

- 1980 The majority of drugs smuggled into the United States come via Florida and the Caribbean,¹ with the Bahamas developing as the transshipment route between Colombia and the U.S.² Small planes are often used to make drops, as they are quicker and cheaper to use than boats.
- 1982 The Drug Enforcement Agency (DEA) begins Operation Bahamas and Turks (OPBAT) with the deployment of two Huey helicopters³ dedicated to curbing drug smuggling from the Bahamas into Florida, 8 hours a day, 7 days a week. In the next few years, over 1,100 sorties result in the capture of more than \$1.5 billion in drugs, vessels, vehicles, aircraft, equipment and weapons.⁴
- 1983 In spite of OPBAT, the volume of drugs smuggled into Florida continues to climb.⁵ OPBAT is extended to 16hours a day, 7 days a week.⁶
- 1984 The volume of drugs smuggled into Florida reaches an all-time high.
- 1987 The OPBAT watch is extended to 24 hours a day, manned by both the DEA and Coast Guard.⁷
- 1991 The success of OPBAT pushes traffickers from the Bahamas to Mexico and the Caribbean, and as much as 40% of the cocaine smuggling is re-routed to Puerto Rico. There is tremendous increase in drop-offs and seizures, and with cocaine in such abundant supply, the price plummets to \$11,000 a kilo, half of what it costs in Miami. Federal officials, believing Puerto Rico's main role is as a transfer point for drugs destined for the mainland, deploys an aerostat radar balloon in the southwestern town of Lajas. The device is capable of detecting any small plane attempting to make a drop, but even before it becomes operational the U.S. Customs Service detects a trend away from the airdrops to seaborne smuggling, make their job ten times more difficult.⁸
- 1994 Puerto Rico and the Virgin Islands are declared a High Intensity Drug Trafficking Area (HIDTA). The more than 363 miles of coastline in Puerto Rico and the 105 miles in the Virgin Islands make it ideal for coast smuggling activities. Puerto Rico is particularly attractive due to the fact that is a U. S. major commercial port, and has the strongest economy in the region.⁹
- 1995 The U.S. Customs Service begins Operation HARD LINE along the Mexico/U.S. border, performing more intensive and more numerous examinations of all arriving cars, pedestrians, and

¹ “Statement by DEA Administrator Thomas A. Constantine before the House Judiciary Committee Subcommittee on Crime,” April 3, 1997

² “U.S. Ambassador affirms respect for Inagua report,” by Jimenita Swain, The Nassau Guardian, November 29, 2004

³ Drugs, Democracy and Human Rights Project, U.S. Law Enforcement Overview, 2002

⁴ www.globalsecurity.org/military/systems/aircraft/uh-1n.htm

⁵ “Puerto Rico Hopes New Radar will Stymie Airborne Drug Smugglers,” by Harry Turner, Scripps Howard News Service, July 8, 1991

⁶ Drugs, Democracy and Human Rights Project, U.S. Law Enforcement Overview, 2002

⁷ Drugs, Democracy and Human Rights Project, U.S. Law Enforcement Overview, 2002

⁸ “Puerto Rico Hopes New Radar will Stymie Airborne Drug Smugglers,” by Harry Turner, Scripps Howard News Service, July 8, 1991

⁹ Puerto Rico/U.S. Virgin Islands HIDTA Mission Statement, Office of National Drug Control Policy, February 7, 2005

commercial trucks, and increasing the number of smuggling investigations.¹⁰ As the border controls tighten, smuggling groups begin to turn back to the Caribbean and South Florida.¹¹

- 1995 President Bill Clinton's National Drug Control Strategy shifts emphasis from transit zone interdiction, which had proved so successful, to source country efforts. Funding for transit zone interdiction is slashed nearly in half, severely impairing its capabilities.¹²

Colombian police arrest Gilberto Rodríguez Orejuela, leader of the Cali cartel, which used the traditional Mexican border routes to smuggle cocaine to the US.¹³ New and younger groups quickly surface that instead look to place their command and control infrastructure in the Caribbean, mostly in Puerto Rico, to control the movement of cocaine and heroin to the U.S.¹⁴

The Drug Enforcement Administration opens a regional office in San Juan, Puerto Rico.¹⁵

- 1996 Under Operation HARD LINE, drug seizures in West Texas and New Mexico increase by 50%.¹⁶ Smuggling groups continue to turn to the Caribbean and South Florida.¹⁷ The percentage of cocaine entering the U.S. by way of the Eastern Caribbean rises rapidly to an estimated 40%. With its ability to intercept drugs reduced by budget cuts, Puerto Rico becomes a corridor of choice for traffickers bringing drugs into the U.S.¹⁸

