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# U.S. CUSTOMS

BEATEN AT THE BORDER



*Stories by* **MIKE GALLAGHER**

*Photographs by* **RICHARD PIPES**

*Of the Albuquerque Journal*

# WHISTLE-BLOWER SAYS TRUTH HAS PRICE

RETALIATION ALLEGED AFTER CUSTOMS BUST

By **MIKE GALLAGHER**  
*Of the Journal*

**F**ormer Customs group supervisor Ward Olson has a word of advice for would-be whistle-blowers: "Don't." "Being a whistle-blower ended my career," said Olson, who took early retirement in 1993.

"You get that feeling in the back of your neck that they are laying for you because there is no authority in the federal government that is going to keep them in check. You become a sitting target."

Olson was in charge of air-smuggling investigations in the Albuquerque Customs office from the late 1980s until his retirement.

Olson claims that, in 1991, three cases his unit was working on were quashed by Michael Lappe, then-special agent in charge of the El Paso office.

"These were the three best leads we had at the time," Olson said in a recent interview.

Lappe, in a telephone interview, flatly denies any retaliation against Olson and denied quashing any investigations.

Olson had crossed Lappe in 1990 when Olson was supervisor of Operation Transwestern, an undercover air-smuggling sting investigation in which agents provided smuggling services to foreign drug suppliers.

Lappe held a news conference in June 1990, after the seizure of a large shipment of cocaine at an air strip near Mountainair.

Albuquerque reporters were misled about the nature of the undercover operation during the news conference — which Olson says was held over his objections and those of his supervisor and the FBI.

Lappe told reporters that Colombians were bringing cocaine into "the heartland of America," when the delivery had been arranged by undercover Customs agents.

In fact, Customs had been involved at every point in transporting the cocaine from international waters outside of Colombia to Mountainair. The Colombian drug suppliers later were convicted of federal drug charges after a jury rejected defense arguments of entrapment by undercover agents.

The Albuquerque media challenged Lappe's statements and raised questions about Customs' role in the case.

Lappe, Olson and Jerry Padallino, then-assistant regional commissioner for enforcement, were summoned to Washington, where they explained the news conference incident to members of the state's congressional delegation.

The three men met with Sen. Pete Domenici, R-N.M., and Olson said Lappe lied to Domenici when the senator asked if Customs agents were on the plane transporting the cocaine.

Lappe said he can't recall details of the meeting, but he said during a recent interview that he might have been con-

fused in some replies to Domenici's questions.

The FBI, which participated in the case and news conference, reviewed statements made at the news conference.

Then-FBI director William Sessions admitted in a letter to Domenici, " ... I must acknowledge that there were several misrepresentations made to the news media. Law enforcement is based on trust between citizens served and Government. A breach of that trust, as evidenced in this incident, erodes the effectiveness of all law enforcement."

After the controversy died down, Olson said he found an expected promotion stalled and investigations into drug smuggling and money laundering quashed by Lappe.

Lappe later denied the allegations to federal investigators. Lappe, now stationed in Europe, agreed to a recent telephone interview.

"Ward's perceptions were a little bit distorted," Lappe said. "Ward was treated well. I thought we were friends, and he began making all these allegations that were totally false."

"He caused me a lot of heartburn for 15 months."

But Olson insists that his formal complaints about Lappe's conduct led to cases being quashed and ultimately to his retirement.

In a separate marijuana-smuggling case, Olson said, the case agent was transferred at Lappe's orders two days before the smugglers were scheduled to land marijuana in southeastern New Mexico.

"They couldn't kill that case," Olson said. "The DEA was involved, but forcing the case agent to transfer two days before delivery was the closest they could come."

Lappe said he wasn't involved in the day-to-day decisions.

"I had a whole chain of command between Olson and me," Lappe said. "Those decisions were made by my subordinates."

Eleven months after his retirement, Olson was asked to sign a final evaluation form that had been downgraded from excellent by one of Lappe's assistants and was told not to come into any Customs offices again.

