

# Drug Ring Run Like 'Fortune 500' Company

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DiGirolamo is still serving an 18-month sentence in Lompoc federal camp. An original sentence of five years' imprisonment was reduced recently after he provided "further valuable information we were not asking originally," said W. Palmer Kelly, deputy U.S. Attorney in charge of the prosecution in San Francisco.

Martin was sentenced to six months at Lompoc and served a reduced sentence of four months and 20 days. A Lompoc official said Martin was released last Nov. 15.

A dozen indicted fugitives are still sought by federal authorities, Kelly said.

• As a result of federal confiscation of the vessels Shanti and Tylour Day, two of the boats owned by First Cabin General Limited, the partnership was sued for recovery of payments on loans issued to the partnership for the original purchases of the boats.

A settlement was reached out of court in December 1984 on a suit filed by Salinas Production Credit Association in Monterey County Superior Court against First Cabin General Limited seeking \$325,000. The suit alleged that the partnership defaulted on the mortgage for the Shanti, which was carrying marijuana when it was seized in July 1982 by the Coast Guard in the Atlantic Ocean near Boston, Mass.

Terms of the settlement were not disclosed in court documents.

• One of the partners of First Cabin General Limited has filed suit in federal court against First Cabin General Limited and various other partnerships that were formed to operate hotels, bars and a housing project. The suit claims fraud and racketeering in connection with the use of the boats for smuggling as well as misuse of the plaintiff's investment.

Perlowin, a transplanted Florida smuggler who made a plush 250-acre Ukiah ranch the base of his California operations, headed the organization with his partners, Fred Shure, 51, a former nuclear engineering professor at the University of Michigan, and Fred's brother, Ned, 42, owner of a college bookstore in Ypsilanti, Mich., at the time.

Perlowin is currently serving a 15-year sentence in Pleasanton Federal Correctional Institution.

## Negotiated Pleas

The Shures negotiated guilty pleas on marijuana sales and income tax evasion charges and agreed to provide information on the workings and people involved in the smuggling operation. A U.S. District Court judge in Ann Arbor, Mich., sentenced each in March 1984 to seven years' federal imprisonment.

Although Perlowin has pleaded guilty to several charges and said he has refused to testify before federal grand juries, he has actively sought interviews by journalists and is writing a book on the operation.

The operation, called the "Perlowin Marijuana Smuggling Conspiracy" by federal authorities, was conceived in 1979 by the Shures and Perlowin, who said he moved west from Florida because the drug business was getting too violent on the East Coast.

The Shures bankrolled the operation, according to court records. Perlowin took 62.5 percent of the marijuana and the Shures split 37.5 percent, court records state. Perlowin told The Herald he received a greater share because he took the risks of arranging the boats, transportation and storage of the marijuana.

## Research

Before embarking on the smuggling operation, Perlowin said he researched the California and Oregon coasts for landing sites and even used a Berkeley consulting firm to compile a report on drug smuggling arrests on the West Coast.

Perlowin's personal records indicate the importation of a total of 263,000 pounds of marijuana, but in a pending case filed Sept. 10, 1985, against Perlowin's former attorney,

federal investigators allege that a total of 236,000 pounds of marijuana was smuggled in nine trips.

However, Perlowin later told The Herald that he smuggled a total of 346,000 pounds of marijuana into California between 1974 and 1983 using various methods — packed in suitcases and carried on a commercial airline flight, by truck from Texas and 15 times by boat. The smuggling included two connections with Thai freighters, he said.

Boats based in Moss Landing were used for smuggling between October 1979 and January 1982, according to court documents. Those boats were the Tylour Day, Annie Gray, Shanti, Rachel M (also known as the Mary Collette), Audrey J (also known as the Renee II), Karen Lynn and Robin Ann.

## Offloaded in Richmond

Court documents state that marijuana was transported by fishing boats sent from Northern California to Costa Rica and Colombia, offloaded at Red Rock Marina in Richmond and transported by truck throughout the United States.

