, a Herald Square redevelopment plan, and other hundred-million-plus enterprises.



Olympia and York, a probable developer of the multibillion-dollar Times Square project, and Cadillac Fairview, the proprietor of the \$700 million "River Walk," move easily behind the scenes in the politics of New York City. Little subject to public scrutiny under Canada's corporate law, their activities are even better hidden in the United States. Enquiries at the New York offices of Olympia and York, which owns 12 million square feet of prime commercial New York real estate, are referred back to Canadian headquarters.

And in Montreal, O and Y officials politely inform reporters that as a private company, Canada's biggest real estate operator is required to publish no accounts. Real estate industry sources, however, say that O and Y's assets exceed \$3 billion and are rising fast.

Before the Montreal giants moved into New York, however, a star investigative reporter for the Montreal *Gazette* spent a year uncovering who controlled them. Henry Aubin's 1977 book, *City for Sale*, is an eye-popper. Subtitled, "International financiers take a major North American city by storm," Aubin's book became Quebec's nonfiction best seller.³ It brings the reader from Montreal

high-rise apartments and office buildings to the doorsteps of corporate shells in Liechtenstein and the offices of the City of London's financial elite. It also links Trizec, Cadillac Fairview and other major investors into the United States to the stratosphere of dirty finance which we have called Dope, Inc.

To make sense out of the buying of New York City, we followed a trail that leads through Montreal to London, Liechtenstein, South Africa, and other preserves where tens of billions in anonymous money may be processed. Ultimately the trail leads us to Britain's giant insurance firm Eagle Star, possibly the most influential financial company in the world. Eagle Star is not only allied to South Africa's dominant gold and diamonds group, Sir Harry Oppenheimer's Anglo-American Corporation, but features close ties to the Rothschild bank in London and to the Montagu family, cofounders of Royal Dutch Shell.

But one step past the corporate fronts like O and Y or Trizec is a Canadian group only one generation out of the bootlegging underworld. The Bronfman dynasty, founded by Prohibition rum-runner Sam Bronfman, is the key to Canadian real estate. As we shall see, Canadian real estate interests form the bridge between some of the world's wealthiest families and street-level distribution of narcotics in New York City.

When the bankrupt Uris Corporation, a big New York commercial realtor, sold off eight big office buildings in New York to Olympia and York Development Inc., not the purchaser but the mode of sale raised eyebrows. Uris went down after the 1975 recession beat the stuffings out of the New York real estate market, along with the New York State Urban Development Corporation.

It handed over trusteeship to its properties to a parking lot operator, National Kinney Corporation. What drew attention was the presence of Lazard Frères partner Felix Rohatyn, then the financial czar of

New York City. As executive director of the Municipal Assistance Corporation, Rohatyn hired and fired in New York following the city's close shave with bankruptcy. Rohatyn was also an advisor to National Kinney, whose merger he had arranged with Warner Communications. But the Canadian realtor came out of the blue.

O and Y is the private property of a family that did not arrive in Canada until the early 1950s. Paul, Albert and Ralph Reichmann came to Toronto penniless, via the "free port" of Tangiers. Their family business in Hungary was a modest egg farm. Thirty years later, they are reckoned by some observers to be the wealthiest private individuals in Canada, as well as New York's third largest commercial landlord.

As the Reichmanns, a close-knit clan of Orthodox Jews, publish no balance sheets, it is impossible to tell whether they built up their own capital, or whether they are merely acting as frontmen for other financial interests. It is clear, however, that much older Canadian and British financial interests stood by them as guardian angels at some crucial points in the Reichmann family's incredible climb to financial power.

The Bronfman story

"Emerging from poverty for only 60 years or so," journalist Henry Aubin wrote, "the Bronfmans today are an intrinsic part of the Montreal establishment. But the Bronfmans are much more than just Montreal (or New York) poobahs. They are among the very few Canadians who have been accepted by the elite global families." Charles, Edgar, Edward and Peter Bronfman are not only "extremely rich," but are also Montreal's "largest landowning family," Aubin showed. For all practical purposes, the Reichmanns of Olympia and York are an extension of the Bronfman machine.

Before Olympia and York made its big move on New York in 1977, it acquired what would turn out to



What drew attention in Olympia and York's sudden move into big New York real estate was the presence in the deal of the city's financial czar, Felix Rohatyn (at podium; in the background, O & Y's New York office).

be its most important earning asset: former Bronfman employee William Hay. Formerly president of the Bronfman-controlled real estate giant Trizec, Hay negotiated the purchase of the eight office buildings from National Kinney Corporation and Felix Rohatyn, bringing the recently impoverished Reichmanns into the bigtime of New York real estate. "Hay left Trizec with the understanding of the Bronfman family," says a Canadian real estate source. "It was just as though he was being transferred."

That was not the only good turn the Bronfmans did for their apparent rivals. Early in the 1970s, the Reichmanns obtained the backing of the powerful Bank of Montreal, the one among the five big Canadian chartered banks closest to the Bronfman interests. Bank of Montreal became old man Sam Bronfman's banker before World War I, providing the son of an immigrant rag-picker with the start-up capital to found what later became the Seagram's liquor empire.

The old man made the rest ship-

ping "chickencock" whiskey to American mobsters during Prohibition, barely avoiding arrest for murder and other alleged crimes along the way, according to numerous public sources of the time. Today, Seagram's chairman Charles Bronfman sits on the board of the Bank of Montreal. A second Seagram's officer also sits on the Bank of Montreal board, Fred McNeil, indicating how powerful the family is in that institution.

Heads really turned, however, when the Bronfman real estate giant Trizec was bought by Olympia and York last year. Its sale to the upstart Reichmann family was the news event of the year in the properties market.

Through the family trust Edper (after Edgar and Peter Bronfman), the Bronfmans held just under half a billion dollars' worth of Trizec shares. Through another trust, CEMP Investments Ltd., they also control 35 percent of Cadillac Fairview, the realtor who won the bid on New York's "River Walk." Both Trizec and Cadillac Fairview hold assets in the same magnitude as

Dorian Bartlett

the Reichmanns' Olympia and York.

The Eagle Star nexus

Why did the Bronfmans sell out? The answer is that if the Bronfmans were the real power in their own empire, they would not have. They were never more than a junior partner in their own Canadian real estate ventures. Real power traces back to a British firm, English Properties Ltd., and back further to Eagle Star Insurance. English Properties held majority control of Trizec, which held 64 percent of its equity. English Properties is Britain's largest real estate venture, with more than \$2 billion in properties in eight countries.

In turn, Eagle Star controlled 22 percent of English Properties. When Eagle Star, which brings together the cream of the British financial establishment, decided to sell its share in English Properties to Olympia and York, it handed the Reichmanns effective control over Trizec—and over hundreds of millions of dollars of American real estate—at the same time. The Bronfmans were not consulted.

English Properties is, among other activities, one of the two main property owners in London's famous Soho District, the competitor in pornography and prostitution with New York's 42nd Street. Coincidentally, the other main Soho landlord is Britain's Rank Organization, whose chairman Angus Ogilvy sits on the board of Eagle Star: Ogilvy is Queen Elizabeth II's first cousin.

If it seemed difficult to dig information out of the tight-shut account books of Olympia and York, the digging becomes tougher as we get closer to what the Commerce Department likes to call "beneficial ownership"—the real powers behind the Montreal real estate mafia. Reporter Henry Aubin tried, and reports in his book *City for Sale*, "Eagle Star is publicly owned, but who is behind it? What are they doing elsewhere in the world? Is Eagle Star but a part of a still larger skein of interests?"

Bronfman scion still has hand in gangster land

In 1977, the Quebec Police Commission published its report *Organized Crime and the World of Business*, revealing the results of its two-year investigation into Willie Obrant, the central "money mover" for Montreal's vast organized crime network. In clear terms, the Commission describes Obrant's function: "Gambling, loansharking, narcotics and other activities produce a multibillion dollar cash flow. The money mover solves a two-fold problem: he puts the cash to work and hides its true ownership."

Among the crimes ascribed to Obrant and his half dozen immediate subordinates in business fronts are: tax fraud, tax evasion, theft of at least \$100,000 worth of Air Canada plane tickets, defrauding creditors, defrauding the Bank of Montreal, stock fraud, loansharking, and using some 13 business fronts to launder profits from gambling, prostitution and narcotics.

The culmination of the inquest, codenamed "Operation Eric," was the prosecution of Obrant in November and December 1976, "which resulted in a plea of 'guilty' and a sentence of four years, plus \$75,000 or two years." One of Obrant's closest associates fared better—completely escaping, at least till now—any prosecution. This associate is Mitchell Bronfman, a member of the Bronfman family, which owns the liquor conglomerate Distillers Corporation—Seagram's Ltd.

In recent years, the Bronfman clan has branched out to control of a multibillion dollar real estate empire. Mitchell Bronfman, a principal in CEMP, one of the Bronfman family trusts, is at the center of that real estate operation through CEMP's 38 percent ownership in the Cadillac Fairview Corporation.

For the record, here are the Quebec Police Commission findings on Mitchell Bronfman:

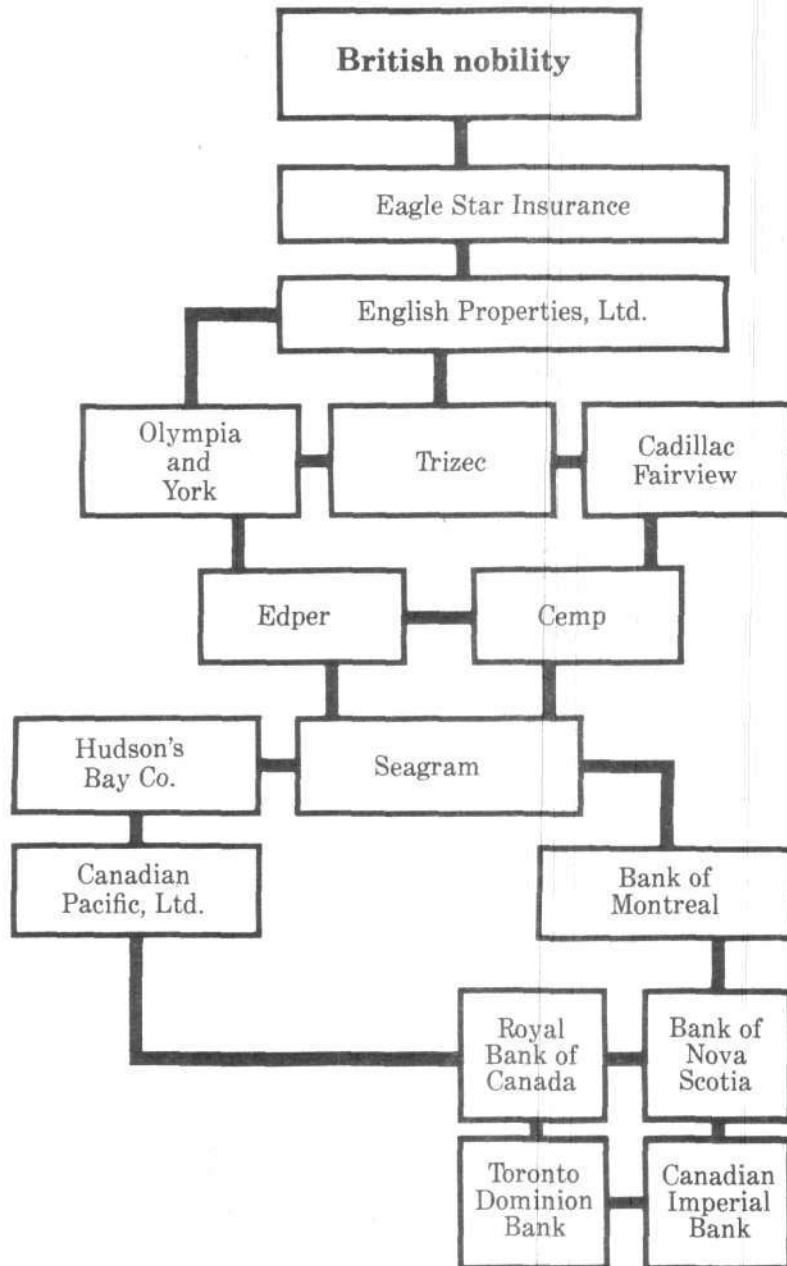
- William Obrant and Bronfman have "almost brotherly relations . . ." and did "special kinds of favors" for each other resulting in "advantages to each in the fields of loansharking, gambling and illegal betting, securities, tax evasion and corruption."

- Obrant loaned money to Bronfman, resulting in recorded remittances from Bronfman to Obrant between 1962 and 1974 in the amount of \$2,473,316.00 for a company, Exeaire Aviation Ltd., which was underwritten by CEMP.

