

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.

\$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."

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.

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.

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

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.

DAY 3

War on drugs has unequal impact on black Americans

Contra case illustrates the discrepancy: Nicaraguan goes free; L.A. dealer faces life

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FOR THE LAST YEAR and a half, the U.S. Department of Justice has been trying to explain why nearly everyone convicted in California's federal courts of "crack" cocaine trafficking is black.

Critics, who include some federal court judges, say it looks like the Justice Department is targeting crack dealers by race, which would be a violation of the U.S. Constitution.

Federal prosecutors, however, say there's a simple, if unpleasant, reason for the lopsided statistics: Most crack dealers are black.

"Socio-economic factors led certain ethnic and racial groups to be particularly involved with the distribution of certain drugs," the Justice Department argued in a case in Los Angeles last year, "and blacks were particularly involved in the Los Angeles area crack trade."

But why -- of all the ethnic and racial groups in California to pick from -- crack planted its deadly roots in L.A.'s black neighborhoods is something only Oscar Danilo Bandon Reyes can say for sure.

Danilo Bandon, a yearlong Mercury News investigation found, is the Johnny Appleseed of crack in California -- the Crips' and Bloods' first direct-connect to the cocaine cartels of Colombia. The tons of cut-rate cocaine he brought into black L.A. during the 1980s and early 1990s became millions of rocks of crack, which spawned new crack markets wherever they landed.

On a tape made by the Drug Enforcement Administration in July 1990, Bandon casually explained the flood of cocaine that coursed through the streets of South-Central Los Angeles during the previous decade.

"These people have been working with me 10 years," Bandon said. "I've sold them about 2,000 or 4,000 (kilos). I don't know. I don't remember how many."

"It ain't that Japanese guy you were talking about, is it?" asked DEA informant John Arman, who was wearing a hidden transmitter.

"No, it's not him," Bandon insisted. "These ... these are the black people." Arman gasped. "Black?!"

"Yeah," Bandon said. "They control L.A. The people (black cocaine dealers) that control L.A."

U.S. has paid Bandon more than \$166,000

But unlike the thousands of young blacks now serving long federal prison sentences for selling mere handfuls of the drug, Bandon is a free man today. He has a spacious new home in Nicaragua and a business exporting precious woods, courtesy of the U.S. government, which has paid him more than \$166,000 over the past 18 months, records show -- for his help in the war on drugs.

That turn of events both amuses and angers "Freeway Rick" Ross, L.A.'s premier crack wholesaler during much of the 1980s and Danilo Bandon's biggest customer.

"They say I sold dope everywhere but, man, I know he done sold 10 times more dope than me," Ross said with a laugh during a recent interview.

Nothing epitomizes the drug war's uneven impact on black Americans more clearly than the intertwined lives of Ricky Donnell Ross, a high school dropout, and his suave cocaine supplier, Danilo Bandon, who has a master's degree in marketing and was one of the top civilian leaders in California of an anti-communist guerrilla army formed by the U.S. Central Intelligence Agency. Called the Fuerza Democratica Nicaraguense (FDN), it became known to most Americans as the Contras.

In recent court testimony, Blandon, who began dealing cocaine in South-Central L.A. in 1982, swore that the first kilo of cocaine he sold in California was to raise money for the CIA's army, which was trying on a shoestring to unseat Nicaragua's new socialist Sandinista government.

After Blandon crossed paths with Ross, a South-Central teen-ager who had the gang connections and street smarts necessary to move the army's cocaine, a veritable blizzard engulfed the ghettos.

Former Los Angeles Police narcotics detective Stephen W. Polak said he was working the streets of South-Central in the mid-1980s when he and his partners began seeing more cocaine than ever before.

"A lot of detectives, a lot of cops, were saying, hey, these blacks, no longer are we just seeing gram dealers. These guys are doing ounces; they were doing keys," Polak recalled. But he said the reports were pooh-poohed by higher-ups who couldn't believe black neighborhoods could afford the amount of cocaine the street cops claimed to be seeing.

"Major Violators (the LAPD's elite anti-drug unit) was saying, basically, ahh, South-Central, how much could they be dealing?" said Polak, a 21-year LAPD veteran. "Well, they (black dealers) went virtually untouched for a long time."

