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## Tracking the Genesis of the Crack Trade

By JESSE KATZ  
TIMES STAFF WRITER

The crack epidemic in Los Angeles followed no blueprint or master plan. It was not orchestrated by the Contras or the CIA or any single drug ring. No one trafficker, even the kingpins who sold thousands of kilos and pocketed millions of dollars, ever came close to monopolizing the trade.

Instead, a Times investigation has found that the explosion of cheap, smokable cocaine in the 1980s was a uniquely egalitarian phenomenon, one that lent itself more to makeshift mom-and-pop operations than to the sinister hand of a government-sanctioned plot. Anyone, even an illiterate high school dropout, could learn to cook crack on a kitchen stove, hawk it on a street corner and be \$100 richer — all in the same day.

A firestorm of controversy has followed a report in late August by the San Jose Mercury News that a Nicaraguan drug network with ties to the CIA-backed Contra rebels allegedly opened the first cocaine pipeline to the black neighborhoods of Los Angeles. These Nicaraguans are said to have provided tons of cocaine over the course of a decade to a South-Central dealer named "Freeway" Ricky Ross. Ross, in turn, purportedly funneled his supply to the Bloods and Crips, generating the cash that paid for their automatic weapons and catapulting the crack crisis across urban America.

That notion, advanced by activists and politicians and popularized via airwaves and computer lines, has revived the long-running debate over the roots of South-Central's painful clash with cocaine. Often repeated in hyperbolic terms, the allegations have bolstered suspicions of a genocidal conspiracy; an editorial cartoon appearing in newspapers last month showed CIA agents driving through the ghetto, tossing nuggets of crack from their car.

For many African Americans, such a scenario is within the realm of belief, even if the details might be inaccurate or unverified. It appears to help explain how the plague of crack infected a community that had neither the resources nor the

machinery to import cocaine. It also fits into a pattern of official discrimination and disregard – from Jim Crow laws to the infamous Tuskegee syphilis experiments – that is still felt by blacks to a degree that many whites don't readily comprehend.

The story of crack's genesis and evolution, however, does not follow a simple, linear path. It is filled with a cast of interchangeable characters, from ruthless billionaires to strung-out curb dealers, none of whom is central to the drama. They operate in a world of shifting alliances and fleeting fortunes, where buyers become sellers and sellers become buyers, sometimes from one day to the next, depending on the vicissitudes of supply and demand.

Although it's unclear what, if anything, the U.S. government may have known about this trade, a few truths are clear: Cocaine was flowing from Colombia into Los Angeles, including its black neighborhoods, long before the Nicaraguan traffickers arrived on the scene. Oscar Danilo Bandon, the ring's Los Angeles point man, was not "the Johnny Appleseed of crack in California," as the Mercury News contended. Crack already was here. South-Central drug dealers manufactured it, not Latin American middlemen.

There also is no evidence that any significant drug profits from the Nicaraguan ring were pumped back to the Contras. Far from the "millions" allegedly sent, less than \$50,000 went to the rebel cause, according to a Contra supporter and a business partner who sold drugs with Bandon. Nor did crack sales fill the coffers of the Bloods and Crips. Although individual gang members profited from the drug, most experts consider the gangs too disorganized and preoccupied with their own rivalries to function as efficient criminal enterprises.

Ross, for his part, was determined to rise to the highest echelons of the drug world, with or without the help of his Nicaraguan sources. According to interviews and court testimony, he was an established crack retailer before meeting Bandon in 1983 or 1984, at which time the Nicaraguan said his tenuous links to the anti-Sandinista resistance already had been severed. Even then, Ross continued to curry favor with a host of other cocaine suppliers of various backgrounds, playing one group off the other in a quest for the best possible price.

"This was not some grand design of the drug cartels or someone at CIA headquarters in Langley, Va., who was sitting around thinking up ways to raise money for the Contras," said UCLA professor Ronald K. Siegel, who did some of the nation's first research on smoking cocaine.

Rather, the rise of crack was driven by a broad array of factors, from a

worldwide glut of powder cocaine to shifting tastes among addicts to the entrepreneurial moxie of the inner-city hustlers who marketed it, according to court records, epidemiological studies and numerous interviews with law enforcement officials, drug dealers and academics.