- Mitchell Bronfman was a minor stockholder in Pagoda North, a Montreal restaurant opened in 1971 and owned by Obrant, and which had a branch in Miami, Florida identified as a center for "using, distributing and selling narcotics."

- An account for Obrant with the Grant Johnson brokerage firm was underwritten (i.e., secured) by Mitchell Bronfman. The Grant Johnson account was used to launch a stock fraud scheme involving Allied Investment Syndicate (A.I.S.) Resources Inc., a pyramid corporation created by Obrant, which defrauded investors of tens of millions of dollars.

Dope, Inc.'s real estate network



"These are questions which this triple-tiered organization—that is, Trizec, English Property, Eagle Star—is not anxious for outsiders to explore. My own trip to London as a Montreal newspaper reporter trying to examine the roots of such organizations provided me with a clear picture of how their desire for 'discretion' can resemble a brick wall. When I asked for an interview with the chairman of Eagle Star, Denis Mountain, on the subject of Canadian real estate, his secretary referred me, after consulting Mountain, to the chief executive of English Property, David Llewellyn. When I wrote Philip Shelbourne, the deputy chairman of English Property and director of Eagle Star (and a Rothschild partner), he replied by letter that he was 'not suitable,' and that I should speak to Llewellyn. When, obediently, I then did ask for an interview with Llewellyn, the public relations officer for English Property said Llewellyn 'doesn't feel it would be helpful to grant you an interview.'"

"Chameleon act"

In 1976, English Properties transferred what appeared to be voting control over Trizec to the Bronfman junior partners, and a vice-president of the Bronfman holding company, Edper, stated, "We have absolute voting power over Trizec." However, Aubin found out, "all this was part of the old chameleon act." English Properties, under the thumb of Eagle Star Insurance, had an absolute veto over all the plans of Trizec.

When push came to shove in 1979, the British end of the partnership pulled all the important strings, and sold Trizec off to Olympia and York. Although Trizec is not in the first rank of the downtown grab in New York City, it is present throughout the United States. Trizec, for example, maintains headquarters in Detroit, where it has become the leading force in a plan to turn a depopulated, deindustrialized Motown into a

"free port" complete with Bahamas-style gambling casinos.

Back in 1976, Henry Aubin traced the trail of the Reichmann and Bronfman fortunes up the corporate ladder to Eagle Star, and was astonished by what he found: a global power nexus unparalleled in the business world. "The 21 directors [of Eagle Star] include a marquess, an earl, a viscount and two baronets; and two of the six knights on the board have married the daughters of peers. Viscount Cobham, for one, has been lord steward of Her Majesty's Household." As noted earlier, Angus Ogilvy, first cousin to Queen Elizabeth II, sits on Eagle Star's board.

Nor is this assemblage of some of Europe's oldest and most powerful families merely decorative. The wartime chief of British intelligence, Sir Kenneth Strong, who also was director general of intelligence for Britain during the 1960s, is a board member of Eagle Star. So is Sir Kenneth Keith, Strong's wartime assistant; until recently Keith was chairman of one of Britain's most powerful merchant banks, Hill Samuel.

Top British spook Sir Kenneth Keith figures importantly in the Canada-U.S. real estate connection going back a quarter century. When U.S. real estate baron William Zeckendorf, Sr. needed capital in the late 1950s, he went to Sir Kenneth Keith and Eagle Star. Tri-zeck's name comes from the combination of Zeckendorf, Eagle Star, and another British partner, Covent Garden Property Ltd.—hence Tri-"z," "e," "c."

Montreal reporter Aubin took the tangled web of Canadian real estate and found that it was only a group of interchangeable corporate fronts, all of them beholden to Great Britain's most powerful families and banking institutions. Apart from the intelligence community muscle and the alliance with the Rothschilds, Hill Samuel, and Samuel Montagu merchant banks, Aubin found that Eagle Star was the most intimate world-

wide collaborator of the South African mining octopus, Anglo-American, with whom it is the co-owner of African Eagle Life Assurance, the largest insurance company in Africa. Although he pegged the Bronfmans as "the largest landowning family in the Montreal area and Canada as a whole," he found them to be cutouts for the mysterious Eagle Star, whose officers thought "it would not be helpful" to talk to the press.

Canada to Hong Kong

For Aubin, the investigation had to stop at the doorstep of Eagle Star at No. 1 Threadneedle Street,



Seagram's head Edgar Bronfman oversees the real estate giants and makes handsome contributions to the Mayor.

across from the Bank of England. But the 1978 American bestseller *Dope, Inc.* began where Aubin had left off. It traced the flow of dope and dope money from the Golden Triangle of Southeast Asia, then the major heroin-producing area, to Hong Kong, where \$1 billion worth of opium and morphine base became \$10 billion worth of export-quality heroin. It found that the physical flow of heroin into the United States came through Canada's Vancouver port, under facilities of Canada's largest conglomerate, Canadian Pacific, and reached the United States through a variety of channels.

The most important of these were the corporate resources of the Bronfman family's Seagram Liquors, which had created from scratch the Prohibition bootlegging channels between Canada and the United States half a century earlier. These have been formed into drug-running channels. Hudson's Bay Company, whose board of directors was dominated by the Keswick, Drake, and other old opium-trading families of Hong Kong fame, had provided the grain alcohol to old Sam Bronfman during the Roaring Twenties. Now, according to Canadian law enforcement sources, their operations are used to cover the physical means of transport for narcotics.

Most important, the large Canadian banks, and two in particular—the Bank of Nova Scotia and the Royal Bank of Canada—dominate the Caribbean. With more branches throughout the "offshore" tax havens that shelter dirty money flowing in and out of the United States, the Canadian banks were the chief suspects in the four-year investigation of the world flows of illegal money that went into *Dope, Inc.* As *War on Drugs* reported in a November 1980 exposé, the Bank of Nova Scotia dominated the impoverished island of Jamaica while the marijuana trade took over its economy.

Royal Bank of Canada, through its own branches and a subsidiary with Britain's big National Westminster Bank, came second in number of Caribbean branches. It was Royal Bank, according to authoritative sources, that suggested to the government of Guyana that it might consider growing marijuana as a cash crop to pay off the South American nation's debt to its foreign banking creditors. Both the 1978 book and the subsequent investigations published in this magazine established conclusively that the Canadian international banks dominated the dirty money trade in the dirtiest part of the world banking system.

What *Dope, Inc.* showed is that

not merely the real estate business of Canada, but the entire corporate structure of Britain's largest dominion, is a single, intermeshed, incestuous entity. Canada's banking system ties together the Dope, Inc. operations in Hong Kong, and the cocaine and marijuana trade centered in the Caribbean—the two fronts of the drug offensive against the United States. As the chart on page 32 shows, the top Canadian companies and the big Canadian banks are a tangle of shared directors and shared interests. At the center of the spider web is the old bootlegging Bronfman family's major interest, Seagram's. And controlling Seagram's and the Bronfman's real estate investments is the stronghold of Britain's nobility, Eagle Star Insurance.

It is important to step back for a moment, and consider what conclusions all the investigations we have reviewed so far are leading up to. The international narcotics market is \$200 billion, of which \$100 billion represents the retail volume in the United States alone. The opium portion of the trade has never left the hands of the British families and trading companies who founded it in Asia and based it in Hong Kong a century and a half ago. Dominant among these, according to *Dope, Inc.* were the Hongkong and Shanghai Bank and its merchant affiliate, Jardine Matheson, the Keswick family firm.

Not only do the Keswick family of Jardine Matheson, the Drake family of the famous P and O Shipping lines, and other hereditary Far East dope-runners still dominate the financial center of the heroin and opium traffic: they follow the physical trail of dope to Canada. Two members of Hong Kong's reigning Keswick family also dominate the board of directors of Canadian Pacific and Hudson's Bay Company, the two largest firms in Canadian transport and retailing.

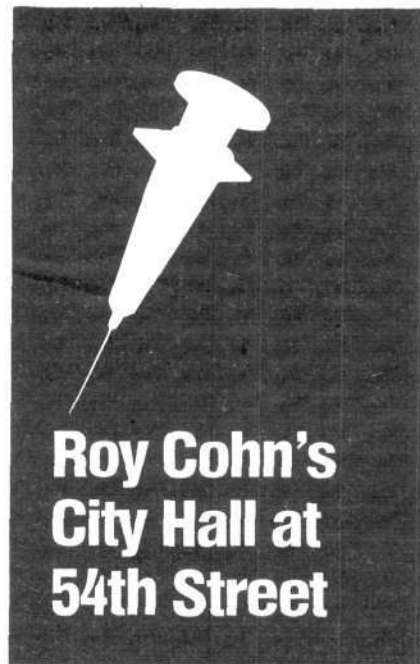
But Charles Bronfman and several of his aides at Seagram's Liq-

uor also join the board of both Canadian Pacific and Hudson's Bay, along with Hong Kong shipping magnate Sir Eric Drake. In turn, all these suspects turn up on the boards of the five top banks.

In particular, the Bronfmans are everywhere in the Canadian corporate world. Charles Bronfman, whose Cadillac Fairview real estate firm is developing New York's biggest project, sits on the board of both Canadian Pacific and the Bank of Montreal. His lawyer, Neil F. Phillips—the son of Bronfman family longtime lawyer Lazarus Phillips—also sits on the board of the Royal Bank of Canada. In turn, the chairman and president of Canadian Pacific sit on the board of the Bronfmans' Bank of Montreal. *The Bronfmans, who got their start in bootlegging, and the Keswicks of Hong Kong, who got their start in dope running, are the same corporate entity.*

On the one hand, we have a business that requires the vast banking resources and secrecy to move \$200 billion in dirty money every year. On the other hand, we have a complex of banks and corporations with hundreds of billions of dollars in assets concentrated in Hong Kong, the Netherlands Antilles, Panama, the Cayman Islands, and every other foul little island where U.S. Treasury investigators are not allowed.

On top of this, the operating control of these institutions is in the hands of families who only a generation ago were the most notorious international criminals on the scene, the opium-running Keswicks and the rum-running Bronfmans. *But we have only reached the real beginning point of our investigation.* We have reached the heights of world financial power, to obtain an overview of the terrain. Now we descend back down from the Montreal penthouse offices of the Bronfman and Reichmann real estate concerns to the streets of New York City, into the depths of the power politics and dealmaking of New York's property czars.



When Treasury agents sent discotheque owner Steve Rubell up the river for tax evasion at the beginning of this year, documentary evidence turned up of greater interest than the fact that Rubell had cheated the tax man. As the proprietor of New York's most exclusive, and most decadent night spot, Studio 54, Mr. Rubell had skimmed something more than \$700,000 per year from the cash intake of the highly profitable disco. Plea-bargaining by lawyer Roy Cohn, the city's most controversial attorney, failed to spare Rubell a prison sentence.

However, the Treasury also found a notebook whose contents found their way into the New York press, indicating that Rubell and his nightclub were the biggest center for wholesale distribution of cocaine in the metropolitan area. The notebook contained names and dates of large cash transfers, indicating that Rubell had warehoused a large volume of cocaine at the discotheque for distribution to a large number of retail dope peddlers who frequented the establishment. It was no secret that Studio 54 was one of the New York centers of drug consumption.

Until Studio 54 was shut down,

Cohn received an astonishing \$7,000 *per week* for legal services to the disco club. In two years, he received more in legal fees than Rubell is reported to have hidden from the Internal Revenue Service! Rubell and Roy Cohn are close friends—the disco owner was photographed several times snuggled into Cohn's arm at the club—but the payments to Cohn are about five times the going rate for the highest-price legal services available in New York City. In fact, a source close to the jailed Rubell says that Rubell's conviction followed a fight with Cohn, after Cohn demanded an even larger piece of the Studio 54 action.

Until Cohn achieved notoriety as Studio 54's lawyer, his claim to fame in the New York legal circuit was based on the incredible array of real estate interests represented by his law firm, Saxe, Bacon and Bolan. Among others, Cohn's clients include 33-year-old developer Donald Trump, whose firm developed the Hyatt Hotel next to Grand Central Station. He also represents the landlord association dominated by Trump, known as CHIP. In that capacity, Cohn was responsible for persuading New York's Rent Stabilization Board to "pass along" fuel price increases to tenants in the form of rent surcharges.

Cohn is the most-exposed tip of a patronage machine that annually disposes of several billion dollars a year in favors for New York real estate interests—of which the prime recipients since 1977 have been Olympia and York, Cadillac Fairview, and the Trump Management Co. Nicknamed the "Cohnheads" by their political opponents in the New York Democratic Party, the machine includes two law partners of Cohn at Saxe, Bacon, and Bolan, former Deputy Mayor Stanley Friedman and former Bronx City Planning Commissioner Ted Teah.