"I don't know why that was done," Lappe said. "It doesn't make any sense to redo a close-out appraisal after he retired."

He did say that he may have told subordinates he didn't want Olson coming around any Customs offices "because he was stirring up trouble."

## 'Whitewash' investigation

**O**lson took medical leave in September 1991 and decided he would write to Domenici.

Olson cited Lappe's misleading reply to the senator's question about the news conference a year earlier. He also raised allegations, including quashed investigations.

See **WHISTLE-BLOWER** on **NEXT PAGE**

# Whistle-Blower: Speaking Out Doesn't Pay

from PREVIOUS PAGE

Domenici's office forwarded the letter to the Office of Inspector General for Treasury and to the Commissioner of Customs. Neither office was required by law to keep Olson's name confidential.

The Journal, with a privacy waiver affidavit from Olson, filed a Freedom of Information Act request with the Office of Inspector General in January 1994 seeking to obtain the investigation file on Olson's allegations.

The OIG initially declined to turn over the file, but the Journal appealed and received more than 250 pages of the OIG report.

The Customs Service has not responded to a similar request.

In November 1993, almost a year after Olson retired, the Office of Inspector General reported:

"Our investigation did not develop or secure any evidence that would substantiate any of the allegations made against Lappe. It should be noted that some of the allegations made against Lappe may have been completely unfounded."

Olson reviewed the report. He calls it a "whitewash."

Lappe told federal investigators that those making the allegations should be prosecuted.

According to the records released, the Customs Service didn't acknowledge receipt of the report until March 1994 — after the Journal's FOI request was filed and three years after Olson's complaint.

It appears the investigation barely touched on alleged retaliatory actions and Olson's stalled promotion. The report appeared to accept at face value Lappe's claim that quashing the three investigations handled by Olson's unit was within his discretionary authority as special agent in charge and not retaliation.

In a recent telephone interview, Lappe said, "Special agents in charge don't close down cases. The one case I did get directly involved in, I ordered it referred to the FBI. That's hardly quashing a case."

At least one Customs official, whose name is redacted from the OIG report, concluded that Lappe did mislead the media during the 1990 news conference



JIM THOMPSON/JOURNAL

**ROOT OF DISCORD:** Ward Olson, right, and his boss, Special Agent in Charge Michael Lappe, center, display confiscated drug money along with APD Deputy Chief Richard Montoya at a June 22, 1990, news conference in Albuquerque. Olson later filed complaints against Lappe.

and misled Domenici during the subsequent meeting.

This official said Lappe was confused by questions during the meeting and that the matter was cleared up in a telephone call to Domenici's office.

"I never had any wrongful intent or any malice in saying what I did," Lappe said during the recent interview with the Journal.

Lappe, during the investigation, blamed the Albuquerque Journal for the entire problem.

"I might mention that the genesis of the publicity against us was the Albuquerque Journal," Lappe wrote in his affidavit to the OIG.

"The Albuquerque Journal according to then-U.S. Attorney Bill Lutz is anti law enforcement and thrives on making law enforcement in general look bad," Lappe wrote.

In the interview Lappe said, "I got assassinated over that press conference."

## 'No one stole the money'

One of Olson's allegations appeared to be substantiated by the OIG investigation.

He claimed that \$10,000 seized in Operation Transwestern was transferred to a separate money-laundering investigation in El Paso in violation of a legal opinion by Customs attorneys.

Lappe said in his affidavit that he was only vaguely aware of the two undercover operations and referred OIG to someone else, whose name was redacted.

According to the report, this person confirmed the money was transferred but said it didn't violate internal direc-

See **WHISTLE-BLOWER** on **NEXT PAGE**

# Whistle-Blower: Speaking Out Doesn't Pay

from PREVIOUS PAGE

tives.

A legal memorandum from the chief counsel for Customs contradicts that conclusion.

The report shows that Lappe circulated a 1991 opinion "to supervisors in the El Paso district."

