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Shadowy origins of 'crack' epidemic

*Role of CIA-linked agents
a well-protected secret until now*

Published: Aug. 19, 1996

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IF THEY'D BEEN IN a more respectable line of work, Norwin Meneses, Danilo Blandon and "Freeway Rick" Ross would have been hailed as geniuses of marketing.

This odd trio -- a smuggler, a bureaucrat and a driven ghetto teen-ager -- made fortunes creating the first mass market in America for a product so hellishly desirable that consumers will literally kill to get it: "crack" cocaine.

Federal lawmen will tell you plenty about Rick Ross, mostly about the evils he visited upon black neighborhoods by spreading the crack plague in Los Angeles and cities as far east as Cincinnati. On Aug. 23, they hope, Freeway Rick will be sentenced to life in prison without the possibility of parole.

But those same officials won't say a word about the two men who turned Rick Ross into L.A.'s first king of crack, the men who, for at least five years, supplied him with enough Colombian cocaine to help spawn crack markets in major cities nationwide. Their critical role in the country's crack explosion, a Mercury News investigation found, has been a strictly guarded secret -- until now.

To understand how crack came to curse black America, you have to go into the volcanic hills overlooking Managua, the capital of the Republic of Nicaragua.

During June 1979, those hills teemed with triumphant guerrillas called Sandinistas -- Cuban- assisted revolutionaries who had just pulled off one of the biggest military upsets in Central American history. In a bloody civil war, they'd destroyed the U.S.-trained army of Nicaragua's dictator, Anastasio Somoza. The final assault on Somoza's downtown bunker was expected any day.

In the dictator's doomed capital, a minor member of Somoza's government decided to skip the war's obvious ending. On June 19, Oscar Danilo Blandon Reyes gathered his wife and young daughter, slipped through the encircling rebels and flew into exile in California.

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It was a failed attempt to copy something else

Blandon, the then 29-year-old son of a wealthy slumlord, left a life of privilege and luxury behind. Educated at the finest private schools in Latin America, he had earned a master's degree in marketing and had become the head of a \$27 million program financed by the U.S. government. As Nicaragua's director of wholesale markets, it had been his job to create an American-style agricultural system.

Today, Danilo Blandon is a well-paid and highly trusted operative for the [U.S. Drug Enforcement Administration](#). Federal officials say he is one of the DEA's top informants in Latin America, collecting intelligence on Colombian and Mexican drug lords and setting up stings.



[Drug Enforcement Agency](#)

In March, he was the DEA's star witness at a drug trial in San Diego, where, for the first time, he testified publicly about his strange interlude between government jobs -- the years he sold cocaine to the street gangs of black Los Angeles.

Dealer says patriotism for Nicaragua was motive

A stocky man with salt-and-pepper hair, a trim mustache and a distinguished bearing, Blandon swore that he didn't plan on becoming a dope dealer when he landed in the United States with \$100 in his pocket, seeking political asylum. He did it, he insisted, out of patriotism.

When duty called in late 1981, he was working as a car salesman in East Los Angeles. In his spare time, he said, he and a few fellow exiles were working to rebuild Somoza's defeated army, the Nicaraguan national guard, in hopes of one day returning to Managua in triumph.

Like his friends, Blandon nursed a keen hatred of the Sandinistas, who had confiscated the Blandon family's cattle ranches and sprawling urban slums. His wife's politically prominent family -- the Murillos, whose patriarch was Managua's mayor in the 1960s -- lost its immense fortune as well.

"Because of the horror stories and persecution suffered by his family and countrymen, Blandon said he decided to assist his countrymen in fighting the tyranny of the (Sandinista) regime," stated [a 1992 report](#) from the U.S. Probation and Parole Department. "He decided that because he was an adept businessman, he could assist his countrymen through monetary means."



[Oscar Danilo Blandon probation report](#)

But the rallies and cocktail parties the exiles hosted raised little money. "At this point, he became committed to raising money for humanitarian and political reasons via illegal activity (cocaine trafficking for profit)," said the heavily censored report, which surfaced during the March trial.

That venture began, Blandon testified, with a phone call from a wealthy friend in Miami named Donald Barrios, an old college classmate. Corporate records show Barrios was a business partner of one of the ex-dictator's top military aides: [Maj. Gen. Gustavo "The Tiger" Medina](#), a steely eyed counterinsurgency expert and the former supply boss of Somoza's army.



