

TESTIMONY
OF
REAR ADMIRAL D. C. THOMPSON
CHIEF, OFFICE OF OPERATIONS
BEFORE THE
UNITED STATES SENATE
COMMITTEE ON GOVERNMENTAL AFFAIRS
SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
12 NOVEMBER 1981

Mr. Chairman and members of the Committee, I am Rear Admiral D. C. Thompson, Chief of the Coast Guard's Office of Operations. Accompanying me today, as you requested, is Lieutenant Commander Terrance P. Hart, Acting Chief of the General Law Enforcement Branch, Operational Law Enforcement Division of my staff.

It is a pleasure to appear before you today to report on the Coast Guard's efforts in interdicting drug trafficking. As you know, the total federal effort basically encompasses three interrelated programs; these are eradication at the source, education of the consumer, and interdiction of the trafficker. The Coast Guard's role falls within the interdiction phase, where we stand as a coequal partner with the Drug Enforcement Administration and the U.S. Customs Service. Inspection of the Federal drug interdiction effort shows each of these agencies seized numerous types of controlled substances during the routine course of their operations; however, each agency's particular dedication of resources in accordance with mission responsibilities lead to the interdiction of certain specific drugs. Thus, the Coast Guard intercepts the greatest portion of marijuana that is interdicted by the Federal agencies. The Coast Guard's role is dictated by the fact that marijuana is a bulk commodity, commonly shipped by sea and readily detectable during at sea boardings.

Most drug traffic originates in the Caribbean, generally along the North Coast of Colombia in the vicinity of the Guajira Peninsula. As the smuggler sails north he generally passes through one of four channels, or "choke points," then proceeds toward the Bahamas, Florida or the Gulf Coast. Some

vessels attempt to avoid the law enforcement pressure off Florida by offloading further north along the Mid-Atlantic or New England seacoasts. The choke points are an important geographical advantage that concentrate targets so that one or two cutters with helicopters can completely cover each passage.

Approximately 60 percent of all marijuana smuggled into this country (6-9 thousand metric tons) is transported by sea. Coast Guard drug enforcement strategy is directed at ships having the highest potential for disrupting the flow of drugs. Most of this traffic is conducted by larger vessels (motherships) intending to offload their cargo to smaller vessels once they are adjacent to the U.S. Coast line. Our analysis shows these motherships to be 60-200 foot vessels. One mothership seizure may remove as much marijuana from the smugglers as would 10-20 smaller seizures closer in to shore. In short, we get larger quantities of marijuana for the effort by seizing motherships before they disperse their loads.

To make the most effective use of our resources, therefore, we attempt to interdict motherships in the choke points. Analysis of our cutter usage shows we have been able to effectively occupy the passes approximately 18% of the time. To increase that percentage we are proceeding with a series of initiatives which we hope will result in a 25% occupation of the choke points. We have found that our effectiveness in interdiction efforts as related to seizures is a linear progression which is directly proportional to our time on station.

Thus when we expanded efforts in the choke points last fall after the Cuban Flotilla we were able to greatly increase the number of seizures and eventually interdicted greater than 30 percent of the maritime drug traffic during October,

November and December. During normal operations our patrols are abated after a seizure and arrest in order to promptly return the prisoners to the U.S. for hearings before a magistrate. This action causes a substantial loss of patrol time which cannot effectively be recouped. We are currently examining alternatives to this procedure which may alleviate the impact. For instance, we have entered into an agreement with the Navy to permit the transfer of prisoners ashore at Guantanamo where they are promptly flown to Florida for appropriate judicial action. The vessels are moored under appropriate security and eventually taken to Florida while the cutter completes the scheduled patrol. This procedure should work well for the Windward Passage but is not available for use in the Yucatan Passage. We are comparing the right to prompt determination of probable cause for detention with the situation of arrest hundreds of miles offshore to see if we can complete scheduled patrols.

The Coast Guard's overall 10 year goal is to interdict 75% of the marijuana trafficked in the marine environment. A 5-year goal of 50 percent is also established. We have based our ten year interdiction goal on the economics of marijuana smuggling where the rate of return on investment is estimated to be approximately 10 to 1. We believe that the trafficker will continue to operate in the business as long as a certain return on investments is met or exceeded. If the return falls below this threshold value, which we believe to be 25 percent, investors in the smuggling trade will seek an acceptable return elsewhere or change to another mode, probably air transportation.

Our interdiction analysis illustrates the enforcement level required to reduce the smugglers' net return to a 25 percent profit. The cost of purchasing marijuana at both the source and the retail level has remained essentially

constant over the past few years. Additionally, the costs associated with shipping large quantities of contraband are not significant when compared to the profit made by the smugglers. We have, therefore, assumed that these overhead costs will remain fixed. Given these factors, the only practical means of influencing the economics of this trade is to seize enough drugs to truly reduce the profit margins.

The graph attached to this statement shows this relationship at various profit ratios. Taking a look at a very conservative unit selling price to unit cost ratio of only 5 to 1 we can see that a 75 percent interdiction rate is necessary to reduce the net profit to the threshold value of 25 percent. We feel that this interdiction level is a conservative goal since a well organized smuggling organization would probably achieve a ratio higher than 5 to 1.

Drug trafficking has become big business with organized crime elements greatly involved, and the citizens of the United States the eventual loser in these illegal activities.

In Fiscal Year 1981, the Coast Guard seized \$2.6 billion worth of illicit substances, primarily marijuana with lesser amounts of methaqualone and other drugs as shown in the table of statistics attached to this statement.

Even with these results, we feel we have failed to deter drug trafficking at sea. The large profit margins, coupled with a low interdiction percentage, make drugs an attractive commodity for investment. Additionally, with the modest sentences given to those arrested, prosecuted and convicted, deterrence to smuggling activity is poor. Prior to the September 1980 with the passage of

P.L. 96-350, the deterrence of conviction if caught smuggling was almost non-existent. Since the new law was enacted, prosecutions and convictions have increased dramatically, however, at the moment it would appear that traffickers are willing to accept the increased risk of prison sentences and fines as a "cost of doing business."

Several initiatives before Congress may be helpful, but those which apply to interdiction operations will fall well short of deterring traffickers. It is within that key word, "deterrence", that the final solution lies. In that respect the Coast Guard fully supports many of the recommendations made by the Attorney General's Task Force on Violent Crime, especially those dealing with stiffer penalties, bail reform and reform of the criminal justice process to enhance the ability to prosecute drug-related cases.

Thank you.