A few months before he joined Cohn's law firm, Ted Teah cast the deciding vote at the Planning Commission for a key project of Cohn

client Donald Trump. Before he could break ground on "Trump Tower," the luxury building cited earlier, the Brooklyn-born developer needed a change in city zoning ordinances which restricted his proposed site to commercial real estate. Teah obtained the required zoning variance, worth several

tens of millions of dollars to Trump.

The "Cohnheads," as the New York *Village Voice* christened them in an August 1979 exposé series, wield political influence on the grand scale. Just before he joined the Cohn law firm, Mayor Abe Beame's deputy Stanley Friedman



Former mayor Beame (center) and his deputy Stanley Friedman (right). Friedman gave a \$140 million tax break to Donald Trump before becoming a partner of Trump's lawyer, Roy Cohn, and getting hired by Olympia and York.

Roy M. Cohn: lawyer for the dope cartel

Roy Cohn, who first became hated as counsel to Sen. Joe McCarthy at the peak of 1950s witchhunts, carries off his man-you-love-to-hate public role with flair. Behind the mask is a different story.

District Attorney Robert Morgenthau tried to convict Cohn for stock fraud, the Internal Revenue Service tried to send him up for tax evasion, and several other law enforcement agencies have had their crack at putting Cohn behind bars. His legal clients ranged from bootlegger Louis Rosenstiel, a strange friend of J. Edgar Hoover's, to mobster Carmine Galante.

Cohn's amazing immunity to prosecution is frequently ascribed to a longstanding friendship with the late J. Edgar Hoover, the director of the Federal Bureau of Investigation, dating back to the McCarthy Committee days. In one celebrated case, D.A. Morgenthau lost a case against Cohn when Hoover suddenly called out of town two FBI agents who were scheduled to testify against Cohn.

The real Roy Cohn story starts in the late 1950s in the law offices of Phillips, Vineberg and Bloomfield, founded by old Lazarus Phillips, the grey eminence of the Bronfman interests. Lazarus Phillips is more central to the Bronfman empire than the Bronfmans themselves.

He guided old Sam Bronfman, whose reputation 50 years ago in Canada was equivalent to Al Capone's in Chicago, from "shadiness" to the status of respectability in the liquor busi-



Roy Cohn

ness. He founded the Bronfman children's two trust funds, "Edper" and "CEMP," which wield whatever influence the Bronfman family has. Until his recent death, he was codirector of Edper and a director of Trizec.

Lazarus Phillips's law partner from the early 1950s, Major Louis Mortimer Bloomfield, was the man who made Roy Cohn what he is today.

Skulking back to his New York law practice after Joe McCarthy's death in 1957, Roy Cohn got the chance of a lifetime, courtesy of Bloomfield. The two men had known each other for some time. Bloomfield had been the chief British intelligence man dispatched to work with the FBI during World War II, reporting to Sir Kenneth Strong and Sir Kenneth Keith, later the moving powers at Eagle Star Insurance. As part of the compact between American intelligence and the British Special Operations Executive, the Canadian Bloomfield obtained control of the FBI's Division Five, or wartime counterintelligence group, and the rank of Major.

So when Cohn returned to New York, Bloomfield drew him

into an extraordinary set of projects. First he helped Cohn take control of the failing Lionel Corporation, an electronic toys and arms manufacturer. Maj.-Gen. John B. Medaris, the missile-rattler whom President Eisenhower fired in 1958, accepted the job of chairman of Lionel, opening the Pentagon's doors for military contracts, and putting the company on its feet.

In a telephone interview from his home in Florida, General Medaris, now an Episcopalian priest, confirmed that Bloomfield had first gotten in touch with him about the position at Lionel. What was far out of the ordinary about this bit of string-pulling was that Lionel was obviously mob-controlled. Its chairman until the day General Medaris walked into the office in 1960 was mobster Joe "Bananas" Bonanno, a kingpin of the American and Canadian narcotics traffic. Joe Bananas, the Montreal Police Commission reported, had the Montreal "turf" in the heroin racket.

Cohn recapitalized Lionel Corp. with a \$600,000 loan from an undisclosed Hong Kong banking source, reportedly with the assistance of some of Bloomfield's friends in Montreal. Immediately, Cohn turned around and put a big chunk of Lionel Corporation funds into Bloomfield's new venture: *Permindex* (Permanent Industrial Expositions).

Permindex was the entity New Orleans District Attorney Jim Garrison charged with complicity in the Kennedy assassination, through the chief of its New Orleans subsidiary, Clay Shaw. Bloomfield, as chairman of the board of Permindex and majority stockholder, figures into the investigations of the Kennedy assassination, and the attempted murder of French President Charles de Gaulle.

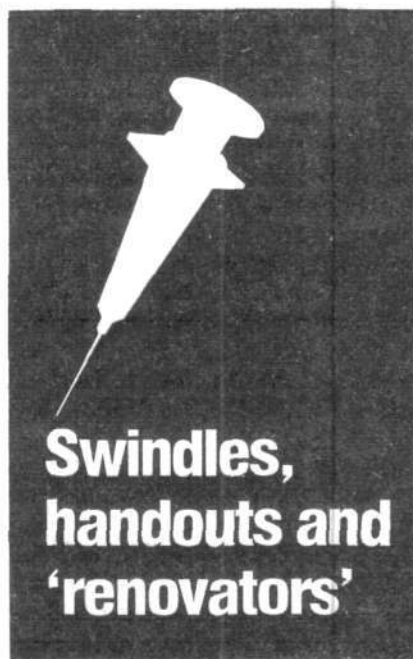
cast the deciding vote within the city's Board of Estimate to grant a \$140 million tax break to Cohn client Donald Trump.

The break enabled Trump to buy and remodel the old Commodore Hotel, turning it into a glass-enclosed monolith whose rooms will start at \$100 per night, with space reserved for New York City's biggest gambling casino. Ted Teah, whom we saw before rigging a zoning variance for Trump, managed the election campaign of Bronx Borough President Stanley Simon. In October 1978, after he had done Trump a multimillion dollar favor, Simon accepted a \$10,000 contribution from a group of housing companies owned by Trump.

Another big contributor to Bronx bigwig Stanley Simon's campaign was a close Cohn associate, Paul Dano of Dano National Services, a nationwide parking-lot concessionaire. According to former City Comptroller Harrison Goldin, who broke with his former Beame administration colleagues, Deputy Mayor Friedman arranged a series of parking lot concessions for Dano at next to no cost. Friedman approved these concessions, Goldin noted, when he was Simon's chief campaign fundraiser.

New York electoral politics is a cash-and-carry business. Real estate is not only the city's biggest cash earner but the main source of political contributions. Donald Trump's \$135,000 contribution to Governor Hugh Carey's reelection campaign in 1978 did not even raise eyebrows.

Nor did the heavy financial support for Mayor Ed Koch's 1977 campaign from the New York Bronfman, Edgar, who runs the American headquarters of Seagram's and owns a major piece of the big Loeb Rhoades Hornblower investment bank. Only once did the Bronfman role in financing New York candidates turn into scandal, when the *New York Daily News* revealed in July 1978 that Edgar Bronfman had made an illegal loan to the Hugh Carey campaign of \$350,000.



New York City grants favors to the Canadian real estate barons worth between \$2 and \$3 billion annually, a leading real estate analyst told *War on Drugs*. We will show later why the entire business has its foundations in public handouts, including tax breaks of hundreds of millions of dollars for several individual projects, and an "urban renewal" policy that gives huge blocks of condemned property to developers for a song.

It seemed odd at first that no public outcry had erupted over the immense benevolence toward foreign real estate interests on the part of officials whose election finances depended on those same interests. A handful of exposés by the liberal "Reform Democrat" opponents of the Cohn machine, for example the series in the eccentric *Village Voice*, had dredged up some foul-smelling deals between Roy Cohn and some of the partners of Saxe, Bacon, and Bolan, and a bunch of city officials like Stanley Friedman and Ted Teah.

The more doors we knocked on, the more it seemed that Roy Cohn was a political lightning rod for trouble. Meanwhile, the city was rolling out the red carpet for Cadillac Fairview, Olympia and York,

and Trump Management, the developers of multibillion-dollar projects. Even when these real estate interests made political contributions in excess of one hundred thousand dollars, it did not seem odd to the editorial writers of the *New York Times* that city officials should hand billions of dollars worth of concessions to their political financiers.

The more we talked with New York realtors, the more the financial relations between the Canadian barons and the city and state government of New York looked like the ties between the mayor, the mill owner, and the general store in a company town in the deep South. After the 1975 fiscal crisis, the real estate barons were the city's economy, period.

As New York's industry and population shrank, the one thing rising was rents—which rose from about \$7-13 per square foot in 1977 to \$18-45 in 1980 in prime commercial office buildings, and to at least \$45 in a few prestige towers. At the same time, the number of apartments available for rent dropped from 2 million to 1.9 million over the past three years, due to slum abandonments and to a lucrative swindle known as "co-oping," or selling a building back to reluctant tenants for \$10,000 per room and up.

Meanwhile, an East Side development complex, a Convention Center, a new Hyatt Hotel, a gigantic complex at 42nd Street complete with an indoor 15-story Ferris Wheel, and other big developments were going up. Trump and the Bronfmans showed up at city auctions of just-condemned property to buy up entire blocks. And all of this was financed by the Montreal money circuit, out of Hong Kong, Liechtenstein, and the Caribbean tax shelters. It was not just that real estate money was political money; after the big 1975 to 1977 shakeout, it was the only political money in town.

When Trizec president William Hay changed hats and moved over to Olympia and York, the Reich-

mann concern, in 1977, his first acquisition was not buildings, but a deputy mayor of the City of New York, John Zuccotti. A foreign landgrabber couldn't have found a better spokesman before the city's policy-making bodies. For three years before Mayor Beame appointed him deputy in 1975, Zuccotti had been chairman of the powerful City Planning Commission, the body that will decide on the tax and zoning laws that make or break real estate investments. Before that, Zuccotti held the same job for the Brooklyn borough's equivalent commission. In 1977, Zuccotti moved back to private law practice, with a list of clients that included Olympia and York and other realtors, developers and contractors. The atmosphere of influence-peddling was so thick that Zuccotti himself filed a request before the city's ethics panel, for a determination as to whether his actions involved any conflict of interest." The panel gave him a clean bill of health.

One of the Beame administration's last major actions—under the direction of Cohn partner Stanley Friedman and John Zuccotti—was a "tax incentive" program that permitted stupendous tax giveaways for the "renovation" of downtown real estate. In other words, if a real estate operator takes over a building worth \$10 million, refurbishes it from the ground up to bring its value up to \$100 million, he will only pay taxes on the original \$10 million plus a token five percent, for 19 years of the building's life. Only a few months after Zuccotti obtained tax abatements for Olympia and York, he was working for O and Y, and Olympia and York was putting \$127 million into the renovation of 466 Lexington Avenue, the aging home of the Penn Central Railroad.

In one gulp, Olympia and York proceed to buy up the best properties of the bankrupt Uris group, renovating some, merely holding others against a rising market. With Bank of Montreal and undisclosed, "offshore" financing, Olym-



Stuart Lewis

Wide World

Beame's deputy mayor John Zuccotti (above) set up the deal to lease what is now the Hyatt Hotel (background) to Donald Trump for \$1 while Trump renovated it, saving Trump millions. Zuccotti now works for Olympia and York.

pia and York bought the Uris package of eight commercial buildings for \$360 million at the bottom of a busted market. Today, specialists value the same package at over \$1 billion, or three times as much.

The local-boy-made-good Donald Trump did not do badly either. Through his lawyer Roy Cohn, Trump had the same kind of access to city beneficence that the Reichmanns did through John Zuccotti. His first splash into the big leagues of development came just as Olympia and York moved in. With an all-time record tax break of \$160 million over 42 years, Trump bought the old Commodore Hotel, a dilapidated structure next to New York's Grand Central Station, from Penn Central, and then sold it to the New York State Urban Development Corporation.

The Urban Development Corporation was the old state realtor built by Nelson Rockefeller which went bankrupt in 1975 when the state refused to pay up on the UDC's "moral obligation" bonds. Under new governor Hugh Carey, the UDC dropped its old business of building low-income housing, and became the Carey administration's vehicle for the "renovation" of downtown Manhattan. This was convenient, since the Koch administration—with the help of Trump and Bronfman political contributions had arrived to make good the promises of Zuccotti and Friedman to the realtors.

The UDC then turned around and rented the Commodore property to Trump for \$1 per year, while construction was underway! When the work is completed,

Trump will be paying about \$250,000 a year in rent, about one-twentieth of the \$5 million or so per year that he would have to pay in taxes if he owned the place.