- 1997 Colombian traffickers transform Puerto Rico into the largest staging area in the Caribbean for smuggling cocaine and heroin into the U.S. The municipalities in the central mountain range and the south coast provide the bases of operation for the Colombian syndicates.¹⁹ Between seven and 12.8 metric tons of cocaine are smuggled monthly into Puerto Rico, nearly 80 percent of which is shipped to the U.S. -- accounting for between 17 and 33 percent of the total amount of cocaine smuggled into the country. This increase in drug activity is accompanied by a rise in money laundering, public corruption and violent crimes. Attorney General Janet Reno directs the

¹⁰ U.S. Customs Service Press Release, July 31, 1997

¹¹ "Statement by DEA Administrator Thomas A. Constantine before the House Judiciary Committee Subcommittee on Crime," April 3, 1997

¹² "Statement of Rep. Bill McCollum, Chairman, Subcommittee on Crime, Congressional Hearings on U.S. Counter-Narcotics Efforts in the Caribbean," April 3, 1997

¹³ BBC News Profile, December 4, 2004

¹⁴ "Statement by DEA Administrator Thomas A. Constantine before the House Judiciary Committee Subcommittee on Crime," April 3, 1997

¹⁵ "Statement of Rep. Bill McCollum, Chairman, Subcommittee on Crime, Congressional Hearings on U.S. Counter-Narcotics Efforts in the Caribbean," April 3, 1997

¹⁶ U.S. Customs Service Press Release, July 31, 1997

¹⁷ "Statement of Rep. Bill McCollum, Chairman, Subcommittee on Crime, Congressional Hearings on U.S. Counter-Narcotics Efforts in the Caribbean," April 3, 1997

¹⁸ "Statement of Rep. Bill McCollum, Chairman, Subcommittee on Crime, Congressional Hearings on U.S. Counter-Narcotics Efforts in the Caribbean," April 3, 1997

¹⁹ "Statement by DEA Administrator Thomas A. Constantine before the House Judiciary Committee Subcommittee on Crime," April 3, 1997

FBI and the DEA to conduct an assessment and provide recommendations on how to address the problems of rapidly rising crime in Puerto Rico and the U.S. Virgin Islands.²⁰

Twelve Delta Airlines employees are indicted, and twenty others are investigated, for working with the Cali cartel to smuggle between 6,000 to 10,000 kilograms of cocaine between Puerto Rico and the U.S. Drug enforcement officials estimate 30 to 40 percent of the drugs coming from Latin America pass through Puerto Rico.²¹

The small northeastern town of Fajardo becomes the main gateway in what is now one of the main routes for smuggling cocaine into the U.S. 90% of the trafficking is controlled by Dominican gangs working in Puerto Rico. Speedboats make the dash from Colombia in less than a day, while freighters and planes rendezvous with smaller boats that shuttle the loads to cooling off hideouts in places like Haiti and the Dominican Republic. Most of those shipments are smuggled into Puerto Rico, put aboard cargo containers and shipped by sea to the mainland. The final smuggling run involves small, local-made, shallow-draft boats that dash into Fajardo. With gunwales barely one or two feet above water, the local smacks are almost impossible to spot on radar when waves are two or more feet high. They come in at night at top speed, and even if spotted, they are tough to chase because the water is just four to five feet deep in most places.²²

1998 Eight police officers are arrested for using their police launch to shuttle cocaine from the small island of Vieques to Fajardo.²³

Attorney General Janet Reno formally recognizes the public safety crisis that has developed in Puerto Rico over the past decade, and affirms that up to 30% of all cocaine entering the U.S. is now being transshipped through Puerto Rico.²⁴

1999 According to United Nations estimates, the Caribbean for the first time in years outstrips the Mexican border as the leading point of entry for cocaine into the U.S., accounting for more than two-thirds of the estimated 500 tons of cocaine produced in South America.²⁵

2000 Puerto Rico is declared a High Intensity Financial Crimes Area (HIFCA).²⁶

2001 26% of the cocaine intercepted by law enforcement en route to the United States transits the Caribbean Corridor. Most of the cocaine smuggled into Puerto Rico and the Virgin Islands is transshipped to markets in the mainland including Miami, New York, and Newark.²⁷

²⁰ "Statement of FBI Director Louis J. Freeh before the House Judiciary Committee Subcommittee on Crime," April 3, 1997

²¹ "Delta workers indicted for cocaine smuggling," *Atlanta Business Chronicle*, July 30, 1997