It wasn't until January 1987 -- when crack markets were popping up in major cities all over the U.S. -- that law enforcement brass decided to confront L.A.'s crack problem head-on. They formed the Freeway Rick Task Force, a cadre of veteran drug agents whose sole mission was to put Rick Ross out of business. Polak was a charter member.

"We just dedicated seven days a week to him. We were just on him at every move," Polak said.

Ross, as usual, was quick to spot a trend. He moved to Cincinnati and quietly settled into a home in the woodsy Republican suburbs on the east side of town.

"I called it cooling out, trying to back away from the

game," Ross said. "I had enough money."

His longtime supplier, Blandon, reached an identical conclusion around the same time. A massive police raid on his cocaine operation in late 1986 nearly gave his wife a nervous breakdown, he testified recently, and by the summer of 1987 he was safely ensconced in Miami, with \$1.6 million in cash.

Some of his drug profits, records show, were invested in a string of rental car and export businesses in Miami, often in partnership with an exiled Nicaraguan judge named Jose Macario Estrada. Like Blandon, the judge also worked for the CIA's army, helping FDN soldiers and their families obtain visas and work papers in the United States. Estrada said he knew nothing of Blandon's drug dealings at the time.

Blandon invested in four-star steak house

Blandon also bought into a swank steak-and-lobster restaurant called La Parrilla, which became a popular hangout for FDN leaders and supporters. The Miami Herald called it the "best Nicaraguan restaurant in Dade County" and gave it a four-star rating, its highest.

But neither Ross nor Blandon stayed "retired" for long.

A manic deal-maker, Ross found Cincinnati's virgin crack market too seductive to ignore. When he left Los Angeles, the price of a kilo was around \$12,000. In the Queen City, Ross chuckled, "keys was selling for \$50,000. It was like when I first started."

Plunging back in, the crack tycoon cornered the Cincinnati market using the same low-price, high-volume strategy -- and the same Nicaraguan drug connections -- he'd used in L.A. Soon, he was selling crack as far away as Cleveland, Indianapolis, Dayton and St. Louis.

"There's no doubt in my mind crack in Cincinnati can be traced to Ross," police officer Robert Enoch told a Cincinnati newspaper three years ago.

But Ross' reign in the Midwest was short-lived. In 1988, one of his loads ran into a drug-sniffing dog at a New

Mexico bus station and drug agents eventually connected it to Ross. He pleaded guilty to crack trafficking charges and received a mandatory 10-year prison sentence, which he began serving in 1990.

In sunny Miami, Bandon's retirement plans also had gone awry. His 24-city rental car business collapsed in 1989 and later went into bankruptcy. To make money, he testified, he came to the Bay Area and began brokering cocaine again, buying and selling from the same Nicaraguan dealers he'd known from his days with the FDN. In 1990 and 1991, he testified, he sold about 425 kilos of cocaine in Northern California -- \$10.5 million worth at wholesale prices.

But unlike before, when he was selling cocaine for the Contras, Bandon was constantly dogged by the police.

Twice in six months he was detained, first by Customs agents while taking \$117,000 in money orders to Tijuana to pay a supplier, and then by the LAPD in the act of paying one of his Colombian suppliers more than \$350,000.

The second time, after police found \$14,000 in cash and a small quantity of cocaine in his pocket, he was arrested. But the U.S. Justice Department -- saying a prosecution would disrupt an active investigation -- persuaded the cops to drop their money laundering case.

Soon after that, Bandon and his wife, Chepita, were called down to the U.S. Immigration and Naturalization Service office in San Diego on a pretense and scooped up by DEA agents, on charges of conspiracy to distribute cocaine. They were jailed without bond as dangers to the community and several other Nicaraguans were also arrested.

Bandon's prosecutor, L.J. O'Neale, told a federal judge that Bandon had sold so much cocaine in the United States his mandatory prison sentence was "off the scale."

Then Bandon "just vanished," said Juanita Brooks, a San Diego attorney who represented one of Bandon's co-defendants. "All of a sudden his wife was out of jail and he was out of the case."