Of course, the big Manhattan projects are only the most visible. At least as much investment funds are pouring into "redevelopment" pockets around the city, through the kind of anonymous, no-questions-asked brokerage service that realtors like Kenneth Laub Associates provides. This is a 50 percent cash down business, and the main source of action is the Koch administration. For reasons no one in the city government cared to comment on, the city began foreclosing on properties that were a year behind in real estate taxes in 1976, instead of three-year foreclosure as in the past.

Suddenly, the city foreclosed on enough property to become the town's biggest slumlord, with 75,000 mostly slum apartments—five times as many as the next largest landlord, Donald Trump.

"Renovators" show up at city auctions and buy entire blocks of property at knockdown prices at one throw. They then evict the existing tenants, many of them welfare recipients, and start to "rehabilitate" the property. The "renovator" then applies to the city for a tax break under a Koch administration ordinance known as J-51. With this in hand, they are guaranteed a 12-year tax break on 90 percent of the value of renovated property.

This is not small business. Rehabilitation, or what the trade calls "rehabbing," started in a beaten-up industrial area in lower Manhattan south of Houston Street, or "SoHo," turning unused lofts into trendy luxury apartments. Columbus Avenue, a Spanish-speaking slum known locally as "San Juan Hill," was bought out by "rehabbers." Rents rose, driving out the slum residents, and the cheaply renovated tenements became a center of New York's homosexual community.

Per square block, Columbus Av-

enue has more pretentious restaurants, boutiques, and trinket shops than its model, Greenwich village. In the Wall Street area, aging office buildings are becoming "rehabbed" cooperative apartments, with one-bedroom units selling for \$200,000 and up.

Trump Management has gotten into the rehabbing business in a big way in Brooklyn and more recently in Queens. According to real estate industry sources, the decaying western spur of Queens known as Long Island City will be the newest version of the "SoHo" or Columbus Avenue booms. That is hard to imagine after a drive through the area. Long Island City is one of the last half-functioning industrial areas within city limits, dotted with light-industry, low-skill factories.

More of these were shut down since Felix Rohatyn and the Municipal Assistance Corporation came in to run city finance in 1975 than had been opened during the previous 20 years. A block north or south of Northern Boulevard, the main drag through Long Island City, are mostly Spanish-speaking slum tenements. To the eye, the area seems the least likely candidate for a real estate boom short of the bombed-out South Bronx itself. But most of the available property has already been bought out by real estate operators with "foresight," informed realtors told *War on Drugs*.

Rehabbers spent between \$500 million and \$1 billion per year at the current rate in sprucing up properties, for tax-free capital gains.



The ugly truth behind the real estate "boom": children play in the rubble of gutted housing in the South Bronx, an entire area destroyed by speculators.



One striking feature of the rehabilitation swindle, something that sets it apart from every other kind of business conducted in the City of New York, put us onto the line of investigation that led to the astonishing conclusions of this report. The entire business is handled in cash. Cash comes in from Liechtenstein or the Cayman Islands to buy properties at auction.

Cash flows to contractors using nonunion, usually non-English-speaking labor, to perform the actual construction work on beat-up properties intended to house New York's affluent, mainly single, professionals. Hundreds of millions of dollars in hard currency change hands annually, a volume barely matched by the Las Vegas casinos.

It was the Florida pattern that Charles Kimball had revealed before the Senate Permanent Investigations Subcommittee in the testimony we quoted earlier. Kimball had warned us that the same Caribbean-based narcotics money that had shaken down the Florida real estate industry was moving into New York. But this was not the steady stream of dope money, the \$200 million or so annually that the Floridians had tracked.

In New York, it was like standing in front of a burst dam. Funds were pouring in through the Caribbean channels, buying apartment buildings in the Riverdale section of the Bronx and condemned slum properties in Queens, but even more money was coming in through the Montreal channels we traced down earlier.

New York City is not only the country's biggest property market, but also the biggest center for retail dope distribution. Every year, \$15 billion in narcotics are sold on its streets, a disproportionate share of the \$100 billion annual sales in the United States.

In the last issue of *War on Drugs*,⁴ we showed how difficult it was to get rid of that volume of cash. A single local branch bank office of Chemical Bank had been shut down for laundering drug money in the Bronx in 1976, and had exhausted its capacity for handling small bills in the process of "washing" a mere \$3 to \$4 million a year. As we reported, some very big business, including name department stores, use their cash-handling resources to dispose of the stupendous cash flow involved, convert the dirty money raised through street sales of dope into bank accounts, and funnel these bank accounts out of New York City to the dirty money centers of Europe and the Caribbean.

And, we learned from the Florida investigations, real estate deals are a brilliantly successful means of hiding dope profits. No one knows where the funds come from to purchase property. A dope dealer who successfully gets his profits out to a bank in Liechtenstein is in the catbird seat. Ordinarily, his big problem would be the Internal Revenue Service. Even if he managed to avoid reporting his income, how will he explain a \$200,000 house, a couple of Cadillacs, and a vacation home on the Riviera? Real estate makes this simple-mindedly easy.

"There's not much we can do about it," a specialist in narcotics investigations at the Internal Revenue

Service in Washington, who asked that his name not be used, told *War on Drugs*. "We know that a guy is into narcotics, because his name has been referred to us by DEA"—the Drug Enforcement Administration of the Justice Department. Under a quirk of U. S. law, other agencies can refer criminal suspects to IRS for prosecution under the tax laws, but the IRS must keep silent even when its own files would merit a drug investigation.

The official went on, "When we asked the source of his profits, he shows us real estate holdings that have doubled in value in the past year. And when we ask him how the guy bought the real estate in the first place, he shows us a 'loan' he got from a bank in the Cayman Islands! We know that this is phony. He got the loan because he made a cash deposit there for more than the amount of the loan in the first place, and the deposit came from narcotics money. But we can't prove it."

Here's how it works: a big dope dealer maintains two "shell" corporations in some offshore tax havens. These shells are the recipients of the narcotics money he siphons out of the United States, through the methods we detailed in the last issue of *War on Drugs*. These two shells buy the same piece of property back and forth, doubling its value in the course of a year. The dope dealer then has gigantic real estate profits to show as "legitimate" income, to explain to the IRS why he is living in a \$200,000 house. As in Florida, the market is manipulated by narcotics dealers who have billions of dollars to burn, in New York perhaps \$3 to \$5 billion of *net profit* after all the various expenses of the trade are accounted for.

If he wishes, the narcotics operator can do something even simpler, avoiding the expenses of maintaining offshore corporate fronts, well-informed real estate sources say. By handing out a 90 percent tax credit for "rehabbing" beat-up properties, the Koch ad-

ministration has given the narcotics traffic an exceptionally convenient means of turning illegal cash into "respectable" real estate profits.

All the physical construction work is done for cash payment. Much of it could be paid for with dope revenues, to contractors who know how to keep their mouths shut, turning dump properties into valuable assets, and all of it tax-free, thanks to Mayor Koch.

The pieces of the puzzle now fell into place with an awful kind of certainty. The Canadian invasion, which happily gobbled up older, local operators like Trump and Zeckendorf, needed a big change in the political map in New York City, including revision of tax and zoning laws from the ground up. The Canadians' incredible access to cash depended on their relationship to the dirtiest banks in the world, the same banks who launder marijuana and cocaine money for Latin America, and who also maintain tight family and corpo-

rate ties to the grand old lady of the heroin traffic, the Hongkong and Shanghai Bank.

The political machine that got these changes for the Canadians and their local allies centers—at least for "lightning rod" purposes—on the unpleasant figure of Roy Cohn. Cohn's law firm includes the former city officials who can "cajole" the Board of Estimate or City Council for the legal changes the Canadians need.

The profits from the sale of illegal narcotics in New York City are being used to buy control of the city itself.

An old story

It's ironic, but that is how the New York City real estate business got started. For more than a century the city's biggest landlord was the Astor family, which started in fur trapping and moved into the Far East opium trade starting in 1816. John Jacob Astor, whose China clippers were the first American vessels to join the Brit-

ish-controlled opium traffic, converted his Asian earnings into Manhattan land, stamping his mark on the city in the form of such institutions as the Astor Library and the Waldorf Astoria Hotel.

In its decline, the Astor family gave the portfolio to old William Zeckendorf, Sr., and his firm Webb and Knapp, to manage in the late 1940s. Zeckendorf, whose son William Jr. is now busy redeveloping the Herald Square area, leveraged the Astor holdings into a new fortune—his stake in the formation of Trizec, the first great Canadian realty combine, in 1960.

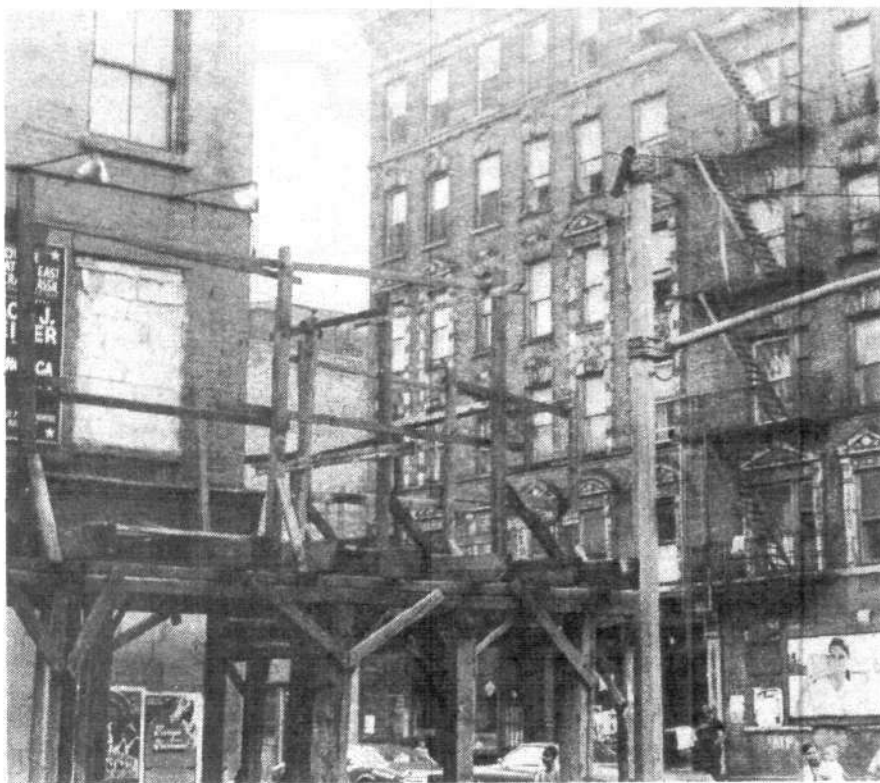
That was the same year that Major Bloomfield brought General Medaris into the management of Roy Cohn's Lionel Corporation, and took Cohn in as a Permindex partner.

What kind of persuasion does the tight little club of real estate lobbyists use with the City Council, the Board of Estimate, the City Planning Commission, the Rent Stabilization Board, and similar bodies in the five boroughs? New York City patronage politics have never been particularly delicate. Zuccotti, Trump, Friedman, Cohn and the rest of the real estate mouthpieces go back to one of the most extraordinary organizations in New York's political history, the Madison Club of Brooklyn.

When its bank, the grandly-named American Bank and Trust, went under in 1975, bank inspectors found that the defunct institution, which maintained close ties to several shady Swiss-based institutions, was a major source of loans on extremely generous terms to members of the then-reigning Beame administration.

The ghost revives

What the old Madison Club gang lost when its bank folded, overwhelmed by bad, and allegedly political, lending, it has picked up again many times over, industry sources report. American Bank and Trust's chairman was an old gun-runner back in the 1947 days,



The Manhattan "renovation" scam: refurbished buildings are taxed on the basis of the property's old collapsed value. Renovation is paid for in hard cash.

as head of Americans for Haganah, and built his own bank with the aid of the Swiss-Israel Trade Bank in Zurich. Abraham Feinberg sold the bank to an Argentine financier named David Graiver, who disappeared shortly after the bank failed. Federal investigators are still trying to determine whether Graiver, who supposedly went down in a small plane in Mexico, is really alive after all. Graiver, Feinberg's business partner, is under investigation for charges that range from bank fraud to the funding of the terrorist Montoneros in Argentina.

Hong Kong, the only city in the world with a bigger heroin addict population than New York's, runs with the lubrication of about \$1 billion in bribes to police officers alone, according to Hong Kong official estimates.

The bribery volume in New York—from the huge amount of fragmentary evidence on the record—could easily be in the range of three-quarters of a billion dollars per year. New York City building inspectors each earn \$5,000 to \$10,000 extra per year for the favor of passing over building violations. That accounts for several million dollars at the bottom of the rung.

There are over 600 judges in New York City, and several have been bounced from the bench for routinely taking between \$50,000 and \$100,000 per year in gratuities, in particular on real estate cases. The number of appointed officials in the city and in the five individual borough governments who have expensive favors to sell runs into the low thousands.

