

HONORABLE CAROL HALLETT,  
Commissioner, U.S. Customs Service

May 5, 1991

Dear Commissioner Hallett:

I am writing to inform you of the continuing tragedy of Customs and other law enforcement corruption in Arizona. Three years ago, I was recruited to assume the position of head of Customs Internal Affairs (IA) in Arizona. My assignment was to deal vigorously and aggressively with the corruption of Customs employees. I have now been told, without explanation, that I am being transferred out of the Southwest Region. I have concluded that this is a deliberate effort to stop me from investigating the drug related corruption of Customs officers. It is also intended to stop me from uncovering the gross mismanagement and coverups of criminal activity taking place in the Customs Office of Enforcement and other law enforcement agencies in Arizona. It is my intention to bring to your personal attention the problems I have been faced with.

When I took this position three years ago, I soon realized that my office was the only organization trying to deal with the drug related corruption of law enforcement officers on the Arizona-Mexico border.

I also realized that the Customs Office of Enforcement (OE) was out of control. It was obvious that the only thing of importance to then OE Special Agent in Charge (SAC) Thomas McDermott was how often he could get on television. In other words, dope on the table for press conferences was the top priority. Little or no concern was given to obtaining criminal convictions or carrying out sound methods of investigation. Good management was nonexistent at OE. Internal controls were ignored, citizens' constitutional rights were violated on a grand scale, sexual harassment was condoned, and major criminal conduct by OE employees was flourishing. The more I tried to deal with the OE problems, the greater the adversary relationship became. On numerous occasions McDermott tried to obstruct my investigation of the criminal activities of Customs employees. Despite the glaring mismanagement that was rampant in his office, he was promoted to Headquarters last year. Since then, he has continued a relentless personal attack on me and my office to stop us from exposing the blatant mismanagement that thrived in his administration in Arizona and the criminal activity of his former subordinates. McDermott has continuously espoused that OE should not be scrutinized by IA. He has always declared that OE, and he in particular, should be allowed to deal with those problems "in house".

Unfortunately, this also appears to be the way business is conducted at the DEA and the FBI. These organizations have no local oversight checks and balances and their internal affairs problems are dealt with from Washington, D.C. Only those problems that cannot be "dealt with" or "swept under the rug" by the local Special Agent in Charge (SAC) are referred to their D.C. based internal affairs units.

After my first year in IA in Arizona, I realized that I was alone in my fight against corruption. I learned that the Arizona FBI office had repeatedly been criticized in its inspections for not working more drug related law enforcement corruption cases. I found out that the DEA was deliberately withholding valuable intelligence from my office concerning corrupt border inspectors, and I suspected that Javier Dibene, the SAC of the

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Justice Department Office of the Inspector General for Arizona (OIG, formerly Immigration OPR), was deliberately quashing corruption investigations of Immigration Inspectors and Border Patrol Officers on the border. There appeared to be a philosophy prevalent among these agencies to "not rock the boat".

In the Spring of 1990, with the support of my Southwest Region IA Management, I set up a special operation called "FIRESTORM". Its purpose was to establish a multi-agency anti-corruption Task Force. The Task Force was intended to include representatives from the offices of Customs IA, FBI, DEA, OIG, Customs OE, and IRS, and was to be led by an Assistant U.S. Attorney (AUSA). The DEA and Customs OE opted out of the Task Force for what they called "manpower" and "duplication of tasks" reasons, respectively. But, they agreed to provide intelligence and assistance on an "as needed" basis. The OIG was initially excluded because: (1) there was a continuous stream of intelligence and allegations that its SAC, Javier Dibene, was personally involved in drug trafficking; and (2) his brother, Jose Dibene, a Nogales, Arizona, police officer, was already under investigation by the Task Force for allegations of drug trafficking and money laundering offenses.

During the Summer of 1990, through the efforts of the SW Region IA Management Staff, the Task Force was blessed with the award of HIDTA funding that solidified a wonderful opportunity to conduct concerted, large scale corruption investigations through "FIRESTORM". The Task Force AUSA and SW Region IA management, along with the assistance of computer experts at Arizona State University, created a state of the art, advanced, artificial intelligence computer system, designed to handle the vast database expected to be developed as a result of "FIRESTORM". Computer hardware and software was designed, purchased, delivered and installed in the Tucson IA office. For the first time in history, there was a real entity capable of dealing with Arizona-Mexico border drug related law enforcement corruption.