²² "Puerto Rico new cocaine entry point," *The Miami Herald*, October 11, 1998

²³ "Puerto Rico new cocaine entry point," *The Miami Herald*, October 11, 1998

²⁴ "Puerto Rico: Battle Over Island Drug Czar Exposes Fault Lines on Drug Policy,"

StoptheDrugWar.org: the Drug Reform Coordination Network (DRCNet), March 9, 2001

²⁵ "Puerto Rico: Battle Over Island Drug Czar Exposes Fault Lines on Drug Policy,"

StoptheDrugWar.org: the Drug Reform Coordination Network (DRCNet), March 9, 2001

²⁶ "Island's financial crime rate is on the rise," by Marty Gerard Delfin, *The San Juan Star*, February 14, 2005

Officials estimate 43% of the cocaine that gets to the United States passes through Puerto Rico, and that a quarter of that stays on the island, feeding a vicious cycle of addiction, crime, and corruption. With \$68 million worth of drugs hitting the island's coasts every day - and the corruption seen at various levels of government here in the past few years - the pressure from the drug trade may be too much to resist for some.²⁸

29 members of the Puerto Rican police, including some members of an elite anti-drug unit, were arrested on charges of transporting and protecting cocaine shipments in an FBI sting named "Operation Lost Honor," the single largest case of police corruption in the agency's history. While the undercover operation was spectacular, it caught no one by surprise. The public assumes most cops, whose starting salary is \$18,900 per year, are corrupt. The lack of respect for police has in turn generated a casual attitude among many citizens towards obeying the law. It is manifested in many ways, from reckless driving on the highways, to ignoring red lights and stop signs, to pervasive littering and illegal dumping to widespread tax evasion. On a more ominous level, there are entrenched criminal networks of drug traffickers, money launderers and illegal lottery operators taking advantage of the island's anything-goes ambience. They operate with seeming impunity, despite the presence of more than 19,000 police on an island measuring just 35 miles by 100 miles.²⁹

2002 The island's police-corruption scandal widened dramatically with "Operation Blue Shame," in the southern city of Ponce, where 23 more officers are charged with protecting drug buys, returning seized cocaine and heroin, lying to prosecutors, selling stolen guns and drugs, and helping to hide dealers during drug stings. They also were paid to skip trials, forcing cases to expire. Acting Assistant U.S. Attorney Guillermo Gil adds reports of lies, delay tactics and administrative maneuvering that put three judges, a marshal and two prosecutors in collusion with the street thugs. With no jurisdiction to charge them, Gil writes letters to local officials asking them to investigate these acts, including an incriminating tape of one judge in which he admits accepting payments from lawyers and bail bondsmen, and asks for more.³⁰

Out of a population of nearly four million, only 15,000 Puerto Rican taxpayers report an income of over \$100,000. in direct contrast with the luxury cars and homes seen everywhere.³¹ The average reported annual net income of the professional class, including doctors, engineers and lawyers, is only \$18,000. Ironically, with an underground economy estimated at \$10,474 million and with over 220,000 working individuals who do not file income taxes, only thirteen criminal tax evasion charges are filed in a four-year period.³²

²⁷ "Puerto Rico and the U.S. Virgin Islands Drug Threat Assessment," National Drug Intelligence Center, July 2003

²⁸ "29 face charges as corruption case rocks Puerto Rican police," Orlando Sentinel, August 27, 2001

²⁹ "Corruption Finds Fertile Soil In Police Department," by Robert Becker, The Puerto Rico Herald, August 24, 2001

³⁰ "Did judges aid drug dealers?," by Ivan Roman, Orlando Sentinel, January 18, 2002

³¹ "Injusto sistema contributivo," by Maricelis Rivera Santos, El Vocero, February 16, 2005

³² "La élite política en el centro de la evasión," by Miguel Díaz Román El Nuevo Día, August 21, 2005

2003 40 law-enforcement officers are killed in Puerto Rico from 1994 to 2003 -- more than in Florida and New York combined, and the highest number per capita in the United States.³³

Of the sixty drug smuggling organizations the DEA has identified worldwide, twenty of them impact Puerto Rico. An estimated 50 metric tons of cocaine are smuggled yearly through Puerto Rico and the Dominican Republic. Middle-aged drug lords are replaced by 18 and 20 year olds. These new bosses typically come from poor families but quickly climb the "corporate ladder" and travel to Colombia as executives to coordinate their shipments. The FBI estimates that between 80 to 90 percent of the drugs entering Puerto Rico continue on towards the mainland. According to a Coast Guard official, "If you're in Puerto Rico, you're in Arkansas."³⁴

