

#14 slick cartel people

Jack Blum: The better liars, the people I've had the biggest problem with are people who have what I call islands of truth in a big involved story.

Naomi Fowler: This is Jack Blum: The Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: And the only problem with what they're telling you is that all of the truthful elements are joined together by bridges of lies.

Naomi Fowler: In this episode we're going to do a deep dive into the mechanics of the drug trade.

Jack Blum: When I was looking at the activities that created these large cartel's dealing cocaine, I asked a lot about how they came to pass and what had happened and what I discovered was that in the 1970s, uh, cocaine trafficking was a mom and pop business. There were individuals who grew the coca. There were individuals and families that refined the coca. And then it would wind up being shipped by smugglers who would be buying it on the scene, let's say in Colombia, loading up the plane, flying it, and then they would then pedal it when they got to Miami to dealers who would take it out to the street.

When it was a mom and pop business, the price of a kilo of cocaine ran as high as 70,000 dollars. When enterprising and sophisticated marketing types got into the business, and that was Carlos Slater and his various colleagues, Pablo Escobar, they developed a system of capturing and vertically integrating the industry. And the way they did it was by relieving all of the individual components of risk. So, for an individual who was flying a load of cocaine in the old system from Colombia to the U.S, the only way he could continue in the business was to successfully sell what he brought in and have the money to pay cash for what he would buy for the next load. Working capital would be the word to describe that funding. Similarly, if the load was lost for any reason, the individual smuggler was now stuck with the fact that he had just lost whatever he put on the table to buy the load in Colombia, and he'd have to figure out how to get the capital to start over.

What these cartel guys managed to do was pool the risk so that no individual event like the capture of a load, the arrest of some player, whether it was someone selling on the street or somebody in fact growing and producing, would interrupt the flow of product.

The other thing that these very slick cartel people were able to do was to keep in business a certain number of independent operators. And these were people who they fed to the law enforcement people. So there were informants, during the cocaine heyday in Miami who continued to be productive as informants for something like eight or ten years. And if you stop and think about it, how is that possible? The only way you know what's going on in the trade is if you're continuing to be involved in the trade personally. It's really sketchy for an informant to be actually smuggling himself and dealing himself. So typically, if the informant

is legitimate, the shelf life of the informant might be a year, conceivably two years, but after that his information is hopelessly dated. But here in Miami you had people who were working as informants just on and on and on. And the answer was that they were being fed the information by the cartels, and it was always about people who were doing the smuggling and doing the dealing outside of the realm of the cartel activity. I heard someone referred to it as feeding the tiger. You made sure that the tiger had enough to eat so that you could continue with your large scale business when in fact, uh, others were going to jail and the law enforcement people were holding press conferences saying, look at how much we've done, look at all the money we've seized, look at all the coca we've gotten.

I had to learn a lot about how to sort out truth and lie, bragging and noise-making and what was in fact happening. And time and again in the course of various investigations, whether it was drug investigation or the financial investigation of the BCCI affair and the fallout I was confronted with, uh, well, is the guy telling the truth or is he fabricating the story? Every human being sees the story from his own point of view. And typically, someone who's been involved in whatever it is, will see his role as more important than the role of other players and for that matter, not appreciate that there really is a whole big system out there that's much bigger than he is, and what he's telling you about is maybe five, ten percent of the total story. If you do that, you can understand the perspective of what you're being told and fit that piece in like a jigsaw puzzle piece, and not give too much credit to that particular individual for being the mastermind. Because very rarely is there a mastermind. It turns out that criminal organizations, like other organizations, are never really perfectly linear, top down, where the boss orders and everybody does what the boss says. And quite frequently, when the boss is skimming at the top, a lot of the small fry at the bottom have their own rackets going on. And that was certainly true in the case of BCCI.

A thing very important to realize when you're talking to people and trying to sort out what's true and what's not true is the problem of the accomplished liar. If you're really good at spinning yarns and talking about things, you better know a lot of stuff about what it is you're talking about and you better be able to be very concrete and specific when you're asked about it again and again. And that'll mean that maybe a drug trafficker will be able to really tell you how the small plane he flew worked, who fixed the small plane, how it was outfitted with extra tanks, but he might lie to you about the date of his flights or how big the load was, or where it went. And that kind of guy who's lying is the much more difficult person to evaluate because now when you're pressing for detail they can give you lots of rich and true detail about a lot of stuff but there are going to be key parts of the story that are just simply wrong - he didn't do it then, his states are off, his his story doesn't drive. That is one of the more important things to understand as you start digging in as an investigator.

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.