Typical shipments were of 20,000 to 30,000 pounds, involved three crewmen, a fleet of more than 100 support boats for refueling and food supplies, rescue aircraft, DC-6 aircraft to transport marijuana from inland fields to South American beaches, radio surveillance monitors, offloaders and a dozen lookouts placed in high locations around San Francisco Bay.

Perlowin said it cost about \$500,000 a week to operate his organization. But a shipment of marijuana was worth about \$9 million wholesale, he said.

Boat crewmen each received between \$30,000 and \$60,000 in cash, sometimes delivered to them in paper bags, two former crewmen told The Herald.

Perlowin said he oversaw the smuggling into San Francisco Bay from a "command post" recreational vehicle he parked on Skyline Drive in San Francisco. It was outfitted with a powerful radio transmission and surveillance system to communicate with boats and dock workers and to keep track of Coast Guard boats and aircraft patrols, he said.

## \$100 Bills

Currency of small denominations was changed into \$100 bills at a Las Vegas casino "in a manner devised to conceal defendant Bruce J. Perlowin's receipt of millions of dollars in U.S. currency from the importation and distribution of marijuana in the United States," according to a grand jury indictment filed in a Tampa, Fla., federal court.

The operators of the casino were acquitted of felony charges alleging conspiracy to change money into larger bills so that Perlowin could evade income taxes, according to Archie Banbury, chief of the criminal investigation division of the Internal Revenue Service in Las Vegas.

But Perlowin pleaded guilty in connection with this indictment. The

large-bill currency was deposited in banks in such "tax haven" nations as Grand Cayman, British West Indies, Belize and Costa Rica and used by domestic companies controlled by Perlowin, according to the Florida indictment. Much of the money was "laundered" by Capital Guaranty Financial Services, of which Perlowin allegedly secretly owned 80 percent of the stock, the indictment stated.

Guilty pleas by more than 50 persons range from conspiracy, importation and possession of marijuana, and sales of marijuana to income tax evasion in federal courts in California, Michigan, Florida, Louisiana and Virginia.

## 45 Indictments

Of the 45 indictments handed down by federal grand juries convening in San Jose and San Francisco, a dozen cases are pending, including charges against attorney who prosecutors claim aided and abetted Perlowin's activities by purchasing boats and an airplane and burying silver coins in the basement of home.

According to federal court records, the coins belonged to Perlowin.

Federal indictments have been filed against two men for whom authorities have complete descriptions and 10 persons listed as "John Does," most of whom were offloaders, truck drivers and what Perlowin said were marijuana "babysitters" at the stash houses.

Some of the "Does" are known by prosecutors only by such names as "Marcel," "Whitey John," "Bearded Steve" or "Crystal Dan."

"We keep getting bits and pieces," U.S. Attorney Kelly said. "We are not actively pursuing this case."

Kelly said the smuggling activity is at least five years old, but that he is still clearing his files through guilty pleas. One plea was entered just two weeks ago in federal court.

"We have no pot, no money, just testimony," Kelly said.

## List of Names

Testimony, beginning with a list of names and bookkeeping records provided by the Shures, was used to prosecute Perlowin's employees one by one — from the crewmen and captains on boats to sales people, offloaders and truck drivers.

"It was a domino effect," Kelly said.

With virtually no publicity, Kelly filed cases two or three at a time in San Jose and San Francisco beginning in 1983.

Armed with testimony before federal grand juries, Kelly confronted defendants and negotiated guilty pleas in exchange for such penalties as light prison sentences, probation, fines and forfeiture of money or property gained through illegal income.

One of the first dominoes to fall in California was William Lester Webb Jr., 39, the captain of the Rachel M.

His boat, loaded with 266 bales of marijuana weighing a total of 30,000 pounds, was seized by the Coast Guard cutter Venturous about 300 miles west of Los Angeles on Jan. 30, 1981, according to a Coast Guard report.

Perlowin estimated that the federal government confiscated about \$5 million worth of boats, a 250-acre ranch with a plush house near Ukiah, and the dock in Richmond from him.

**Monday: Part Two — Fishermen tell of dope smuggling on the high seas.**



BRUCE PERLOWIN  
... smuggling mastermind