In many ways, crack's emergence served the needs of all who touched it. For the Colombian smuggling cartels, crack opened up a new market for exporting huge quantities of cocaine at a time when prices were plummeting. For the users, crack offered a swifter, more intense high than snorting the drug, and at a unit price — about \$20 — that seemed more affordable than it really was. For the street-level retailers, crack became a parallel economy, creating a new subclass of outlaw capitalists in an era of shrinking legitimate prospects.

"The crack cocaine market was highly decentralized, involving primarily freelance distributors," according to a Drug Enforcement Administration report on the history of crack. The trade, it added, was "open to any person with access to cocaine and a desire to distribute."

None of this was unique to Los Angeles. Crack was breaking out elsewhere — New York, Washington, Miami — at almost exactly the same time in the early 1980s. In the East, it was spread by a slew of independent contractors, often organized along ethnic lines, including Jamaicans, Dominicans and Haitians with direct ties to the Colombian cartels. In the black neighborhoods of Los Angeles, the competition was equally fierce. Although Ross was a dominant figure, he still had to jostle with the likes of Thomas "Tootie" Reese, Wayne "Honcho" Day, Elrader "Ray Ray" Browning and the Bryant family — all drug lords of the late '70s and early '80s who came on the scene either before Ross or at the same time.

Ross was still big enough that Los Angeles authorities in 1986 formed the "Freeway Rick Task Force," which contributed to his reputation as crack's leading entrepreneur. But even members of that squad acknowledge they could have picked any number of targets.

"Ricky had his own piece of the pie, but it was a huge pie out there," said retired Los Angeles Police Officer Stephen W. Polak, a member of that task force. "There was enough for everybody."

At the Mercury News, Executive Editor Jerry Ceppos now acknowledges that he is unsure whether Ross' Nicaraguan ring was the first to bring cocaine to Los Angeles' African American neighborhoods. But Ceppos says he continues to believe it was the first to import the drug in "huge masses" that "people in South-Central could afford."

## Highway to Riches

Today, as Ricky Donnell Ross awaits sentencing on cocaine conspiracy charges, he paints himself as a victim – created and betrayed by Blandon, who himself was convicted of cocaine trafficking in 1992 and then helped the government snare his old customer in a sting. For Ross, it is more than self-pity; if he can prove that the CIA or the Contras behaved more egregiously than he, he may be able to convince a U.S. District Court judge to spare him from a life in jail.

“I feel now just like the slaves, when they used to hang them for nothing,” Ross said in a recent interview at the Metropolitan Correctional Center in San Diego.

But this was not always Ross’ tune. In a series of interviews with *The Times* dating back to his last release from prison in 1994, Ross described himself in far cagier, more charismatic terms.

“I wanted to rise to the top,” Ross said. “I wanted to be the biggest drug dealer in L.A. It’s not something that just happened. I set out to do it.”

His introduction to cocaine came not from a nefarious Latin American cartel, but a friend from his own South-Central Los Angeles neighborhood. His name, according to court testimony by Ross, was Michael Willie McLaurin. He was a few years older, a football player at San Jose State, “kind of like a big brother figure to me,” Ross testified. (McLaurin, who was acquitted of cocaine distribution and conspiracy charges after being busted in the same undercover sting last year with Ross, could not be reached for comment.)

As Ross recounted in an interview, McLaurin came home on Christmas break, sporting gold jewelry and boasting of his luck with the ladies. “He starts telling me, ‘Man, I’m having it my way up there,’” said Ross, who has sometimes put this exchange as early as 1979, but now says it was probably closer to 1981 or 1982. Ross said McLaurin presented him with a \$50 chunk of crack.

“I say, ‘No way, man, it ain’t worth \$50,’” recalled Ross, a Dorsey High dropout. “I didn’t even believe it was cocaine.”

Tempted by the promise of easy money, Ross said he took the rock to Algin Sutton Park, at 88th and Hoover, where he found an old pimp named Martin. Martin wasted no time smoking it up. Then he ordered \$100 more from Ross, who instantly sensed the financial power of this transaction.

“Once Martin came back with that \$100, there was no doubt in my mind,” Ross said. “I came back and told everybody in the neighborhood: ‘I’m fittin’ to be

rich.”