[Medina's quotation in a restaurant review](#)

Blandon said his college chum, who also was working in the resistance movement, dispatched him to Los Angeles International Airport to pick up another exile, Juan Norwin Meneses Cantarero. Though their families were related, Blandon said, he'd never met Meneses -- a wiry, excitable man with a bad toupee -- until that day.

"I picked him up, and he started telling me that we had to (raise) some money and to send to Honduras," Blandon testified. He said he flew with Meneses to a camp there and met one of his new companion's old friends, [Col. Enrique Bermudez](#).

Bermudez -- who'd been Somoza's Washington liaison to the American military -- [was hired by the Central Intelligence Agency](#) in mid-1980 to pull together the remnants of Somoza's vanquished national guard, records show. In August 1981, Bermudez's efforts were unveiled at a news conference as the Fuerza Democratica Nicaraguense (FDN) -- in English, the Nicaraguan Democratic Force. It was the largest and best-organized of the handful of guerrilla groups Americans would know as the Contras.



[Biographical information on Col. Enrique Bermudez](#)



[Blandon's testimony about Bermudez](#)
 • [101K AIFF](#)
 • [305K WAV](#)

Bermudez was the FDN's military chief and, according to congressional records and newspaper reports, received regular CIA paychecks for a decade, payments that stopped shortly before his still-unsolved slaying in Managua in 1991.

Reagan's secret order not enough to fund Contras

White House records show that shortly before Blandon's meeting with Bermudez, President Reagan had [given the CIA the green light](#) to begin covert paramilitary operations against the Sandinista government. But Reagan's secret Dec. 1, 1981, order permitted the spy agency to spend only \$19.9 million on the project, an amount CIA officials acknowledged was not nearly enough to field a credible fighting force.



[Presidential directive ordering support of paramilitary operations against Nicaragua](#)

After meeting with Bermudez, Blandon testified, he and Meneses "started raising money for the Contra revolution." "[There is a saying that the ends justify the means](#)," Blandon testified. "And that's what Mr. Bermudez told us in Honduras, OK?"



[A copy of the order signed by President Reagan \(122K\)](#)

While Blandon says Bermudez didn't know cocaine would be the fund-raising device they used, the presence of the mysterious Mr. Meneses strongly suggests otherwise.

[Norwin Meneses](#), known in Nicaraguan newspapers as "Rey de la Droga" (King of Drugs), was then under active investigation by the DEA and the FBI for smuggling cocaine into the United States, records show.



[Blandon's testimony](#)
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And Bermudez was very familiar with the influential Meneses family. He had served under two Meneses brothers, Fermin and Edmundo, who were generals in Somoza's army. Somoza himself spoke at the 1978 funeral of Edmundo Meneses, who was [slain by leftists](#) shortly after his appointment as Nicaragua's ambassador to Guatemala, hailing him as an anti-communist martyr.



[Blandon's testimony about Meneses](#)
 • [74K AIFF](#)
 • [224K WAV](#)

A violent death -- someone else's -- had also made brother Norwin famous in his homeland. In 1977 he was accused of ordering the assassination of Nicaragua's chief of Customs, who was gunned down in the midst of an investigation into an international stolen car ring allegedly run by Norwin Meneses.



[Article reporting death of Edmundo](#)

Though the customs boss accused Meneses on his deathbed of hiring his killer, Nicaraguan newspapers reported that the Managua police, then commanded by Edmundo Meneses, cleared Norwin of any involvement.

Despite that incident and a stack of law enforcement reports describing him as a major drug trafficker, Norwin Meneses was welcomed into the United States in July 1979 as a political refugee and given a visa and a work permit. He settled in the San Francisco Bay Area, and for the next six years supervised the importation of thousands of kilos of cocaine into California.

It arrived in all kinds of containers: false-bottomed shoes, Colombian freighters, cars with hidden compartments, luggage from Miami. Once here, it disappeared into a series of houses and nondescript storefront businesses scattered from Hayward to San Jose, Pacifica to Burlingame, Daly City to Oakland.

And, like Blandon, Meneses went to work for the CIA's army.