All was not well, however. Dan Knauss, the Tucson Chief AUSA, continued to insist on including Javier Dibene in the Task Force. Fortunately, AUSA Milan D. Tesanovich, the Task Force AUSA, and I convinced him that inclusion of Javier Dibene would be both counterproductive and place Javier Dibene in a position of irreconcilable conflict. AUSA Tesanovich suggested that the main Justice Office of Professional Responsibility (OPR) be consulted, and it was concluded and approved that the local FBI would conduct what would normally be OIG investigations until the Javier Dibene matter was resolved. The local FBI was also tasked with investigating the allegations made against Javier Dibene personally. Eventually, Javier Dibene was twice "cleared" of any allegations of wrongdoing. However, it is important to note that the FBI agent tasked with investigating Javier Dibene admitted that he was placed under such a narrow scope of investigation by his supervisors (Larry Bagley and Joe Reyes) that it would have been impossible to find any wrongdoing under the circumstances. For example, the allegations of Javier Dibene's suppression of border law enforcement corruption investigations was never inquired into. In my opinion, there was a major coverup. I believe that this was at least partly due to a strong "good old boy" network and due in another large part to the fear of what such a well orchestrated investigation would inevitably uncover.

By September, 1990, there were weekly meetings being conducted between all Task Force management representatives from each participating agency and the AUSA. Agency participants seemed to be working amicably and my own conference room was converted exclusively to Task Force use. The AUSA conducted classes on special considerations of grand jury investigations and corruption investigations in particular. Secrecy and sensitivity to the possible adverse impact of public disclosure of corruption allegations was stressed by the AUSA, the IRS, and IA as paramount in all investigations.

In late October, 1990, the Arizona OIG was brought into the Task Force represented by Special Agent Peter Teuber (a former DEA agent in Nogales, Arizona and a wealth of personal information on border corruption).

In early November, 1990, shortly after Teuber's inclusion into the Task Force, a bizarre sequence of events came to light. Tucson DEA S/A Alex Vasquez (a native Spanish speaker) had recently taken over a drug case from DEA S/A Randy Huling, who was being transferred to the DEA Academy. S/A Huling had been given two audio tapes by criminal defense attorney Alfred Donau that were represented by Donau to be recordings of the then recent interrogation of one drug dealer by two rival drug dealers. S/A Vasquez brought the tapes to IA S/A Steve Shelly, a Spanish speaker, and advised him that he had listened to the tapes (which were in Spanish) and recognized that the individuals were discussing the corruption of border inspectors.

At the direction of AUSA Tesanovich, we immediately began the translation and transcription of the tapes. The tapes contained the unequivocal identification and implication of Customs border inspectors, by name, in corruption that involved the deliberate "passing" of large (600 pound) and numerous periodic (alleged to be weekly) loads of cocaine by the inspectors, and the involvement of their family members in the importation of cocaine.

At the next meeting of the Task Force, two days later, and while the tapes were being translated and transcribed, I gave a report on the tapes and the impact of the information contained in them. S/A Teuber, also at the meeting, advised us that they sounded like the same two tapes that had been given to SAC Javier Dibene by S/A Vasquez about two weeks earlier. S/A Teuber advised that Javier Dibene had listened to the tapes and informed everyone that they contained absolutely no information of any value. Local FBI Supervisor Joe Reyes, also at the meeting, acknowledged that he was fully aware of the existence of the tapes but also felt that they contained no information of value or import.

Immediately after the meeting, I contacted S/A Vasquez who confirmed that he had first given the tapes to Javier Dibene because he was unsure as to whether the inspectors named on the tapes were Immigration Inspectors (and therefore under OIG jurisdiction) or Customs Inspectors (and therefore under Customs jurisdiction). S/A Vasquez advised that after one week, Javier Dibene informed him that the tapes contained no useful information whatsoever, and that he was going to destroy the tapes in his possession. S/A Vasquez, frustrated and still bothered the facts that: (1) the tapes had been provided by a defense attorney; and, (2) the tapes contained the obvious, straightforward naming

of the inspectors, decided to give the tapes to IA on the chance that the inspectors were Customs Inspectors. Tucson DEA S/A Vasquez can be excused for not knowing who the Customs Inspectors were, since he had no contact with or knowledge of the inspectors working at the border fifty miles away in Nogales.

However, the same cannot be said for Javier Dibene. The Customs Inspectors referred to by name in the tapes had been under investigation for over one year. As part of that investigation, in the Summer of 1989, Javier Dibene was interviewed by IA S/A Josie Shelly. During that interview, Dibene provided enough information on his knowledge of the Customs Inspectors to fill eleven pages of note paper. This included Javier Dibene's assertion that "if" the Inspectors were involved in corruption, he could understand (condone?) their activity because they came from poor, humble beginnings and needed to provide for their families.