In an effort to expand, Ross and a boyhood friend stole a car from the faculty lot of their alma mater, Bret Harte Junior High School. They sold the wheel rims, he said, for \$250 and invested it in a few grams of crack. By breaking that into small rocks, they reaped \$500 in return, then continued to “double up,” sinking everything they earned into greater volume.

After several months dealing with McLaurin, Ross has testified that he began buying cocaine from an auto upholstery teacher at the Venice Skills Center whom he knew only as Mr. Fisher.

At the first opportunity, however, Ross slipped his phone number into the hand of Henry Corrales, an alleged Nicaraguan dealer whom he met at Fisher’s Los Angeles home. For much of the next year, probably 1982 or 1983, according to court testimony, Ross was supplied by Corrales and his brother-in-law Ivan Arguellas, who shared a house in Downey. By then, Ross had graduated from ounces to pounds.

“Once we got to \$20,000, it was, like, over . . . over the hill,” Ross said. “The hard work had been done.”

Through Corrales and Arguellas, Ross testified that he was introduced to a circle of Nicaraguan dealers, alternately friends and competitors, including Blandon. College-educated, with a master’s degree in marketing, Blandon served as director of wholesale markets for a Bank of International Development project in Nicaragua until Sandinista rebels toppled the Somoza regime in 1979. He has told people that he arrived in America with just \$100 in his pocket.

In recent court appearances, including the March trial in which Ross was convicted on cocaine conspiracy charges, Blandon testified that he began selling cocaine in 1982 at the behest of Norvin Meneses, a San Francisco Bay Area drug dealer and Contra sympathizer. By the end of 1982, however, Blandon said, he had decided that the Contras were receiving sufficient funds from the Ronald Reagan administration and no longer needed his help. So he began pocketing the drug money.

About a year later, Blandon said, he met Ross, who by then was “a big coke dealer.”

In Ross, he found a disciplined hustler who could sell as much as he gave him, often 50 to 100 kilos a week. Blandon told a business associate at the time that he liked his South-Central customers because they were not especially picky about

the quality of cocaine, which would be diluted, anyway, once it got cooked into crack. “No one in South-Central worried about pH levels and acidity and iridescence,” the source said, adding that dealers like Ross were “buying {stuff} we wouldn’t even show to connoisseurs.”

Ross, meanwhile, continued to cultivate other sources of cocaine. According to testimony in his San Diego trial, Ross still dealt with Arguellas and another pair of Nicaraguan rivals, Jacinto and Edgar Torres, both of whom would later go to prison for drug trafficking. Ross, in an interview, said he once paid \$60,000 just to meet a Colombian supplier. Police records and interviews also show that he maintained a long relationship with David Chow, “a major cocaine distributor in the Los Angeles area during the 1980s,” according to court documents that allege that Chow first sold heroin, and then cocaine, in the city’s black neighborhoods.

“Rick’s an opportunist,” said Polak, the former LAPD officer. “You show me the person who put the gun to his head and said, ‘Here, deal this, infect your community.’”

### **Roots of the Trade**

Although Ross had become a millionaire by 1984 — one of the first to make his fortune solely on crack — the market was so huge by then that even a dealer of his stature could seem dwarfed.

“Even on the best day Ricky Ross had, there was way more crack cocaine out there than he ever could control,” said Lt. Ernie Halcon, a San Fernando narcotics detective.

How the crack epidemic reached that extreme, on some level, had nothing to do with Ross. Before, during and after his reign, a bewildering roster of other dealers and suppliers helped fuel the crisis. They were all responding to market forces that many experts believe would have created the problem whether any one individual sold crack or not.

For nearly 5,000 years, coca leaves have been consumed by South America’s indigenous Incans, who chew the plant for its mildly stimulating effect. So long as nobody tried to snort or smoke the stuff, “there was no cocaine problem,” according to UCLA’s Siegel, who was a consultant to President Reagan’s Commission on Organized Crime.

But the history of the illicit drug world is one of experimentation, a restless quest for sharper highs. Cocaine took the nation by storm in the 1970s. “A veritable blizzard . . . is blowing through the American middle class,” reported a 1981

Time magazine article. Nasal membranes, though, are an inefficient means of absorbing any drug. Lungs offer a more direct route.