At the meeting with Bermudez, Meneses said in a recent interview, the Contra commander put him in charge of "intelligence and security" for the FDN in California.

"Nobody (from California) would join the Contra forces down there without my knowledge and approval," he said proudly. Blandon, he said, was assigned to raise money in Los Angeles.

Blandon testified that Meneses took him back to San Francisco and, over two days, schooled him in the cocaine trade.

Meneses declined to discuss any cocaine dealings he may have had, other than to deny that he ever "transferred benefits from my business to the FDN. Business is business."

Lessons over, Blandon said, Meneses gave him two kilograms of cocaine (roughly 4 pounds), the names of two customers and a one-way ticket to Los Angeles.

"Meneses was pushing me every week," he testified. "It took me about three months, four months to sell those two keys because I didn't know what to do. ... In those days, two keys was too heavy."

At the time, cocaine was so costly that few besides rock stars and studio executives could afford it. One study of actual cocaine prices paid by DEA agents put it at \$5,200 an ounce.

But Blandon wasn't peddling the FDN's cocaine in Beverly Hills or Malibu. To find customers, he and several other Nicaraguan exiles working with him headed for the vast, untapped markets of L.A.'s black ghettos.

Uncanny timing made marketing strategy work

Blandon's marketing strategy, selling the world's most expensive street drug in some of California's poorest neighborhoods, might seem baffling, but in retrospect, his timing was uncanny. He and his compatriots arrived in South-Central L.A. right when street-level drug users were figuring out how to make cocaine affordable: by changing the pricey white powder into powerful little nuggets that could be smoked -- crack.

Crack turned the cocaine world on its head. Cocaine smokers got an explosive high unmatched by 10 times as much snorted powder. And since only a tiny amount was needed for that rush, cocaine no longer had to be sold in large, expensive quantities. Anyone with \$20 could get wasted.

It was a "substance that is tailor-made to addict people," Dr. Robert Byck, a Yale University cocaine expert, said during [congressional testimony in 1986](#). "It is as though (McDonald's

founder) Ray Kroc had invented the opium den."

Crack's Kroc was a disillusioned 19-year-old named Ricky Donnell Ross, who, at the dawn of the 1980s, found himself adrift on the streets of South-Central Los Angeles.

A talented tennis player for Dorsey High School, Ross had recently seen his dream of a college scholarship evaporate when his coach discovered he could neither read nor write.

At the end of tennis season, Ross quit high school and wound up at Los Angeles Trade-Technical College, a vocational community college where, ironically, he learned to bind books. But a bookbinding career was the last thing Ross had in mind. L.A. Trade-Tech had a tennis team, and Ross was still hoping his skills with the racquet would get his dreams back on track.

"He was a very good player," recalled Pete Brown, his former coach at L.A. Trade-Tech. "I'd say he was probably my No. 3 guy on the team at the time."

To pay his bills, however, Ross picked up a different racket: stolen car parts. In late 1979, he was arrested for stealing a car and had to quit the trade while the charges were pending.

'Freeway Rick' hears about popularity of jet-set drug

During this forced hiatus, Ross said, a friend home on Christmas break from San Jose State University told him about the soaring popularity of a jet-set drug called cocaine, which Ross had only vaguely heard about. In the impoverished neighborhoods of South-Central, it was virtually non-existent. Most street cops, in fact, had never seen any because cocaine was then a parlor drug of the wealthy and the trendy.

Ross' friend -- a college football player -- told him "cocaine was going to be the new thing, that everybody was doing it." Intrigued, Ross set off to find out more.

Through a cocaine-using auto upholstery teacher Ross knew, he met a Nicaraguan named Henry Corrales, who began selling Ross and his best friend, Ollie "Big Loc" Newell, small amounts of remarkably inexpensive cocaine.

Thanks to a network of friends in South-Central and Compton, including many members of various Crips gangs, Ross and Newell steadily built up clientele. With each sale, Ross reinvested his hefty profits in more cocaine.

Eventually, Corrales introduced Ross and Newell to his supplier, Danilo Blandon. And then business really picked up.

"At first, we was just going to do it until we made \$5,000," Ross said. "We made that so fast we said, no, we'll quit when we make \$20,000. Then we was going to quit when we saved enough to buy a house ..."