Intelligence sources estimate more than 90% of cocaine is transported onboard ocean craft, the majority via noncommercial craft. Multi-engine, fiberglass, vessels known as "go-fasts" are used often because they are small, extremely fast and maneuverable, almost impossible to detect via radar, and very difficult to detect visually, even from aircraft when the go-fast is stopped. A myriad of other means, among them fishing boats, pleasure craft and small freighters are used as well, making it impossible for law enforcement to concentrate on only one type of vessel.³⁵

According to the Office of National Drug Control Policy's Caribbean Cocaine Threat, the estimated flow of cocaine directly through Puerto Rico and the U.S. Virgin Islands is 11 metric tons, 44 metric tons flowing through Hispaniola and another 27 metric tons through the eastern Caribbean and Lesser Antilles. Since most of the cocaine passing through Hispaniola and the Lesser Antilles is transshipped through Puerto Rico, the total flow through the island to the continental U.S. is estimated to be 82 tons, or fifteen percent of the total flow into the U.S.³⁶

A U.S. Customs Service drug investigation leads regulators to Banco Popular de Puerto Rico (BPPR), the island's largest bank, where Italian businessman Robert Ferrario Pozzi had laundered more than \$20 million.³⁷ BPPR admits violations of federal anti-money-laundering rules and is fined \$21.6 million, but avoids criminal prosecution in spite of the fact that several suspicious transactions, including deposits in paper bags or gym bags stuffed with small bills, had been made by customers of the bank - which filed late or inaccurate reports of suspicious activities, resulting in the laundering of millions of dollars of drug proceeds.³⁸

An IRS investigation targeting Jairo de Jesus Vallejo Jurado revealed that from late 1998 through 2000, Vallejo used two accounts at BPPR to launder nearly \$2 million of narcotics proceeds.

³³ "Trying To Stem The Tide," by Matthew Hay Brown, The Hartford Courant, July 25, 2005

³⁴ "Atractivo 'puerto' para el traficante," by Leonor Mulero, El Nuevo Día, June 22, 2003

³⁵ Organization of American States-Inter-American Drug Abuse Control Commission-CICAD, November 13, 2003

³⁶ Statement of Puerto Rico Federal Affairs Administration (PRFAA) Director Eduardo Bhatia, before the House Government Reform Committee, Subcommittee on Criminal Justice, Drug Policy and Human Resources, July 29, 2005

³⁷ "Island's financial crime rate is on the rise," by Marty Gerard Delfin, The San Juan Star, February 14, 2005

³⁸ "Puerto Rican bank accused of money laundering fined \$21.6 million," by Marcy Gordon, Associated Press, January 17, 2003

This investigation was expanded to include approximately eleven accounts maintained at BPPR by Dominican Republic money services business that appear to have laundered billions of dollars in criminally derived proceeds. The corporation, including the Board of Directors and other managers, had knowledge of the money laundering and were willfully blind to the activity.³⁹

2004 A study by the U.S. Treasury Department reveals that the number of suspicious transactions reports (SARS) filed by Puerto Rican banks rose by more than 40% in the last year, and has climbed another 25% in the first six months of 2004. The island's gambling industry ranked eighth in the nation in filing SARS, while money service businesses came in at 14th in the number of filings. Puerto Rico's total bank assets of 49.7 billion far exceed its gross domestic product and, while Florida and New York have more money laundering cases, the island tops the 10 federal judicial districts in largest percentage of money laundering cases.⁴⁰

Smugglers use cruise ships, posing as passengers on ocean liners arriving in the port of San Juan. The FBI arrests five local policemen for moonlighting as guards for drug gangs. More than 100 Puerto Rican cops have been arrested the past two years on corruption charges in drug cases.⁴¹

Nine American Airlines employees are indicted for smuggling 40 kilos of cocaine from Puerto Rico into Dallas, Miami, Philadelphia and New York City, by hand-carrying the drugs through the passenger terminals, baggage claim and the ramps in order to avoid security. Twelve Ponce Air Services employees are also indicted for smuggling 205 kilos of cocaine and heroin from Puerto Rico's Luis Muñoz Marín airport to New Jersey, New York and Pennsylvania, using assorted flights from Continental Airlines, Spirit Airlines and US Airways.⁴²

2005 The volume and purity of the cocaine and heroin available in Puerto Rico reach new highs.⁴³

A Federal Grand Jury indicts nine Municipal Guards for protecting drug shipments. The joint operation of the FBI and the Immigration and Customs Enforcement (ICE) accuses the nine police officers with possession of cocaine and heroin with the intent to distribute, and with using firearms during the commission of drug related crimes.⁴⁴