Among cocaine aficionados, the preferred method of smoking was called “freebasing,” a complicated procedure involving ether and a blowtorch. By 1980, an estimated 10%, or about 400,000, of all U.S. cocaine users were ingesting the drug this way. That same year, comedian Richard Pryor set himself on fire after a binge in his San Fernando Valley home. He now insists that it was a suicide attempt, not a freak accident. But police, professors and pushers all recall it as a pivotal moment: The publicity not only highlighted the dangers, but heightened awareness that cocaine could be smoked. The search was on for less volatile ingredients.

As it turned out, such a concoction already existed. Throughout the '70s, researchers had found evidence that underground alchemists in California were cooking cocaine with water and baking soda, a simple process that condensed the powder into an easily lit, rock-like lump. The baking soda recipe appeared in print as early as 1976 in a head-shop bestseller titled “Pleasures of Cocaine.” In 1979, a California physician named Franklin Sher appeared before the House Select Committee on Narcotic Abuse and Control, openly describing the procedure for making what was first known here as rock cocaine, and later, crack.

“A saucer, a glass, a paper towel and Arm & Hammer baking soda are about all that is needed,” he explained to the Washington lawmakers.

The shift to crack produced several key marketing advantages. Unlike powder, which could melt in your hand or disperse in an ill-timed sneeze, rock cocaine was durable and easy to package. It was also compact and premixed, requiring no chemical know-how or industrial paraphernalia.

Compared to powder, which usually required a \$100 investment to get high, crack was sold in units cheap enough for almost anybody to afford. The sensation was both intense and fleeting – a perfect combination for luring new clientele.

“The product sold itself,” said T. Rodgers, a founding member of a Bloods faction in the Baldwin Village community of southwest Los Angeles.

Rodgers, who was a pimp before he ever sold drugs, recounted a day in the early '80s when he tried to collect from one of his working girls. She was stepping out of a car, cash fresh in her hand. She eyed Rodgers on the curb, then a nearby rock house. In a second, she had bolted through the door.

“I said, ‘If that stuff can take my whore from me, I need to be on its side,’” Rodgers recalled.

## **The Competition**

An entrenched, highly efficient distribution network was already in place before Blandon or Ross entered the drug trade. Run by Colombians, it had been importing tons of cocaine into Los Angeles by the time crack even surfaced as a problem.

In 1979, federal agents broke up a Colombian ring in Granada Hills that had been flying in 200-kilo loads via Lear jets and twin-engine Cessnas. In 1981, authorities busted another Colombian ring in Van Nuys that had distributed more than 3,600 pounds of cocaine and processed at least \$73 million in just seven months. To distribute the drug, the Colombians established a series of mini-rings known as “cells” in the bedroom communities of Los Angeles, sort of point-of-sale representatives for the cartel bosses back home.

“If there was cocaine being brokered by Nicaraguans, it was not much,” said a former top DEA official in Los Angeles. “All the people we saw were Colombians, Colombians, Colombians. These guys worked the cocaine from the ton to the kilo.”

Their distribution system did not bypass the black community, which has always used cocaine at about the same rate as white America, according to national drug abuse surveys.

Although the Mercury News reported that cocaine was “virtually unobtainable in black neighborhoods” until the Nicaraguan ring arrived, it was certainly no stranger to Tootie Reese, the South-Central kingpin of the ‘60s and ‘70s.

Court records show that Reese was arrested on cocaine charges at least three times—1972, 1977 and 1980—before the explosion of crack. He said in an interview that cocaine’s emerging popularity was linked to heroin’s decline.

“Lots of people were looking to leave heroin,” said Reese, 59, now out of prison and vowing to lead a clean life. “Cocaine came along and took away the craving.”

His introduction to crack came as early as 1976, long before Ross or Blandon were on the scene. Reese said he was in the Bay Area visiting a friend who knew some chemistry students—“white guys at Cal Berkeley,” as Reese put it. From them, Reese said, his friend learned the mechanics of freebasing. Within a year,

they had been taught how to substitute baking soda for ether, turning powder cocaine into crack.

“You know, you got to stay abreast of what’s coming in,” said Reese, adding that the market boomed in South-Central because black dealers “are the ones who can hustle it on the street.”

By the time he was convicted in 1984 for selling cocaine and heroin to undercover agents, Reese was “probably the best known narcotics trafficker in this town, particularly in the black community,” William R. Coonce, special agent in charge of the DEA, said at the time. Reese, who said he dealt with Colombian suppliers, owned three Rolls-Royces and real estate valued by the U.S. government at \$2 million to \$4 million.