How frequently does a Roy Cohn associate like parking-lot operator Paul Dano throw in a \$100,000 political contribution to a candidate for borough office? Candidates for what seem to be fairly powerless local offices in New York spend more to get elected than senators in most states. But the available patronage is big enough to justify it.

Reportedly, a key figure in the quiet influencing of city officials is



The toll exacted by the drug money "boom": countless destroyed lives.

76-year-old Joseph Slifka, the alleged "Godfather" of Brooklyn real estate. Former city officials John Zuccotti—the Olympia and York lawyer—and Donald Zucker are on the Slifka Associates payroll, along with the former chief of the city's rent board, Sheldon Katz. Chief financial officer for Slifka's operation is busted banker Abe Feinberg, now a director of the secretive United Mizrahi Bank.

Big political contributions back in 1977 and 1978 bought sufficient gratitude from Mayor Koch and

Governor Carey to hand the real estate barons a few billion dollars per year in tax concessions and zoning changes. Except for the exposure of a \$350,000 illegal loan to Carey by the Bronfmans, this exchange of money was not a payoff, but an entirely legitimate political contribution, at least in the eyes of *The New York Times*. A step further down the evolutionary ladder, where men like Stanley Simon at the Bronx borough offices and Cohn buddy Paul Dano play their games, the political contributions are more an obvious *quid pro quo* for city concessions.

Does this continue down the ladder, down to the members of the various planning commissions, the commissioners for rent, vending concessions, and so forth? The conclusion is inescapable that it does, and that three-quarters of a billion dollars per year is a highly conservative estimate. Compared to the city's hundred billion dollar rent roll, it is a modest sum.

We have spent a great deal of effort in tracing down how \$15 billion of dope money is laundered out of the New York City traffic. In the strict sense of the word, a very large part of New York City's narcotics revenues are not "laundered." They never leave the city, and never leave the form of cash.

In effect, the Canadian realty barons and their New York friends have turned the city government of New York into the biggest laundromat for dope money in the world.

Notes

1. Testimony by Charles Kimball before the Senate Permanent Investigations Subcommittee, December 1979.
2. For a detailed account of the history of the world opium trade and the families controlling it, see D. Goldman, K. Kalintgis, and J. Steinberg, *Dope, Inc.* (New York: New Benjamin Franklin House, 1978).
3. For a thorough account of the multiple interlocks, holdings, and circumventive methods of English Properties, Trizec, Eagle Star Insurance, and other real estate giants, see Henry Aubin, *City for Sale* (Montreal, 1977).
4. David Goldman, "How the Drug Banks Hide \$100 Billion in Dirty Money." *War on Drugs*, Vol. I, No. 5, December 1980.

DRUGFIGHTER OF THE MONTH

Interview with head of parents' group

A California town goes after pushers

Q: *Mr. Pruitt, can you describe how you happened to form your organization?*

A: Parents for Action Against Drug Abuse was formed in January of 1979 when several of my friends and I became aware of drug use by our kids. That got us interested in trying to do something about it. What really got us interested is that we traced the sources back to the schools they were attending. When we went to those schools we were given very weak reasons and nonsensical answers about the amount of drugs in our schools. We organized this group so that we could speak with a unified voice and get some changes made.

We have grown to an organization that has about 12 board members and 60-75 volunteers in the community. We got a school department task force to look into the laws and the rules. We went to other schools that were having more success than ours to research their programs. Our school was way behind some of these schools in discipline and in what they were doing about drugs.

One of our members served on a task force formed with the local chief of police, some juvenile court attorneys, school teachers and principals. We found out that our school district had expelled only two kids in the last 15 years, which is plain stupid. The administrators were shocked themselves when they found this out.



JERRY PRUITT is the president of Parents for Action Against Drug Abuse in Visalia, California. He was interviewed by *War on Drugs* news editor Bonnie Mesaros in September, 1980. The Visalia group proves that most Californians do not support efforts to turn that state into a marijuana plantation. According to the Drug Enforcement Administration, illegal "pot" is the state's tenth largest cash crop, ranking between almonds and strawberries. The marijuana lobby says it is first cash crop in the state. An attempt to get this multibillion-dollar "economic boon" legalized through the California Marijuana Initiative this year was backed by the Playboy Foundation.

As a matter of fact, we had an out-and-out battle with the principals at one interview I was called to at the school. But for all the trouble, we really gained some ground with the schools. Now with the start of the new school year we expect to have some positive hold on the schools' policy.

Q: *Was one of your kids having a drug problem?*

A: Two. My oldest daughter and a 14-year-old daughter. They followed the classic amotivation syndrome. They went from being good kids to kids who displayed all the classic symptoms. . . . All the non-caring principles entered the family, the discipline problems, the school, friends, the whole thing.

When we found out who our kids were sharing drugs with, we went to their parents, and made a very positive approach to their parents. We went after the pushers in the town. We have become certified informants and we actually go out and investigate pushers. I have effected the arrest of some people here in Visalia who are dealing in drugs and growing marijuana. We are pushing that very strongly.

Q: *What channels were followed by you to trace where the drugs were coming from?*

A: We followed up leads that came from phone calls we overheard in our own homes. Actually you can hear adult dealers talking to your kids, threatening your kids, their

schoolmates, talking and lining up the whole thing . . . it's amazing.

Q: Did you actually hear these things? Adult dealers threatening your children?

A: Oh, yes. A friend of mine had an adult dealer threaten his.

Q: What kind of threats were they?

A: "Pay up or I'm going to kick your head in," this type of thing. There is really a lot of fear in our schools, linked to drugs and violence. One parent had a child who was heavily involved in drugs and was afraid to go back to school because he owed too many people.

When we began to get some publicity, people began calling us and reporting activity to us. Now they report on a regular basis. Since we are not the law, they feel they can get involved without their names being used. . . . We have developed a very close working relationship

"We are going to have to band together nationally and scream until drug abuse comes to a halt."

with the police department and the sheriff. We are causing them a lot of anxiety at this time, I would say, but we're in there pushing them to do what's right—and they are responding.

We attacked the paraphernalia business in this city and got one of our city councilmen to go with us to the head shops. We talked to the owners and landlords of those shops and tried to get them to close down and move out. Then our councilman—we have a very good councilman here—pushed through an antiparaphernalia ordinance.

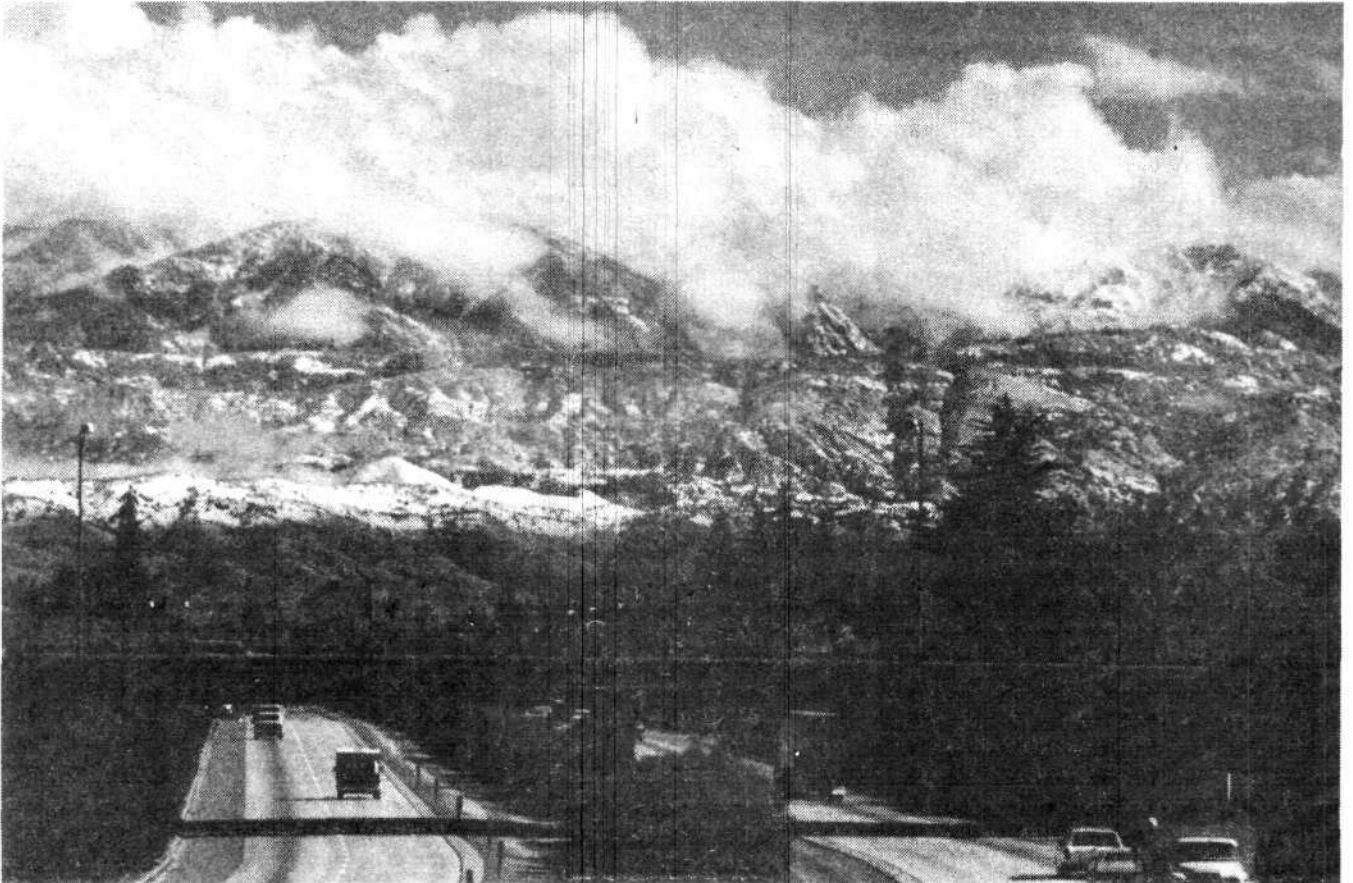
His name is Bonnell Pryor. Now

the head shops are required to have a sign outside their store and they must have the paraphernalia shielded from the eyes of anyone 18 or younger. We're looking into a stronger ordinance that they have in Sacramento County, to see if there's some way to eliminate head shops completely.

Q: I understand that a state law has been passed in California similar to the one you described.

A: That's right, although our law is a little bit stronger than the state ordinance. That takes effect this January, I believe, and we're glad to see that. But we're also looking for a way to put these people out of business.

Q: I am sure you are aware that many local antiparaphernalia laws are being struck down by the federal courts. This indicates to us that these laws will have to be fought for on a higher level, a



The beautiful countryside of Visalia, California is now being overrun by marijuana-growing outlaws.

national level. Would you say that was right?

A: I feel the same way. We're going to have to band together nationally and scream until drug abuse comes to a halt. That's why I subscribed to your magazine, and that's why I'm anxious to see it and the organization grow.

We were in contact with Mr. Barton's organization (Naples Concerned Parents) after we heard of him. They're an organization that has grown to 500 people down in Florida. They just held a national conference this summer in Georgia, I believe, with a group called PRIDE which is becoming nationally known.

This is the kind of activity we need. And if we can do enough of this, then we can get the government to listen. Drug abuse is not only against the law. It's against international treaties. *It's against everything this country stands for.* So it's important that we do it.

Q: Can you tell us something about your town, Visalia?

A: Visalia is about 50,000 population now. It's in about the exact center of California, the San Joaquin Valley. It's primarily an agricultural area and it's a very wealthy area.

Q: I think many people now realize that drug problems are no longer confined to the inner city ghettos.

A: That's true. Our sheriff's department just busted the biggest PCP lab that's been busted in California, five miles outside our city. This is an important thing. One of our members worked in Haight-Ashbury for many, many years on the drug scene. We used to not see this kind of thing in Visalia, and now the same thing is happening in Visalia that's been happening in San Francisco, in Haight-Ashbury. This stuff is reaching out to every little community in the country.

Q: When you began to trace these networks, beginning with the people who were calling your children

at home, then you began to find out who these people were, probably by questioning your children?

A: No. They're very close-mouthed about that type of thing. It was strictly information that was learned through various means.

Q: Surveillance?

A: Surveillance, and going directly to the families of the children involved. This is a parent pressure tactic to work on a peer level with the parents and let them know that they had better get control of their kid or we'll use the police to get control of the kids.

Q: You're talking about kid pushers?

A: Right.