According to the opinion, released under the Freedom of Information Act, money seized in one undercover operation may be used to keep that operation going but shouldn't be transferred to another.

Once the operation is completed, any money is supposed to be turned over to the Department of the Treasury.

According to the legal opinion, "the proceeds from an undercover operation may be used to offset necessary and reasonable expenses incurred in such operation ...

"However because proceeds are not subject to a specific appropriation, Customs should be particularly prudent in expending them. For this reason, we believe that Customs must expend proceeds only for articles or other purposes directly attributable to a particular operation. Moreover proceeds may not be expended for carrying out Customs general enforcement work."

Lappe's cover memo to supervisors calls the document "an excellent memorandum ... outlining what can and cannot be done with undercover funds."

Lappe said that if the funds were transferred, they were not misused.

"No one stole the money, it was used for a legitimate law enforcement investigation," Lappe said. "This was common procedure until they told us to stop it, which we did."

Olson said in a recent interview the \$10,000 transfer occurred after the counsel's memo was circulated. Customs has not responded to the Journal's request in early 1994 under the Freedom of Information Act for records of the

transfer.

Olson also said he was ordered by supervisors in El Paso to deny OIG auditors access to accounts for operation Transwestern.

Lappe said, "That's simply not true. The office was audited constantly and no one ever found any problems."

OIG would not release information concerning its auditors being denied access to undercover accounts.

Customs has not responded to the Journal's request for information on that allegation.

Customs did release a file, with Olson's consent, on an internal affairs investigation of Olson, which found that an allegation that he leaked information to a criminal informant was unfounded.

The Journal also has requested a wide range of information from the Customs Service.

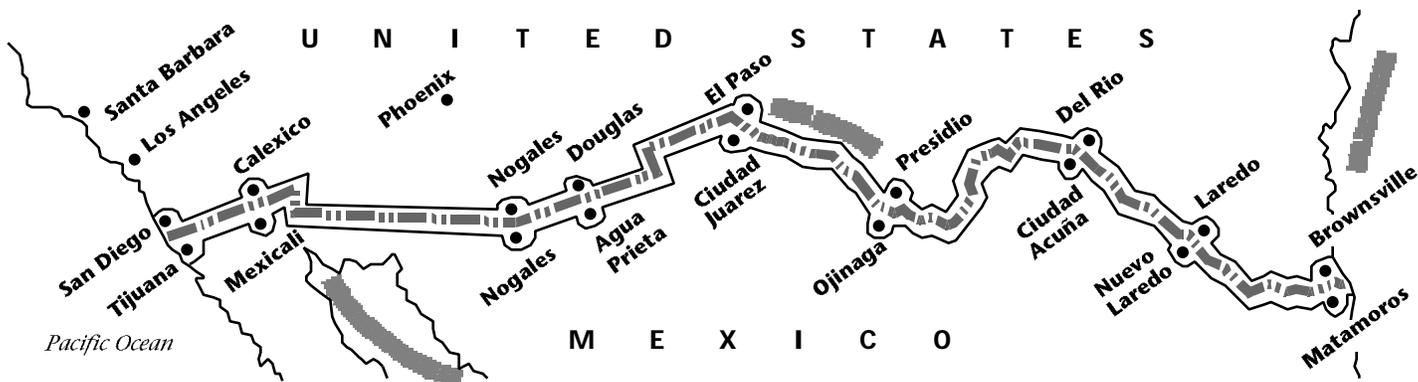
Among items the Journal has asked be made public are reports concerning an aborted investigation of Arkansas businessman Dan Lasater, a political supporter and long-time friend of President Clinton.