When it became clear that Reese was out of the picture, word hit the streets that “it was wide open territory,” according to former Assistant U.S. Atty. Daniel J. Broderick, who prosecuted Reese. The day after his sentence was handed down, “all the [news]papers in the L.A. County Jail were gone,” so eager were the inmates to read about the demise of the “godfather of drugs,” Broderick recalled.

As one South-Central millionaire was going down, another African American drug ring across town was on the rise.

Although they are not widely known outside of the northeastern San Fernando Valley, Jeffrey and Stanley Bryant, drug-dealing brothers linked to the Black Guerrilla family prison gang, are believed to be among the first in Los Angeles to create fortified rock houses, according to authorities. These mini-fortresses — equipped with steel bars, surveillance cameras, caged entrances and electronically controlled doors — resulted in the LAPD’s first search warrant in 1985 involving the use of its 14-foot mechanized battering ram.

Detective David H. Lambert, who was assigned almost exclusively to tracking the Bryants, described a sophisticated operation with upward of 200 employees on round-the-clock shifts, their hours dictated by written work schedules that included paid vacations.

“What they probably did was fine-tune the cocaine distribution, from bulk right down to street level, as well as anybody I’ve seen,” said Lambert, who worked on the Bryants case until 1990, when family members were accused and later convicted of orchestrating the chilling murder of two rival drug dealers and two witnesses, including a 2-year-old child sitting in a parked car.

**New Frontiers**

Just as crack sales were beginning to erupt across Los Angeles, turning street corners from MacArthur Park to Venice Beach into open-air drug bazaars, another event unrelated to Ross or Blandon dramatically altered the market.

In an effort to staunch the flow of cocaine into the country, U.S. authorities in the early '80s launched a massive crackdown in southern Florida, which was then the principal port of entry for the drug. Those air-and-sea interdiction efforts redirected traffickers through Mexico and then into Southern California. In 1985, the DEA issued a news release pointing out that Los Angeles cocaine prices, for the first time, were cheaper than those in Miami.

Those price differentials suddenly opened new frontiers for the South-Central dealers. If a kilo could be bought here for as little as \$10,000 – and then doctored into two kilos with cheap additives like procaine – there were tremendous profits to be made by shipping it to distant communities, such as Seattle, Denver and Kansas City, where prices might still be double or triple the Los Angeles rate.

Law enforcement authorities, frustrated by these inadvertent turns, often compare their efforts to squeezing a half-inflated balloon. As soon as one trafficker is brought down, another pops up. When one route into the country is plugged, another sprouts.

“Every way we turn, there’s somebody finding a way to get it in,” said Richard Gorman, associate special agent in charge of the DEA office in Los Angeles. “What remains consistent is that cocaine is coming into the Los Angeles area and, from L.A., it’s being shipped out.”

Ross began exporting too, taking his crack enterprise to Cincinnati, where federal authorities named him in a 1989 interstate trafficking indictment. In an odd turn of events, the Los Angeles officers who had been tracking him, including Polak, had also been indicted – part of a massive money-skimming and brutality case that ranks among the worst corruption scandals in local police history.

Although many of the most serious charges against the officers have been dismissed, the U.S. government wanted Ross as a witness. In exchange for his testimony, he was paroled in 1994, after serving less than five years.

As big as Ross was, his interstate operation was quickly surpassed by another South-Central up-and-comer, Brian Bennett, an audacious young dealer with the nickname “Waterhead Bo.” In just two years, from 1986 to 1988, authorities contend that he rose from inner-city poverty to the heights of “high-roller” status, building one of “the largest cocaine distribution groups headed by a black trafficker,” said former Assistant U.S. Atty. Russell Hayman. Just 24, Bennett was

selling more than a ton of crack a week.

His secret weapon, according to federal investigators, was Mario Ernesto Villabona, a member of Colombia's notorious Cali cartel. Police don't know how the two met, if Bennett was recruited or if he sought Villabona out. Either way, their relationship provided the first evidence of a link that law enforcement officials had long suspected. "This is the single most important partnership ever established between a major South-Central drug dealer and the Colombians," LAPD Deputy Chief Glenn Levant said at the time of Bennett's arrest in 1988.