We're taking part in elections here now. We just helped to unseat one of the judges who we felt was too liberal toward drugs and got in a guy we hope will be much stronger on drugs. We're currently in the

"The decriminalization of marijuana has led many parents and many kids to believe there is nothing wrong with it."

process of asking for interviews with all court judges and we're backing the police in their efforts to increase penalties for drugs and for enforcement of drug laws. As a matter of fact, we're insisting that they carry out the law.

One of the sad things that has happened in this country is that not many people, including myself till about a year ago, knew the dangers of marijuana use, particularly for young kids. The decriminalization of marijuana has led many parents and many kids to believe there is nothing wrong with it. This is a big problem. We've got to get this message across to parents. I've spoken to all kinds of civic clubs in this town,

I've had numerous radio interviews, I've been on television. The newspaper has carried big stories on us and we're doing everything we can to educate the public.

Now we're growing. We're going to have a monthly newsletter that we send out. We're going to incorporate new committees to work on specific things, such as alcohol. We did a watch in this town with some of the parents groups and we found that 90 percent of the liquor stores sold directly to minors, 16- and 17-year-olds, across the counter without hardly batting an eye.

We've helped to arrest some of these people and caused raids by the Alcoholic Beverage Control Commission (ABC) here and our police department. We've got our police department even saying "we will arrest some even without the ABC." So we're forcing the community to focus on this problem and do something about it.

We want to carry our program to other communities now. With the new year, we want to start our group in the surrounding cities and get a whole network of parents' groups in each city working together.

Q: After locating the student pushers—obviously it doesn't end there—there were also adult pushers identified. But how far up have you traced these networks?

A: At one school we had about 12 people prefer to drop out of school rather than be scrutinized in their activity at school. This was the most dramatic thing that happened. These kids just dropped out of school and disappeared, which is fine with us. If they're going to be pushers, I don't care where they drop to.

We're on the trail of the sources of the stuff, and the sources are many. The marijuana comes into California in such great quantities that there are thousands of small pushers, that buy a pound at a time or two pounds at a time and sell it down from there.

We're looking for guys who bring it in the mail and by the ton and

who grow it. They're growing it up here in the mountains now in California. It's getting to be a big thing, I'm told.

Q: *Why do you think it took so long before your schools did anything about drugs?*

A: Well, I find it a matter of politics. We have a big school system here and for one individual to stand up and start screaming about a problem—he's putting himself in a very vulnerable position.

We found kind of an "honor system" where "you don't rock my boat, I won't rock yours," as long as nobody hollers. That's not to say we don't have a lot of good people here, but we have a lot of good people afraid to stand up for what's right. We've been the catalyst that's made everybody stand up and admit the problem and face it.

I just got the schools in a furor when I went on an open house night and individually talked to teachers that did not know me and asked for their concern, their point of view about the drug problem.

I found teachers who said they look the other way when we should be doing something. We've seen dope deals out here in the front parking lot; we see kids drink in the back parking lot. There's nothing done about it. There are teachers who said the school has a bathroom open to both girls and boys. They both go in there and use it to smoke—it's a no-man's land. Nobody bothers them there.

I went to the school grounds and tried to substantiate some of this, and I was on the grounds for over an hour-and-a-half and no one stopped me to see who I was. So we found very little supervision and very few rules.

That caused a furor for awhile but it got action, also.

Q: *Was it then that you went to the police?*

A: We went to the police from the outset of our organization. We informed them of who we were, and

what we were going to be doing. We went to see what way we could help them with the drug problem and what way they could help us.

We put them on notice that we were going to scream loud and clear and if that meant screaming about the police or sheriff's department, we were going to do it. But we were out to cause a change for the better. After we got a little reputation and notice in the radio and papers, our police department called us in and said, "Okay, you guys are for real. You don't seem like you're going away and you're not a bunch of vigilantes who are going to hang somebody from your garage. So what can we do to help?" They have taken several steps over the last few months to help us.

Q: *Like what?*

A: Like breaking up organized drug and alcohol parties. Actual

"Our police department called us in and said, 'Okay, you guys are for real. You don't seem like you're going away and you're not a bunch of vigilantes who will hang somebody from your garage.'"

maps were being circulated all through the high schools directing kids to large keg parties organized by young adults on weekends, where all age groups would come and take part in drinking and drugs for a dollar a head. The police broke up those things as we got onto them.

We don't allow rock concerts in the city unless they are really scrutinized and policed. And we're going to get rougher on them. We're not against kids having fun, but we're against people breaking the law in public. As we get

stronger and stronger we're going to insist more and more that the law be followed to the tee.

We have the public coming to us with a lot of good leads now. There have been some very serious accusations against even larger people in this town, well known. Whether these will bear out, whether we will be able to investigate them to the full end of the networks. I don't know, but we're certainly going to look into raising some money to hire investigators of our own that can more professionally look into these things.

Q: *Are you planning to intervene into statewide elections?*

A: We are going to do everything political we can. We are writing to our congressmen and legislators. I have met one of our senators personally and we are going to work politically every way we can to intervene to see the laws are strengthened and backed up. We have, right here in Visalia, one of our deputy public defenders who is the author of the California Marijuana Initiative [a referendum to legalize marijuana cultivation for "personal use"—ed.] of 1980. His name is Leo Paoli, and we have fought him tooth and nail.

Q: *He's a state rep?*

A: Yes, and deputy public defender. We fought the marijuana initiative very hard and it did not qualify for the ballot. Also, we're on an organizing drive to organize the 52 churches in this community to help us.

We're organizing a meeting where the ministers of those four largest churches will give five minute speeches in favor of our organization and push the other churches to help us.

Q: *What would be your advice to parents around the country who are trying to organize in their community against drugs?*

A: My advice would be to contact other parents and friends that they suspect may have a drug problem or that they know have a



Children returning from school in Visalia. Kids only slightly older than these were being threatened by adult pushers, Pruitt discovered.

drug problem in their family. Get together, no matter how small a group they may have, and form a committee and set down their goals. They can write to Naples Concerned Parents in Naples, Florida. They'll send them a complete packet on how to organize. Or they can write to us, Parents for Action Against Drug Abuse, 1600 South Oak Park, in Visalia, and we'll send them information on how to organize and what to do once they're organized. We'll help them all we can. We're specifically interested in any group in California within 100 miles of us, or anywhere, and we'll travel to help them.

Q: *We think that this has the potential to become a very powerful national mass movement against drugs.*

A: I believe it does. I've never heard of parents so frightened, so concerned, so willing to get out and fight. I think it might be the right time to hit the nation with this and take it clear to the White House. We want to do our part—anything we can do. It's part of our goal to contact as many organizations like yours as we can and let them know that we are here to help fight.

People just have to realize that they have the right to run their schools and demand law and order. If they stand up and yell and not be shy about it, they'll get change. And each of these groups needs a leader that cannot be intimidated because they'll certainly run into that.

Q: *Have you begun to see a reversal of the drug problem, particu-*

"It's not that we don't have a lot of good people here, but we have a lot of good people afraid to stand up for what's right. We've been the catalyst. . . ."

larly in terms of your own children?

A: Yes, we were able to make quite a dent in it in our own family. After a few months of me and other parents being on the different high school campuses, it was thought by the students that we had spies everywhere, that other students were spies, that teachers were spies, that we were actually all over the place spying on them out of vans and things like that.

We encouraged this, you know, we told our kids, you know that old lady parked in the car or that couple in the van—we may not be there but somebody's going to be there, and it took hold. I'm not saying that we wiped out half the drug use because we didn't. We did make people a lot more cautious as to what they were doing.

Q: *Do you have a drug education program in the schools?*

A: We don't have a specific program. The police department and the sheriff's department put on programs, and as we've looked into it there's a lot of controversy as to the best kind of program. There programs that show what to do and what it does to you seem to encourage a lot of kids. I think the best thing we can do is insist on heavy, heavy penalties for pushers. I don't care whether they are adults or teenagers, when we catch a pusher, we need to put him in jail, mandatory sentencing, large mandatory sentencing. He's a pusher. And I would say for a second time offender, life imprisonment wouldn't be too harsh or even the death penalty. That's how strongly we feel about it.

INTERNATIONAL NEWS

Europe

Khomeini-linked figure caught in heroin traffic

A shocking exposé on Turkish heroin traffic appearing in one of that country's major newspapers immediately prior to last September's military coup has named one of the top figures in what is known as the Turkish Connection. Former deputy prime minister Necmettin Erbakan, the leader of the National Salvation Party (NSP)—a Khomeini-style Islamic fundamentalist group—was revealed as the godfather of Turkish heroin.

The revelation, appearing in a front-page series in the daily *Hürriyet* in late August, confirms an investigation conducted by *War on Drugs* at that time which showed that the sources of the 1980-81 heroin epidemic hitting the West are precisely those areas where official Carter administration intelligence reports say the heroin is *not* coming from—Turkey and China. Turkey produces a huge, 10,000-ton opium crop supposedly oriented to the legal world pharmaceutical market. According to Washington policy, almost none of this opium is diverted into illegal traffic. The *Hürriyet* series confirms that the contrary is the case. (See *War on Drugs*, November, 1980.)

The *Hürriyet* exposé stems from the 1978 arrest and conviction by a West German court of a former NSP parliamentarian and his associates on heroin trafficking charges. On Oct. 14, 1978, in the German city of Neheim-Hüsten, NSP representative Halit Kahraman, along with Nizamettin Arca, Nusrettin Gündüzhan, and Gündüzhan's son, were arrested by two

German undercover agents for attempting to sell 3.5 kilos of heroin. Although Arca escaped, Kahraman and the Gündüzhanes were tried and convicted.

Four days later, at the trial, the elder Gündüzhan told the court that at the time of the arrest Kahraman had said, "This is all Erbakan's fault. He has destroyed me."

The following exchange then took place between the prosecutor and Kahraman, according to *Hürriyet*:

Prosecutor: Do you know what was to have been done with the

money from Erbakan's heroin trade?

Kahraman: I don't know if the money was to go for political, party, or personal goals.

Prosecutor: Did you ever tell anyone that you had gotten the heroin from Erbakan?

Kahraman: Once I told Gündüzhan. But I don't remember clearly where or when. I think it was in Hannover [West Germany]. It was like this: I told Gündüzhan that the heroin belonged to Erbakan and that he must be especially careful. Gündüzhan laughed at me; he didn't believe it. "In the long run," he said, "it doesn't matter for me whom the heroin belongs to."

On June 1, 1979, Kahraman was sentenced to seven years in prison.

According to *Hürriyet*, the story did not end there. The official court decision makes special note of Erbakan's central role in the affair and warns officials to "take seriously" information revealed in the course of the trial.

West German narcotics officials did just that. On June 22, 1979, the

The collage consists of several newspaper clippings from the Turkish daily *Hürriyet*. At the top left is the newspaper's masthead with the date 27 Eylül 1980. To its right is a weather forecast section titled 'Hava durumu'. Below the masthead are two main headlines: 'Tarsus tekrar karıştı' (Tarsus is mixed again) and 'Türklerin eroin kaçakçılığı Almanyada günün konusu oldu' (Turks' heroin trafficking becomes the day's topic in Germany). A sub-headline reads 'Alman dergilerine göre, Berlin, Münih, Frankfurt, Hamburg, Amsterdam ve Londra Türkiye'den gelen eroinlerin satış merkezi oldu' (According to German magazines, Berlin, Munich, Frankfurt, Hamburg, Amsterdam and London became the sales center for heroin coming from Turkey). Another headline says 'Bir gizli dosyayı açıklıyoruz' (We are revealing a secret file). Below this is a large headline: 'Erbakan eroin kaçakçılığı ile suçlanıyor' (Erbakan is accused of heroin trafficking). A sub-headline reads 'Alman hükümeti Türkiye'ye nota verdi' (German government sends a note to Turkey). Below this is a starburst graphic with the text 'Deniz hükümetinin 22 Haziran 1979 gizli dosyasına ulaştığımız Erbakan ve Fatih Akın hakkında...'. At the bottom right, there is a small photo of a man in a white shirt, likely Halit Kahraman, with the caption 'ERBAKAN HÜCRUMUNUN ŞEĞİRTİ'.

Turkey's major daily, *Hürriyet*, gave front page headlines to the Erbakan heroin scandal.

Bonn government sent a confidential memo to Turkish Foreign Gündüz Okçün urging him to begin criminal proceedings against Erbakan, Arca (who was still at large), and Fehim Adak, another NSP representative. In response, Okçün, on two separate occasions, sent secret memos to the Turkish Justice Department requesting action be taken against the traffickers. Nothing ever came of it.

Less than three weeks after the *Hürriyet* exposé, the Turkish military seized power. Interestingly, one of the new junta's first steps was to place Erbakan under arrest (a move referred to as "protective custody") and to pledge a crackdown on Erbakan's brand of Khomeini fundamentalism. Observers expect Erbakan to face trial on charges of attempting to undermine the Turkish secular state.