To fully and properly evaluate Javier Dibene's actions and statements in this matter it is important to know that he was born in Mexico, moved to Douglas, Arizona at age 10, and later moved to Nogales, Arizona where he grew up with the Customs Inspectors named in the tapes, and therefore arguably knew them intimately. For him to state that there was nothing of any value on the tapes was at best ludicrous, and more probably criminally obstructive. I feel that Javier Dibene's actions concerning the audio tapes serves to confirm my nagging fear that he was actively suppressing corruption investigations.

Equally as puzzling is the internal storm of controversy in DEA that followed the delivery of the tapes by S/A Vasquez. ASAC Gerald Murphy of the DEA in Tucson refused to allow our IA agents to meet with or even speak to S/A Vasquez to arrange further debriefing of their confidential informant. In fact, ASAC Murphy reprimanded Vasquez for giving Customs IA the tapes and informed all of his agents that they were not to generate any reports addressing law enforcement corruption, and no information concerning such corruption was to go out of his office without his prior approval. What this really meant, since ASAC Murphy refused to pass along corruption intelligence, was that no allegations of corruption would be turned over to the proper agencies for investigation. Thus, the drug dealers could continue to smuggle large (ton) quantities of drugs into Arizona from Mexico through corrupt border inspectors without fear of being investigated.

In part as a result of this tape fiasco, after numerous discussions between Chief AUSA Knauss, Task Force AUSA Tesanovich, and T.J. Bondurant (a high ranking DOJ OIG official located in Washington, D.C.), Javier Dibene was laterally transferred to El Paso, Texas. However, despite pleas for a full scale investigation into Javier Dibene's and ASAC Murphy's actions concerning the tapes, the entire matter was ignored and the DEA and the FBI (embarrassed by its involvement in the Tape debacle) continued to disregard our requests for cooperation.

At this same time, S/A Teuber began discovering the extent of the efforts taken by Javier Dibene to cover up corruption and quash investigations. This was quickly realized

to be potentially a major embarrassment to the DOJ OIG. It is now apparent that in order to avoid large scale embarrassment to these agencies, the Task Force and Juhasz had to be stopped.

On December 3, 1990, AUSA Tesanovich and his supervisor, AUSA Jon R. Cooper met with recently appointed United States Attorney (USA) Linda Akers in her office, together with James Ahearn (FBI SAC), and one of his top agents. AUSAs Tesanovich and Cooper advised USA Akers and FBI SAC that they were concerned with the climate of noncooperation of the DEA and the policy of Tucson DEA ASAC Gerald Murphy to not disclose what they understood to be nearly daily allegations of corruption by DEA informants to the Special Agents. Murphy's policy was to suppress disclosure of the allegations to any other agency. This policy is evidenced by the fact that S/A Vasquez was reprimanded for delivering the aforementioned tapes to IA without Murphy's prior approval. AUSAs Tesanovich and Cooper were baffled by the fact that there was total emphasis being placed on the "procedural" violation by S/A Vasquez and none was addressed to the issue of the flagrant suppression of corruption intelligence.

Later in December, 1990, Ahearn, David Woods (DEA SAC), and Donald Shruhan (newly appointed Customs OE SAC) met in Phoenix and formulated a plan of action to defuse the effectiveness of the Task Force. The group then met with USA Akers. They unanimously told USA Akers that they could not and would not work with IA SAC Juhasz, and proposed a separate investigative group made up of their three agencies. They petitioned USA Akers to disband the Task Force. USA Akers capitulated and in three steps, eliminated the Task Force: first, she removed the Task Force title and redesignated the USAO's commitment as a "corruption unit" within the office, with AUSA Tesanovich as the USAO's contact person who would evaluate and then reject or accept corruption cases brought to him, specifically excluding the U.S. Attorney's Office from active involvement in investigations; soon after, when that did not satisfy Ahearn, Woods, and Shruhan, she removed the designation of "corruption unit" from the office and merely directed that corruption related cases should be referred to AUSA Tesanovich if feasible; finally, when AUSA Tesanovich continued to initiate proactive investigations of allegations of law enforcement corruption, his designation as "corruption unit liaison" was rescinded and he was placed back in the general criminal section and is now assigned all manner of criminal cases. This means that in practice, despite AUSA Tesanovich's vast experience and training in fraud and corruption and his highly successful leadership in the Task Force, corruption related cases are now assigned randomly to all general criminal assistants. This action has effectively eliminated any coordinated effort to aggressively investigate drug related law enforcement corruption.