Using methodology set by the National Bureau of Economic Research study "Corruption in America," economist José I. Alameda Lozada ranks Puerto Rico 14th when compared to the 49 continental states in incidents of corruption if calculated by population, and as high as fifth if based on per capita income, behind only California, Florida, New York, Illinois and Ohio.⁴⁵

³⁹ Puerto Rico/U.S. Virgin Islands HIDTA Report, February 7, 2005

⁴⁰ "Island's financial crime rate is on the rise," by Marty Gerard Delfin, *The San Juan Star*, February 14, 2005

⁴¹ "Murders on Puerto Rico," by Chuck Goudie, ABC7 I-Team, March 2, 2004

⁴² "Culpable empleado del aeropuerto por tráfico de droga," by Rosita Marrero, *Primera Hora*, October 7, 2004

⁴³ "Más pura y accesible la droga en la Isla," by Gerardo Cordero, *El Nuevo Día*, June 28, 2005

⁴⁴ "Gran Jurado acusa a guardias municipales que protegían drogas," *Primera Hora*, July 7, 2005

⁴⁵ "Puerto Rico en el puesto 14 por corrupción," by Oscar J. Serrano, *Primera Hora*, January 27, 2005

Eduardo Bhatia, Director of the Puerto Rico Federal Affairs Administration (PRFAA), tells the U.S. Congress that 25 percent or more of the cocaine entering the United States comes from the Caribbean corridor, with the flow through Puerto Rico contributing greatly to this percentage. This causes locally an extraordinarily high significance of violent crime, particularly murder. Coupled with an unemployment rate double that of the rest of the U.S., local involvement with criminal gangs is all too common, and causes immeasurable impacts to the economy, education system, and quality of life. "In a certain sense, the impacts from narco-trafficking bring a certain level of terrorism to Puerto Rico's communities."⁴⁶

During the second Puerto Rican Symposium on Anti-Money Laundering, U.S. Attorney H.S. Bert García warns that Puerto Rico is earning the dubious reputation of becoming the No. 1 money laundering capital of the world if private industry officials don't cooperate with federal authorities.⁴⁷ Asst. U.S. Attorney Nereida Meléndez stated that in many instances bank officials know their clients are laundering money but don't question it because of their camaraderie with the individual. Asst. U.S. Attorney Sonia Torres Pabón added it is important to go after the top individuals who are laundering money and not just the operators of the drug *puntos*, as it is these wealthy people driving luxury cars who are ultimately responsible for all the drug murders plaguing the island.⁴⁸

Seventeen firearms are confiscated in packages brought in by UPS, evidencing the new and growing trend to send arms to Puerto Rico via commercial air couriers. Criminals have detected security loopholes in the air cargo and package delivery sectors that allow for illegal activity.⁴⁹

Puerto Rico, along with New York and Miami, is one of the three top spots in the United States where cash from drug proceeds is collected for money laundering.⁵⁰

Colombian cocaine shipments coming through Puerto Rico and the U.S. Virgin Islands annually climb to 165 tons of cocaine. Chronic violence makes Puerto Rico more dangerous for law-enforcement officers than any U.S. state. Yet law enforcement efforts continue to suffer from lack of funds and understaffing. Governor Aníbal Acevedo Vilá bemoaned to the press: "In Puerto Rico, we still don't have a DNA lab fully working." "We're among the few jurisdictions in the United States where the fingerprints are not digitalized as part of the FBI system." "The information system of the priors of every criminal and every criminal action in Puerto Rico, well, that system has never been updated."⁵¹

⁴⁶ Statement of Puerto Rico Federal Affairs Administration (PRFAA) Director Eduardo Bhatia before the House Government Reform Committee, Subcommittee on Criminal Justice, Drug Policy and Human Resources, July 29, 2005

⁴⁷ "Island's financial crime rate is on the rise," by Marty Gerard Delfin, *The San Juan Star*, February 14, 2005

⁴⁸ "P.R. still seen as money laundering haven," by Marty Gerard Delfin, *The San Juan Star*, February 5, 2005

⁴⁹ "'Caen del cielo' armas y drogas," by Carmen Edith Torres, *El Nuevo Día*, August 12, 2005

⁵⁰ "Trampolín del lavado de narcodólares," by Carmen Edith Torres, *El Nuevo Día*, June 19, 2005

⁵¹ "Trying To Stem The Tide," by Matthew Hay Brown, *The Hartford Courant*, July 25, 2005