In addition, the military government vowed to put a stop to the rampant political violence that had claimed more than 5,000 lives in the past two years.

Is the Turkish coup directed against the international narcotics trade? Undoubtedly, there are Turkish officers who feel Erbakan's drug activities are a threat to national sovereignty. Others are most likely less concerned about the drug trade than about Erbakan's efforts to unleash Khomeini-style mayhem.

However, the military does seem to be united around one issue: the terms imposed on the Turkish economy by the International Monetary Fund (IMF). The junta has repeatedly pledged that it will impose the austerity demanded by the IMF for access to loans. Ironically, regardless of how certain officers may feel about heroin running, adherence to IMF terms will only aggravate conditions that lead to social chaos—and opium production—in the first place. In fact, sources in international banking circles report that IMF terms include secret clauses promoting the production of "cash crops" such as hashish and opium.

—Nancy Coker

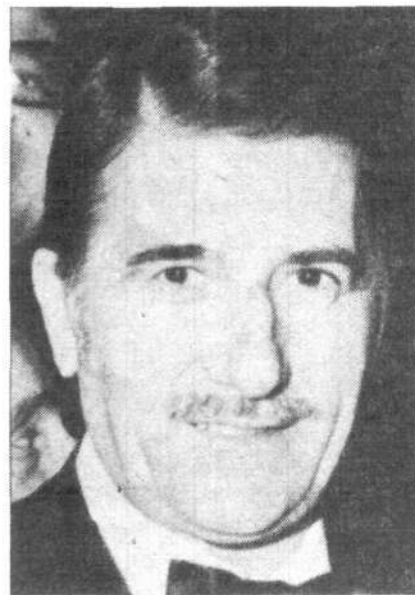
Methadone being pushed on Italy

The sudden fall of the Italian government last Sept. 27 has failed to put a halt to a move by the drug lobby of that country that has already legalized methadone maintenance and may legalize heroin itself throughout Italy. Less than three weeks before the coalition government of Prime Minister Cossiga failed to get a vote of confidence from Parliament, his Socialist health minister, Aldo Aniasi, had passed a "decree-law" legalizing the sale of methadone in syrup form in clinics and pharmacies. Aniasi was also advocating legalized heroin.

According to Italian law, Aniasi's ministerial decree went into effect automatically when Parliament failed to block it by Oct. 1. And Aniasi is back as health minister in the new Forlani government.

Although the fall of the coalition, which consisted of an alliance between the majority Christian Democrats and the prodrug Socialist Party, was the result of stiff opposition to many of its policies—especially economic and foreign policy—the issue of drugs and a soaring heroin epidemic played no small part in the political crisis. These issues have so divided Italian politics that 30 of Cossiga's own Christian Democratic partisans voted against him in the crucial Sept. 27 parliamentary showdown.

In fact, Italian sources report that strong antidrug sentiment forced Aniasi to back off from his original proposal for legalized her-



Health Minister Aldo Aniasi.

oin and to opt instead for methadone, couching his policy in "therapeutic" terms. But even Aniasi's "softer" proposal drew heavy fire, as the Italian Anti-Drug Coalition moved immediately to organize opposition. The opposition came generally from three layers: Catholic organizations, health professionals, and the anti-"ultraleft" segment of the Italian Communist Party (PCI).

Three days after Aniasi announced his decree-law, Italian ADC president Rosanna Impiccini appeared on Milan's Catholic television channel along with a Christian Democratic councilwoman to denounce Aniasi. The response to the original broadcast was so enthusiastic that it was rebroadcast four times.

The ADC directly called the PCI to task by intervening at an annual Communist festival in Milan. The PCI had been preparing an anti-drug policy statement, whose contents have not yet been released, when Aniasi's law was announced. The Communists limited themselves to stating: "The experimental use of methadone in the U.S. and the EC (European Community) countries had led to more or less serious, recurring damage to addicts both on a physical and psy-

chological level. And it has never provided a solution to the problem of stopping the spread of hard drugs."

At the Milan festival, however, the PCI invited the Socialist mayor Tognoli, a close ally of Aniasi. An ADC spokesman revealed to the crowd the mayor's own role in promoting drugs by pointing out Tognoli's use of city funds to sponsor a concert by Jamaican reggae singer Bob Marley, who openly encourages the use of drugs. An angered majority of the gathering quickly began a heated discussion over drugs, firing embarrassing questions at the mayor.

The ADC campaign also attracted significant national media attention, including an interview with one of its leaders in *Gente* magazine, a Christian Democratic weekly and one of the largest circulation publications in Italy. Aniasi himself was compelled to respond to *Gente's* reports on the growing antidrug—and anti-Aniasi—movement.

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ADC spurs music debate in Sweden

STOCKHOLM—A police raid against the rock band of punk star Nina Hagen early in September 1980 signaled how dramatically Sweden's former liberal attitude toward the drug culture and its proponents has changed since the Swedish Anti-Drug Coalition was founded last March.

When punk rock star Nina Hagen recently toured Sweden, she was denounced by the newspapers for smoking marijuana on stage and urging the audience to do likewise. A member of Hagen's band told the press that "we need the drugs to relax and do a good job," adding that "those who criticize marijuana smoking should try it themselves, then they will change their mind." Hagen, who was trained as an opera singer in East Germany before emigrating to the West, specializes in "songs" that praise marijuana and attack Soviet expansionism.

In Stockholm, police raided Hagen's hotel suite for drugs after her on-stage behavior and press reports that cocaine was being snorted backstage. It was the first raid against a rock band since Beatle Paul McCartney was arrested in the west coast city of Gothenburg in 1974.

Gothenburg local officials decreed that in the future, none of the city's public arenas will be available for bands that use drugs or advocate drug use in their songs.

The impact of the Anti-Drug Coalition's organizing in Sweden was described in a recent article in *Tormknocken*, the Communist Party youth magazine, which was none too happy about the popular-

ity of the coalition's witty antidrug stickers. "These were sold with the stickers that the ADC has become most known for, the red and yellow traffic sign with a marijuana leaf crossed out. The new drugfighters could be seen outside shopping centers and at traffic lights, and it did not take long until thousands of cars had been decorated with the war on drugs message."

The Swedish equivalent of *War on Drugs* magazine, *Stoppa Knarket*, brought out two issues this year. In the first, published last spring, the ADC revealed that Sweden's National Council for Culture was handing out taxpayers' money to independent "musical" groups which openly propagandize for drugs. The response was immediate.

The editorial pages of many newspapers pointed to the absurdity of a situation in which the government first pays money to groups which lure children into drugs, and then has to pay more money to try to save them from the drugs.

After a direct request from the ADC, Swedish Prime Minister Thorbjörn Fälldin on June 30 wrote a letter to ADC chairman Ulf Sandmark saying, "I agree with your view that it is highly inappropriate that practitioners of culture who represent a drug culture receive grants from the Swedish State Council on Culture." This official statement drew even greater publicity, and the entire climate against the drug-rock culture hardened.

More important, the ADC has been able to take the debate a step further, from merely pointing out the danger of drug use to starting a debate on the kind of culture young people need to develop into creative and responsible adults. For instance, the largest newspaper in southern Sweden, *Sydsvenska Dagbladet*, published an ADC Op-Ed Sept. 14 arguing that the Swedish state should fund the cultural heritage represented by Beethoven's music rather than rock.

—Kerstin Tegin-Gaddy



Sica/NSIPS

Carolyn Pollack explains to the Paris symposium the principle of the "moving do" by using a simple composition by Bach. She has labeled the notes according to the solfège system ("do, re, mi . . ."). The piece modulates from the key of G (the first "do") to the key of D, where D becomes the new "do".

Great music used as antidrug tool

Leaders of a group of classical musicians that was formed in 1979 to support the founding of the National Anti-Drug Coalition and the presidential campaign of prominent antidrug Democrat Lyndon LaRouche participated Sept. 26-28 in an International Music Symposium in Paris, France.

The symposium, titled "How to Create Geniuses," was sponsored by the Academie des Etudes Humanistes and Le Jardin de Musique of Paris. From the U.S.A. came musicians who have worked closely with the NADC to develop educational

programs in the Bach-Mozart-Beethoven tradition to combat the rock-drug counterculture and the "secular humanist" cult that attempts to separate the spiritual from the physical sciences.

The NADC sent a telegram of greetings to the symposium, praising this effort to revive a great cultural tradition as "the most powerful weapon in our common struggle to save the minds of our youth."

Among the musicians from Western Europe and the United States who took part in the symposium were several founding members of the NADC. Oboist Carolyn Pollak, musicologist Vivian Zoakos, and chorus director John Sigerson of the NADC were featured in a panel discussion of "Music as Language." Dr. Peter Wyer, a frequent contributor of articles to this magazine showing that the war on drugs and the purpose of great music are indeed identi-

cal, gave a presentation on the compositional method of Beethoven.

Among the participants in the three-day musical festival were also two concert artists who have become beloved to supporters of the Anti-Drug Coalition for their sparkling musical performances at NADC events and benefits during the past year. One of these, the Danish-American pianist Bodil Frolund, was joined by the internationally prominent Dutch violinist Thomas Magyar in a concert of violin-piano sonatas by Schumann, Beethoven, Hüllmandel and Franck, at the opening of the symposium. American soprano Joan Moynagh contributed vocal works to a concert at the end of the symposium.

Readers interested in the NADC musical work may get in touch with Dr. Wyer at (212) 247-5195, or by writing to him c/o *War on Drugs*.



Heroin addiction: causes and treatment

The treatment of heroin addiction has been, generally speaking, a dismal failure. Even the best live-in therapeutic community treatment centers have a high dropout rate, and among the graduates of these programs less than 20 percent remain drug free after three years.¹ Compounding this poor record is the current rising rate of influx of heroin into the U.S., which has resulted in unusually low-priced and high-grade heroin availability on the street.²

It is therefore necessary at this time to reevaluate our thinking concerning the treatment of heroin addiction. The cause of addiction is multifactorial and complex, and therefore a competent treatment approach must be multifactorial.

Causative factors

By far the most important cause of heroin addiction is the availability of the drug itself. If heroin is not available, no matter what other factors are operating, such as social tolerance or personality predisposition, there can be no heroin addiction. This simple fact was well illustrated during World War II when the traditional drug smuggling routes from the Far East were cut off, causing the rate of heroin addiction to plummet.³ The current situation of increased drug influx also illustrates the point.⁴ In this kind of situation, if an individual decides to try drugs, they are there waiting for him.

Why would an individual want to try heroin? This brings us to the second causative factor, social attitudes and norms. Most heroin

addicts are introduced to the drug by friends or acquaintances, that is, by their peers. Among adolescents and young adults peer pressure exerts an enormous influence. If "the crowd" is experimenting or becoming addicted to heroin, then any individual who wants to be part of the crowd will be pressured to do the same. Also entering into the individual's decision is his perception of the attitudes of his parents, teachers, and older siblings; and the attitude of society as a whole as it is expressed in the mass media, the laws, and the police and court enforcement of those laws. The current "liberalization" of attitudes on the part of society and the media can only result in an increase in drug abuse.

The third major factor influencing the incidence of addiction is the "adjustive" effects of the drug itself on individuals with certain personality make-ups. Overall, the primary effects of heroin are euphoria, feelings of exaggerated self-importance, the blocking out of the basic biological drives such as hunger and sex, the diminished experience of pain and a reduction in the self-critical faculty.

What types of individuals would regard this complex of effects as not only pleasurable, but worth the many disadvantages of drug addiction, including the physical and legal dangers, the expense, and the social ostracism of being a drug addict? In previous publications I have described several characteristic personality types which predispose to heroin abuse.⁵ It must be clearly understood,

however, that although personality type is used in classifying drug addicts in terms of psychological mechanisms, this is obviously dwarfed as a significant causal and preventive factor by the *availability* of drugs. I have classified the three major types as 1) reactive, 2) symptomatic, and 3) primary.

By far the most numerous among infrequent heroin users, the *reactive* addict is the otherwise psychologically normal individual who, in the rebellious and anti-establishment phase of normal adolescence or immature adulthood, takes heroin as a symbol of his independence (though nearly always initiating his drug abuse activity with other substances such as marijuana.) Or at least that may be how it starts. If it were not for the initial mood and behavior effects, and further secondary effects on the personality of the user, this type of addict would generally have little trouble giving up drugs as he progressed through normal maturation. Many, in fact, have a few "joy pops" and do just that.

For many adolescents who are attempting to come to grips with the pressures and responsibilities of future adulthood, including school, relationships with friends, employment, authority figures and so on, the "quick fix" from heroin may prove an irresistible substitute for the more remote, postponed pleasure of realizing long-range goals. Although the reactive user may tell himself that he is only taking heroin in order to get a "breather," the other effects of the drug, including the feeling of gran-

diosity and the blocking of the self-critical faculty, may temporarily remove the pressures which are necessary for maturation.

