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The Paul Revere Forum: National Security Whistleblowers Speak, Canon House Office Building, Room 402

Statement of Darlene Catalan, Former U.S. Customs Special Agent, Author: U.S. Customs, Badge of Dishonor

I want to take this opportunity to thank the Government Accountability Project, the Patrick Henry Foundation, and the Project On Government Oversight, for having me here today.

In 1998, I was running a railroad smuggling investigation. This investigation was being managed under a large scale, multi-agency operation with the Union Pacific Railroad Police, the Burlington Northern Railroad Police, the San Bernardino Police Department, and Customs. This operation had received OCDTF status from the U.S. Attorney's office, Los Angeles. OCDTF is a fancy government acronym for Organized Crime Drug Enforcement Task Force. In this operation, we had very high-level information that tons of narcotics were entering the U.S. via pressurized rail tanker cars. We learned that there was a large rail yard in Guadalajara, MX that was controlled by the Arellano-Felix Cartel, and this yard was one of the Cartel's largest narcotics distribution points. In this yard, hundreds of these cars are loaded with narcotics each week destined for the U.S.

Our information turned out to be very accurate. In April 1998, we seized a pressurized tanker car concealing eight thousand pounds of marijuana and 34 kilos of cocaine. Subsequent to making this seizure, this large, successful rail operation and the two criminal investigations under its umbrella were immediately torpedoed by Customs management. An attempted controlled delivery of the seized narcotics was thwarted, my help was pulled, and my partner Ruben Sandoval and I came under immediate pressure, retaliation, and intimidation tactics when we refused to shut down this operation and cease to do our job.

Several weeks after our first seizure, we identified five more suspected tanker cars. These cars were manifested as empty, and they were five to nine tons over weight. I set it up with the Union Pacific rail police to have these cars pressure tested at no cost to the government. Pressure testing is a necessary tool to further profile whether these cars should be bled out and checked. This profiling is necessary due to the fact that it cost approximately 8 to 14 thousand dollars a pop to inspect these cars. To further clarify, these are the long, metal, cylindrical shaped rail cars that many often think as carrying oil. These cars routinely carry a myriad of hazardous materials, and can only be inspected at the very few hazardous material inspection locations that exist on the southern border. There are only two of these sites that exist on the southern border, that also have scales that are necessary to weigh these cars. This is what makes these cars very difficult and dangerous to inspect, a fact that Narco-traffickers know all too well.

I had these five suspected cars, again manifested as empty and five to nine tons over weight, ready to be pressure tested, and I was told not to do my job. Several days later, these cars were released into the commerce of the U.S., uninspected in any way. These cars should have never left that yard without at least being pressure tested. Subsequent to this incident, I was again pressured to shut down my operation, and Customs managers torpedoed my criminal investigations. The U.S. Attorneys office had assigned a very good, very aggressive prosecutor that was appalled as to what was going on. I found myself caught between the U.S. Attorneys office and my agency.

I chose to continue attempting to run the rail operation and when other loyal Customs employees attempted to assist me on this case, they came under the same retaliation, threats, intimidation, and pressure as Ruben and I. Our careers, reputations, and personal lives were ruined.

What does this have to do with National Security?

Consider this, the number one consumer of narcotics worldwide is the U.S.

The number one way that terrorist fund their illegal activities are through the distribution of narcotics.

Despite a brief decline after the Sept 11th attacks, the Customs Service seized a record 244 tons of narcotics along the U.S. Mexico border in California alone, over the past year.

Ask yourself this, what happens to the price of any commodity when the supply is down for any reason, and the supply isn't being met? Right the price goes up, and quality usually suffers. Ask any street agent working dope and they will tell you the current price of cocaine, marijuana, and heroin is lower than ever, and the purity is better than ever. This clearly indicates that the supply is easily meeting the demand. This stuff is coming across by the ton, virtually unaffected by the efforts of U.S. Customs.

Now, for those of you that have the press packets, take a good look at the photo of the tanker car indicated on the cover. What do you have when you fill one of these cars up with 10 thousand pounds of ammonia nitrate, 100 pounds of C-4, a shaped charge, and place this container under pressure? The world's largest pipe bomb.

These tanker cars are the perfect instruments for a terrorist attack against the U.S. As our narcotics smuggling investigation revealed to us, anyone with cash and phony identification can lease or sublease these cars using a front company as the importer/exporter of record. We were shocked as to just how easy it was for the narco-traffickers to do this. Knowing the relationship that the terrorists have with the narco-smuggling cartels, it is not a quantum leap to think that terrorists could easily copy the same modus operandi used by the narco-traffickers. The terrorist would simply lease/sublease a tanker car and pay cash to set up an account with any of the major

railroads. The Railroads and Customs brokers aren't trained - AT ALL - to look for any type of terrorist profiles. This is a customer service industry, pure and simple. The railroad employees taking these orders for accounts make minimum wage, and they are simply "customer service reps." The Customs brokers aren't much different. They are required to check almost nothing, have no training in this arena, and have no requirements to fully identify any of their customers.

These rail customer accounts may be set up via the Internet, or over the phone. At no point does anyone in the railroad industry or Customs brokers ever require visual documentation to fully identify that the account holder actually is.

Once a person has set up an account the movement of these cars can be directed REMOTELY via the Internet or telephone. Then they can be moved anywhere in the country with extreme ease. Then the terrorist can remotely move them and if need be, abruptly change the routing of these cars via a simple phone call to their customer service rep or via the Internet, from anywhere in the world. This is truly a recipe for disaster. A terrorist can simply remotely route a hundred of these simultaneously to within a mile or two of a hundred of our national landmarks. They don't even need a suicide bomber to activate them remotely. Once this is done, the perpetrators will be extremely difficult to trace.

When my brave associates and I tried desperately to bring attention to this, our careers were destroyed. We were virtually shoved out on a limb, and Customs managers laughed in our faces as the limb was cut off. These tanker cars are a clear and present danger to our national security as is what happened to the whistleblowers who tried to stop it. The American public must demand accountability, and demand that honest cops trying to do their jobs should not be treated in this fashion.