Ross would eventually own millions of dollars' worth of real estate across Southern California, including houses, motels, a theater and several other businesses. (His nickname, "Freeway Rick," came from the fact that he owned properties near the Harbor Freeway in Los Angeles.)

Within a year, Ross' drug operation grew to dominate inner-city Los Angeles, and many of the biggest dealers in town were his customers. When crack hit L.A.'s streets hard in late 1983, Ross already had the infrastructure in place to corner a huge chunk of the burgeoning market.



[Hearing before the
Select Committee
on Narcotics
Abuse and Control](#)

\$2 million worth of crack moved in a single day

It was not uncommon, he said, to move \$2 million or \$3 million worth of crack in one day.

"Our biggest problem had got to be counting the money," Ross said. "We got to the point where it was like, man, we don't want to count no more money."

Nicaraguan cocaine dealer Jacinto Torres, another former supplier of Ross and a sometime-partner of Blandon, told drug agents in [a 1992 interview](#) that after a slow start, "Blandon's cocaine business dramatically increased. ... Norwin Meneses, Blandon's supplier as of 1983 and 1984, routinely flew quantities of 200 to 400 kilograms from Miami to the West Coast."



[Record of FBI interview with Jacinto Jose Torres](#)

Leroy "Chico" Brown, an ex-crack dealer from Compton who dealt with Ross, told the Mercury News of visiting one of Ross' five cookhouses, where Blandon's powder was turned into crack, and finding huge steel vats of cocaine bubbling atop restaurant-size gas ranges.

"They were stirring these big pots with those things you use in canoes," Brown said with amazement. "You know -- oars."

[Blandon told the DEA last year](#) that he was selling Ross up to 100 kilos of cocaine a week, which was then "rocked up" and distributed "to the major gangs in the area, specifically the 'Crips' and the 'Bloods,'" the DEA report said.



[Report of DEA investigation](#)

At wholesale prices, that's roughly \$65 million to \$130 million worth of cocaine every year, depending on the going price of a kilo.

"He was one of the main distributors down here," said former Los Angeles Police Department narcotics detective Steve Polak, who was part of the Freeway Rick Task Force, which was set up in 1987 to put Ross out of business. "And his poison, there's no telling how many tens of thousands of people he touched. He's responsible for a major cancer that still hasn't stopped spreading."

But Ross is the first to admit that being in the right place at the right time had almost nothing to do with his amazing success. Other L.A. dealers, he noted, were selling crack long before he started.

What he had, and they didn't, was Danilo Blandon, a friend with a seemingly inexhaustible supply of [high-grade cocaine](#) and an expert's knowledge of how to market it.



[John Arman and Blandon discuss high-grade cocaine](#)

"I'm not saying I wouldn't have been a dope dealer without Danilo," Ross stressed. "But I wouldn't have been Freeway Rick."

- [55K AIFF](#)
- [164K WAV](#)

The secret to his success, Ross said, was Blandon's cocaine prices. "It was unreal. We were just wiping out everybody."

That alone, Ross said, allowed him to sew up the Los Angeles market and move on. In city after city, local dealers either bought from Ross or got left behind.

"It didn't make no difference to Rick what anyone else was selling it for. Rick would just go in and undercut him \$10,000 a key," Chico Brown said. "Say some dude was selling for 30. Boom -- Rick would go in and sell it for 20. If he was selling for 20, Rick would sell for 10. Sometimes, he be giving (it) away."

Before long, Blandon was giving Ross hundreds of kilos of cocaine on consignment -- sell now, pay later -- a strategy that dramatically accelerated the expansion of Ross' crack empire, even beyond California's borders.

Ross said he never discovered how Blandon was able to get cocaine so cheaply. "I just figured he knew the people, you know what I'm saying? He was plugged."

But Freeway Rick had no idea just how "plugged" his erudite cocaine broker was. He didn't know about Norwin Meneses, or the CIA, or the Salvadoran air force planes that allegedly were flying the cocaine into an air base in Texas.

And he wouldn't find out about it for another 10 years.

TUESDAY: *The impact of the crack epidemic on the black community, and why justice hasn't been for all.*

Additional reporting for this series in Nicaragua and Costa Rica was done by Managua journalist Georg Hodel. Research assistance at the Nicaraguan Supreme Court was performed by journalist Leonore Delgado.

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