I believe that maturation to adulthood does not occur spontaneously, but only under the strong demands of parents or other authority figures. If these demands are absent, or in the case of the reactive addict, if they are blunted by the effects of the drug, then the individual may not mature. If he remains or regresses to a childish or infantile state under the influence of drugs, then he is incapable of achieving whatever long-range goals he had previously set for himself, and is therefore even more dependent on drugs as the only source of satisfaction and pleasure. While this occurs in many reactive addicts, the majority eventually kick the habit, or do not take heroin enough to get addicted.

The *symptomatic* drug addict is an individual who is basically antisocial, who has not internalized social norms. He will commit antisocial acts without compunction, generally to express an underlying rage which may result from extreme parental neglect or rejection in childhood. As part of his deliberately criminal behavior, this type will indulge in heroin use and addiction. However, he will frequently give up drugs because the dazed, dreamy state of heroin intoxication may interfere with his routine of criminal activities. If he is forced to give up drugs, whether due to unavailability, shortage of money, or incarceration, he has little trouble doing so.

The *primary* drug addict is classified as such because he has a personality disorder which creates unmet needs or difficulties in meeting needs, and for whom heroin satisfies these needs.

I have found in the course of treating thousands of addicts that the majority of people in this category (primary) exhibit a personality make-up that we refer to in psychiatric terms as an "inadequate personality." This is a poorly



Linda Ray

Breeding ground for the "reactive" addict: *Joint being passed around at a 1979 rock concert raising funds for antinuclear activities. The "reactive" addicts usually start with marijuana, then move on to heroin as an expression of their "independence" during adolescence. Many of those who take heroin, however, will not live to grow up.*

developed personality, characterized by a lack of long-term goals, and an immaturity of motivation. There is as well an absence of the character traits necessary to realize long-range goals, such as a sense of responsibility, frustration tolerance, ability to set realistic aspirations and so on. These are the major changes which characterize ego development during adolescence and are the prerequisites for both volitional independence (making one's own decisions about long-range goals) and what I term executive independence (being able to carry out the necessary steps to attain these long-range goals).

The inadequate personality is preoccupied in a childish fashion with immediate sensual hedonistic gratification. Like an infant, he has not learned to plan ahead, to discipline himself. He is dependent, passive, and manipulative. Understandably, he may have dif-

ficulties satisfying his hedonistic impulses, since the real world is not as generous toward adults who act like children as it is toward actual children.

To such an individual, heroin is apparently a miraculous solution to all his problems and it is, in this sense, psychiatrically termed "adjustive." First, heroin offers quick and effortless gratification. Second, heroin blocks out his self-critical faculty, however little he has developed, and gives him a grandiose self-image. Third, heroin effectively eradicates such biological drives as hunger and sex, which are frequently otherwise unsatisfied in this type of personality since the infantile me-first attitude makes it difficult to hold down a job or maintain a steady sexual partner. Fourth, heroin blocks out all pain and discomfort.

Two other types of primary addicts are the anxiety neurotic and



Linda Ray

Breeding grounds for the "symptomatic" addict: *Enraged youth smoking pot in defiance of the laws at a 1980 New York City legalize-marijuana parade organized by the Yippies. The "symptomatic" addict is a basically antisocial individual whose lawless acts express an underlying continuous rage.*

the reactive depressive. The anxiety neurotic is the person who is so overly motivated to succeed⁶ that he cannot function due to anxiety. This is typical of the high-level executive or professional who takes heroin or other narcotics. He will take small amounts of heroin to "take the edge off" his anxiety, for short periods of relief, rather than to experience euphoria. This personality type readily perceives that if he takes drugs in large doses regularly he will damage rather than increase his ability to function—the motivation for taking the drugs in the first place—so, although he may eventually take drugs frequently enough to become addicted, he will try to keep the dose down.

The depressive personality has many causes, but the underlying mechanism in most involves an exaggerated self-critical faculty

which is occasionally or recurrently telling the individual that no matter what he does he is not successful enough. The depressive takes heroin because it reduces the strength of the self-critical faculty. While heroin may be "adjustive" for both these personality types, the long-term effect of the drug is destructive and both types are commonly seen in voluntary heroin treatment facilities.

Strategies for treatment

Focusing on the individual addict, the first aspect of therapy is to get him off drugs, generally within a humane detoxification period of several weeks. The second aspect is to remove him from his drug-associated environment and place him into a live-in therapeutic setting while he is being detoxified and for a period of at least nine to 12 months afterwards. Numerous

studies have shown that the likelihood of remaining drug-free after this initial phase of treatment depends on the length of the initial live-in phase.⁷ Third, the live-in initial phase environment in which the addict is placed must be staffed by highly motivated counselors, psychiatrists, and medical doctors to treat any medical or psychiatric problems the addict may have, as well as to begin the process of maturing (or to recoup and continue the process in the reactive addict), within the therapeutic setting. This includes graduated increase in work responsibility, job training and other forms of education, as well as the beginning of emulating the adult norms by respected counselors, who are frequently former drug addicts themselves and serve as important emulatory models for addicts.

Ego-stripping and other forms of "encounter" therapy should be avoided, since this can induce deep emotional trauma in an infantile personality which could either drive the addict into emotional withdrawal (if he is forced to remain within the therapeutic setting) or else to drop out if he is a voluntary patient. The best that can be obtained by such encounter methods is an adoption of the norms set by the authoritarian group leader, which only reinforces the addict's infantile state.

The reactive type does best in the several-months drying out period, since he had previously developed some sense of purpose and long-term goals. The counselor must search out these tendencies and encourage them. In contrast to this type of approach for the initial phase, most programs are too short, lack skilled and well-motivated staff, and frequently use encounter and other harmful types of group therapy.

When the addict is released from the live-in setting he must be followed closely as an out-patient and seen at least several times per week for at least a year. The counselor must facilitate the transition back to the outside world. The ad-

dict will do best if he reestablishes close family ties, gets a job or goes back to school, and moves to a new neighborhood where he will not be likely to encounter his former drug-taking acquaintances. The change of school or job will also create the sense of a new start, unencumbered by his former reputation as a drug addict.

The major difficulties with this approach to in-depth therapy are that it requires large amounts of resources for the initial live-in phase and that it is almost impossible to keep former addicts away from drugs after they are released, since drugs are now so widespread. Also, the addict may have no family, no skill, and be poorly motivated to continue his rehabilitation. At the first frustration, he may decide to try heroin again "just once" and before long he will be addicted once more. This does not mean that we should not strive for the best treatment facilities. But

we must also invest sizable resources in trafficking control.

On the optimistic side concerning treatment, I have witnessed many recoveries from heroin addiction, especially among reactive and anxiety type addicts. There is also the interesting phenomenon that long-term primary addicts of the inadequate personality type frequently, at the age of 40 or 50, after decades of addiction, will give up drugs on their own and take a steady job to support a family. This demonstrates that many and probably most individuals with an inadequate personality have an arrested, rather than a completely absent ability to mature. What most people go through in their teens, this type of addict goes through at age 40 or 50.

Unfortunately, the majority of heroin addicts either never live to see their fortieth birthday or else are so psychologically or physically damaged by years of drug abuse

(and its attendant dangers of violence, infection and so on) that they have no hope of recovery to a normal life. If we cannot create for these people a normal existence, we can at least redouble our efforts to ensure that the younger generation does not follow in their footsteps.

—David P. Ausubel, M.D., Ph.D.

Dr. Ausubel has been working as a psychiatrist and researcher in the field of drug abuse for 34 years. He was trained in this field at the U.S. Public Health Service Hospital in Lexington, Ky. and has published three books and 15 articles on substance abuse. Currently he is a psychiatrist with the Family Court Mental Health Services in Brooklyn, N.Y. and a Distinguished Professor Emeritus in the Ph.D. Program in Educational Psychology at the City University of New York. He has published 23 other books and approximately 150 research papers in diverse areas of psychiatry and psychology, including his latest book, What Every Well-Informed Person Should Know about Drug Addiction.



Laurence Hecht

Breeding grounds for the "primary" addict: *Our decaying cities, exemplified by this New York subway scene. The "primary" drug addict lacks all long-range goals and sense of responsibility. As living costs skyrocket and employment opportunities vanish in U.S. urban centers, "stoned" addicts become a more and more frequent feature of the urban landscape.*

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Edward Christian is Assistant to the Medical Examiner in the Medical Examiner's Office of the City of Philadelphia. A frequent lecturer in schools across the United States on the dangers of illicit drugs, where his gripping slide show has convinced many youth not to experiment with these "recreational" substances, Christian is asked many questions regarding both the medical effects of drugs and how parents and other concerned persons can identify and combat drug abuse.

This column is available for readers to submit such questions to Dr. Christian. Address your inquiries to: Edward Christian, c/o War on Drugs, 304 W. 58th St., Fifth Floor, New York, N.Y. 10019.

There are abundant indications that the drug abuse problem has reached epidemic proportions throughout the United States. New York State has not been immune to this growing problem.

I recently lectured in Buffalo, and as with all other large cities in which I have lectured across the United States, there is the usual pot smoking, beer drinking, glue sniffing and pill popping, as well as the hard core drug usage among the young school population.

Living in the rural or suburban areas offers no protection to the students, as compared to those living in the urban areas of Buffalo. The slight difference that I found was that the younger students of

Drug abuse growing in upstate New York

the 7th or 8th grades were getting their supply of pills from home, legally prescribed by the family doctors for the parents, mainly their mothers. The most outstanding drug was valium, and a few quaaludes. This is not like the urban school students, who usually are introduced to drugs on the streets, in the corridors of their schools, or are forced to submit to the pushers and dealers who prey upon their lack of knowledge of drug abuse. This difference, however, does not condone drug usage for the urban area students, whose public schools refuse to admit that they have a drug problem and will not ask for help.

These suburban students think that drug abusers are those scruffy people who poke dirty needles into their arms and lie around nodding. The accurate knowledge of drug abuse among students is low at all levels, but increases through the grades; however, so does drug abuse.

Strong negative attitudes are associated with low use, and strong positive attitudes with high use; in fact, one fourth of the high users live in the suburban areas.

Data summary, which has been submitted by Buffalo's Standard Metropolitan Statistical Area, reports that since the comparison period, January to June 1979, the average monthly frequency (AMF) of drug abuse increased for the following drugs:

1. Alcohol-in-Combination (up

20% from the previous 50.0 AMF mentioned).

2. PCP/PCP-in-Combination (up 38% from the previous 12.0 AMF).

3. Marijuana (up 5% from the previous 10.8 AMF).

4. Hashish (up 60% from the previous 6.7 AMF).

As reported by the medical examiners of Buffalo, of the 11 drug abuse deaths since this comparison period, three were drug caused and eight were drug related.

This preliminary, but not in-depth, short study presents a rather unhappy picture of the scope of the drug abuse problem. Changing this situation depends upon the recognition by parents, the general public, the legislators, and the educators of the extent and severity of this problem. Once a suitable commitment is made, effective counteraction can be carried out.

Correction

Due to an error, Dr. Christian was misquoted in some of his answers in the November 1980 issue (Vol. I, No. 4). He actually stated: "In the second half of 1979, 53 percent of all violent deaths in Philadelphia were drug-related. This was more than 10 percent greater than in the first half of 1979 and 30 percent greater than in the second half of 1978."

Dr. Christian did not refer to "snorting" but only to "shooting" heroin. He recommends that the only way to stop drugs is "through better legislation and education."

Membership

in the National Anti-Drug Coalition

The National Anti-Drug Coalition was formed in 1979 in Detroit, Michigan as a nonpartisan, nonprofit organization to stop the drug lobby's drive to legalize mind-altering substances, and to encourage strict enforcement of existing antidrug laws.

Your contribution will aid the coalition in:

- developing school programs designed to impress upon our youth the long-term damage done by marijuana, heroin, cocaine, and other controlled substances;
- keeping our elected officials aware of the antidrug mandate of the majority of Americans; keeping the public aware of which elected officials are fulfilling that mandate, and which ones are not.
- collaborating with international antidrug groups and drug enforcement efforts;
- educating the public on the fact that marijuana and hashish are not "soft" drugs and that decriminalization of such substances leads to greater abuse of all drugs;
- encouraging all efforts to strengthen the moral development of youth to resist the lure of drugs;
- exposing media campaigns on behalf of drugs.

Every member of the NADC will receive a full-year subscription to the monthly magazine, *War on Drugs*, a pamphlet describing the founding convention of the Coalition in September 1979, a membership decal and membership card. Business and Founding Members names will be listed annually in *War on Drugs* magazine.

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