By then, however, the tide had begun to turn against the Colombian cartels. U.S. authorities launched a massive money-laundering sting known as Operation Pisces, which resulted in 241 arrests, the confiscation of 4,500 kilos of cocaine and the seizure of \$23 million between 1986 and 1987. If they couldn't stop the drugs from coming into the country, authorities hoped, at least they could stop some of the profits from flowing back out.

Smuggling had become the domain of a new generation of Mexican drug lords, now believed responsible for 70% of the cocaine that enters the United States. That was underscored in 1989, when 21 tons of powder were found in a Sylmar warehouse, still the largest single U.S. seizure. At trial, evidence showed the drug was flown from Colombia to Mexico, where it was trucked in tractor-trailers filled with piñatas across the Texas border and on to Los Angeles.

Authorities say Mexican nationals not only continue to transport but are playing the preeminent role in selling, too, the role long played by Colombians.

### **The Gang Connection**

From the time it hit the streets of South-Central, crack has been almost synonymous with Bloods and Crips – a perception reinforced by the Mercury News, which said gangs armed themselves with profits from Contra drug sales.

Although there remains much debate over the role of gangs in controlling drug markets, many experts have come to conclude it is a matter of individual members selling cocaine, not the organizations.

"It's not like an organized crime family, where all the money goes to the godfather and the godfather parcels it out to the lieutenants, or capos," Los Angeles County probation officer Jim Galipeau said.

Crack is a racket, not so much for gangsters but for "players," explained Rodgers, the former Bloods leader. Gangsters, as Rodgers sees it, thrive on their

reputation for violence. Players, of which he considers himself and Freeway Ricky Ross to be among, “take the muscle out of the hustle,” putting financial gain ahead of brute force.

“We didn’t see red or blue,” said Rodgers, referring to the trademark colors of the Bloods and Crips. “We saw green.”

Malcolm Klein and Cheryl Maxson, USC sociologists who studied South-Central cocaine sales from 1983 to 1985, found that gang members accounted for only about 25% of all crack-related arrests. They said they were prompted to conduct their study largely because of media images that equated gang members with “African Americans, toting Uzis and selling crack,” as Maxson put it.

A good crack ring “has to be cohesive, organized, strongly led and loyal – none of which fit with our understanding of the nature of street gangs,” Klein added. “If a drug dealer has people in his organization who are throwing gang signs and doing drive-by shootings, that’s going to screw up the business something furious.”

Jim Brown, the former NFL hall-of-famer, has seen this whole story unfold from a ringside seat. He was called to comfort Pryor in the hospital when the comedian burned himself freebasing. Through Amer-I-Can Inc., his self-help program for ex-convicts and gangbangers, he has also struggled to keep some of Los Angeles’ toughest characters toeing a straight line.

Although he believes the shadowy intelligence arms of the U.S. government are capable of anything, Brown insists that neither the CIA nor the Contras have much relevance to the crack trade. The drug business, he says, is ruled by its own economic logic; it preys on social conditions that continue to fester, regardless of any elaborate schemes.

“We need to deal with that reality,” Brown said. “People are still hungry – and all this CIA-Contra stuff ain’t going to feed them.”

### **About This Series**

The allegations were startling: A CIA-sponsored drug ring funneled millions of dollars in drug profits to the Nicaraguan Contra rebels and, in the process, opened the first pipeline for crack cocaine to Los Angeles. With the resulting furor in print and on the airwaves, The Times assigned a team of reporters in Los Angeles, San Francisco, Washington and Nicaragua to investigate. This is their report:

\* TODAY: Who first brought crack cocaine to Los Angeles, and how did it spread? What was the role of “Freeway” Ricky Ross in the drug epidemic? Who else played key roles?

\* MONDAY: Did a CIA-sponsored operation funnel millions of dollars to the Nicaraguan Contras? What does the evidence show about the drug ring at the center of the current allegations?

\* TUESDAY: What impact have history and the renewed allegations of CIA involvement in drug dealing had in Los Angeles? And what journalistic issues have been raised by the controversy?

Credit: This story was reported by Times staff writers Ralph Frammolino, Jesse Katz, Victor Merina, Tony Perry, Bill Rempel, Claire Spiegel and Dan Weikel. It was written by Katz.