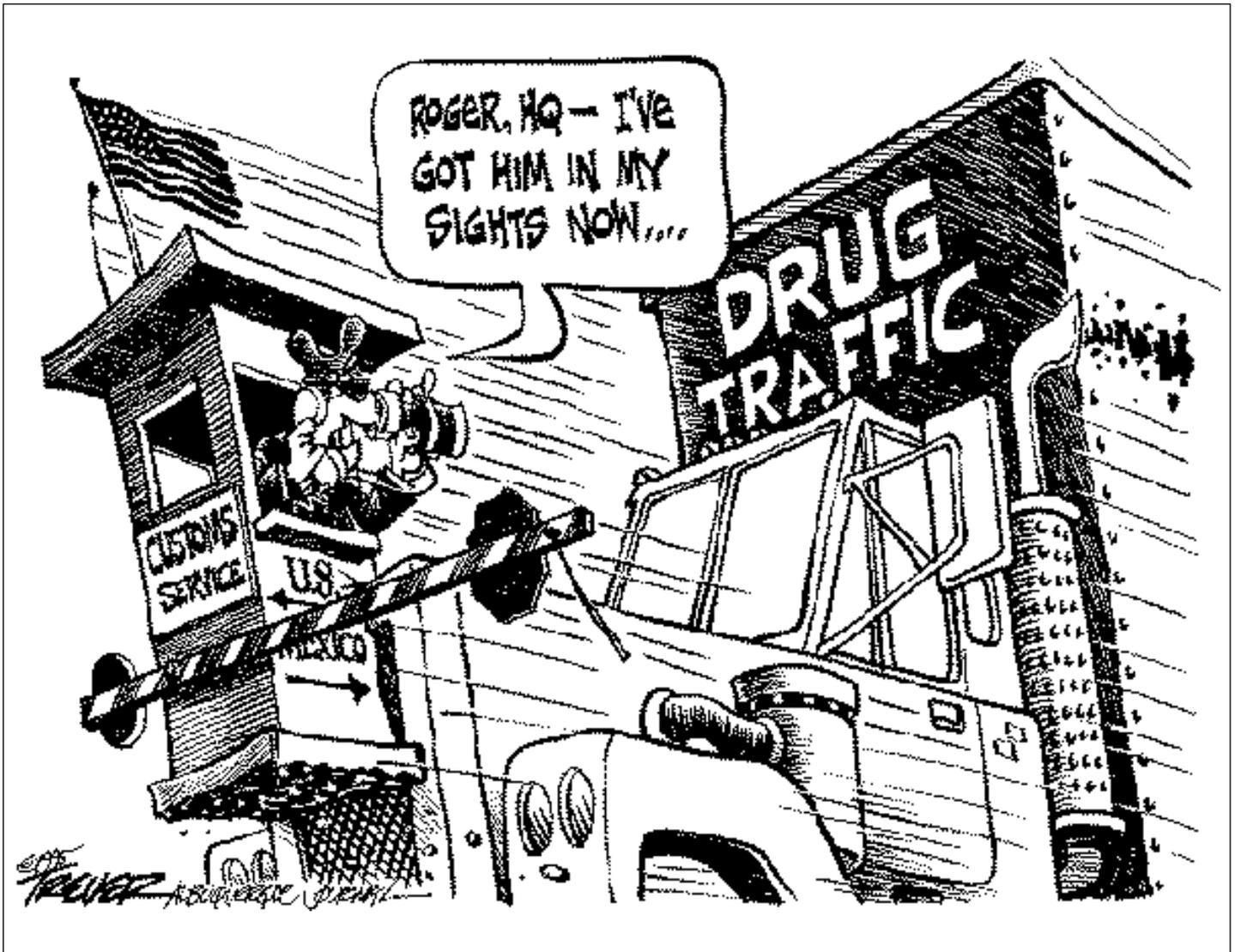
The Journal reported last year that a Customs investigation of Lasater's activities in Angel Fire in the 1980s was short-circuited by a conflict with the Drug Enforcement Administration.

The Customs money-laundering and narcotics investigation was brought to a close when DEA agents based in Albuquerque refused to cooperate with an Organized Crime Drug Enforcement Task Force investigation of Lasater. DEA officials claimed they were already investigating Lasater at the time.

The controversy effectively ended both investigations and led to the voluntary demotion of a Customs supervisor.

Customs hasn't released any reports concerning this investigation. ■





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