The reasons were contained in a secret Justice Department memorandum filed in San Diego federal court in late 1993. Prosecutor found Bandon 'extraordinarily valuable' Bandon, prosecutor O'Neale wrote, had become "extraordinarily valuable in major DEA investigations of Class I drug traffickers." And even though probation officers were recommending a life sentence and a \$4 million fine, O'Neale said the government would be satisfied if Bandon got 48 months and no fine. Motion granted.

Less than a year later, records show, O'Neale was back with another idea: Why not just let Bandon go? After all, he wrote the judge, Bandon had a federal job waiting. O'Neale, saying that Bandon "has almost unlimited potential to assist the United States," said the government wanted "to enlist Mr. Bandon as a full-time, paid informant after his release from prison."

And since it would be hard to do that job with parole officers snooping around, O'Neale added, the government wanted him turned loose without any supervision. Motion granted. O'Neale declined to comment.

After only 28 months in custody, most of it spent with federal agents who debriefed him for "hundreds of hours," he said, Bandon walked out of the Metropolitan Correctional Center in San Diego, was given a green card and began working on his first assignment: setting up his old friend "Freeway Rick" for a sting operation.

Targeted for a sting while sitting in prison

Records show Ross was still behind bars, awaiting parole, when San Diego DEA agents targeted him for a "reverse" sting -- one in which government agents provide the drugs and the target provides the cash. The sting's author, DEA agent Chuck Jones, has testified that he had no evidence Ross was dealing drugs from his prison cell, where he'd spent the past four years.

But during his incarceration Ross did something that, in the end, may have been even more foolhardy: He testified against Los Angeles police officers, as a witness for the U.S. government.

Soon after Ross went to prison for the Cincinnati bust, federal prosecutors from Los Angeles came to see him,

dangling a tantalizing offer. A massive scandal was sweeping the L.A. County sheriff's elite narcotics squads, and among the dozens of detectives fired or indicted for allegedly beating suspects, stealing drug money and planting evidence were members of the old Freeway Rick Task Force.

If Ross would testify about his experiences, he was told, it could help him get out of jail.

In 1991, he took the stand against his old nemesis, LAPD detective Steve Polak, who eventually pleaded guilty to a misdemeanor charge of excessive use of force and retired. But the deal Ross got from federal prosecutors for testifying -- five years off his sentence and an agreement that his remaining drug profits would not be seized -- galled many.

"Ross will fall again someday," Polak bitterly told a Los Angeles Times reporter in late 1994.

By then, the trip wires were already strung.

Within days of Ross' parole in October 1994, he and Bandon were back in touch and their conversation quickly turned to cocaine. It was almost like old times, except that Ross was now hauling trash for a living. He was also behind on his mortgage payments for an old theater he owned in South-Central, which he was trying to turn into a youth academy.

According to tapes Bandon made of some of their discussions, Ross repeatedly told Bandon that he was broke and couldn't afford to finance a drug deal. But Ross did agree to help his old mentor, who was also pleading poverty, find someone else to buy the 100 kilos of cocaine Bandon claimed he had.

Drug-laden vehicle was a trap for Ross

On March 2, 1995, in a shopping center parking lot in National City, near San Diego, Ross poked his head inside a cocaine-laden Chevy Blazer and the place exploded with police.

Ross jumped into a friend's pickup and zoomed off

"looking for a wall that I could crash myself into," he said. "I just wanted to die." He was captured after the truck careened into a hedgerow and has been held in jail without bond since then.

Ross' arrest netted Blandon \$45,500 in government rewards and expenses, records show. On the strength of Blandon's testimony, Ross and two other men were convicted of cocaine conspiracy charges in San Diego last March -- conspiring to sell the DEA's cocaine. Sentencing is set for Aug. 23. Ross is facing a life sentence without the possibility of parole. The other men are looking at 10- to 20- year sentences.

Acquaintances say Blandon, who refused repeated interview requests, is a common sight these days in Managua's better restaurants, drinking with friends and telling of his "escape" from U.S. authorities.

According to his Miami lawyer, Blandon spends most of his time shuttling between San Diego and Managua, trying to recover Nicaraguan properties he left behind in 1979, when the socialists seized power and sent him running to the United States.

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