As a result of the refusal to investigate Javier Dibene and ASAC Murphy's actions, critical records, reports, and intelligence data have disappeared from Dibene's office and the DEA's Nogales, Arizona office. Tucson DOJ OIG S/A Teuber has been reprimanded for disclosing the extent of Dibene's cover ups and obstruction of investigations accomplished through the power of his office to the Task Force.

To me, the ultimate, unexplainable action designed to eliminate the Task Force and stop me from investigating law enforcement corruption activities in Arizona occurred on February 14, 1991, when I was relieved from my position as IA SAC in Tucson. I was informed by RDIA John Burnes and DRDIA Ken McNamara that I had to be transferred out of Arizona. They told me that I could have any other comparable level position anywhere in the country, but that I had to leave Arizona. I was advised that they were going to create a comparable level position in San Diego. To this date, there has been no legitimate explanation given to me for this action. In reality, I have been "put on ice".

The threshold question in my mind, and the one I now pose to you, Commissioner Hallett, is: Who sold us out? Was former Arizona Customs OE SAC Thomas McDermott, who is perceived to have been rewarded with a promotion to headquarters despite the obvious substandard operation of his offices, finally successful in persuading top level Customs management to force me out of Arizona, thereby prohibiting me and my office from uncovering the disastrous mismanagement that was rampant in his Customs OE offices in Arizona? Or was the FBI, DOJ OIG, and DEA embarrassed at being caught covering up drug related law enforcement corruption in Arizona?

A large part of nearly one million dollars (\$1,000,000) in HIDTA funds was spent establishing what is undoubtedly the most technologically advanced computer aided law enforcement intelligence data gathering and analyzing system in the country. Its purpose was to organize the data anticipated in the short lived, now defunct Task Force.

No rational explanation has been given as to why the extraordinarily well qualified and unquestionably dedicated Customs IA, IRS, OIG, and FBI agents and the superior AUSA have been thwarted in their exceptional efforts to ferret out and eliminate the crippling, drug related corruption activities of Customs and other law enforcement officers in Arizona, with no rational explanation for the action.

Who sold out the taxpayers who funded that short lived Task Force?

Why was an extraordinarily well designed, well constructed, and well staffed Task Force that was devoted to the elimination of historically well entrenched corruption, dismantled?

Who can explain to the former Task Force agents and my former subordinates the reason for the dismantling of the obviously effective Task Force and my removal from my position as SAC for doing an arguably outstanding and successful job?

I can only conclude, after two months of examining the facts surrounding the destruction of the Task Force, that someone, actually more than one person, was very afraid of what the Task Force was going to uncover. Javier Dibene had remarked to several people that over the many years he was in Arizona, he had accumulated career ending information on many high level federal, state and local officials. When he came under investigation, he boasted that he was calling in his "markers" to prevent his demise, and that it "better damn well pay off".

I was recently told that I cannot participate in any activities in Arizona. I was told that to do so would "viciate the agreement". I ask: What agreement? Certainly none that I am a party to. The specter of some back room, smoke filled meeting that culminated in an agreement to "call off the bulldog Juhasz" smacks of improprieties, unethical behavior, and possibly illegal action.

The final question is: Who can exert so much political pressure in Washington, D.C. that I am not only removed from my position as IA SAC in Tucson, but prohibited from participating in any capacity in law enforcement activities in Arizona?

It is undisputed that a large portion of the drugs reaching our streets and injuring and killing our youth are allowed to enter the country through unscrupulous and corrupt law enforcement officials. Mainly for that reason, I have dedicated the majority of the past three years to uncovering and eliminating this most insidious form of criminal activity that threatens all of the programs designed to fight the illegal distribution of drugs, namely, law enforcement corruption. Witnessing the swift, effective, and complete dismantling of the HIDTA funded Task Force has now, more than ever, convinced me that law enforcement officers on the Arizona-Mexico border, at all levels, have been corrupted. It does not matter whether this is due to bribes, sexual favors, real or threatened blackmail, or just plain fear of standing up and being counted. It places our entire system of law enforcement in jeopardy.

I perceive that I have only two options: (1) accept this most unusual transfer to San Diego with my reputation tarnished; or, (2) speak out about what is happening to Customs and law enforcement at large in Arizona. I intend to speak out and continue the fight to eliminate law enforcement corruption.

Commissioner Hallett, you are the first person to be informed of my decision. The truly dedicated people involved in the Task Force, AUSA Tesanovich, S/A Teuber, the IRS agents, my subordinates, and myself, all stand ready to fully brief you, testify before Congress, or do whatever is legal and necessary to stop the continuing corruption of Customs and other law enforcement officers in Arizona.

I await your reply.

Your obedient servant,

JOHN W. JUHASZ  
Special Agent, U.S. Customs Service