

1 Q And was using those planes -- how did the use of those
2 planes to traffic cocaine compare in risk to other forms of
3 transportation?

4 A Well, it was very safe.

5 Q Why?

6 A Well, because there was control when the plane took off
7 and control where the plane landed, which was Mexico City.

8 Q Who had that control?

9 A The Government.

10 Q Did you pay Government officials to use that control?

11 A Yes.

12 Q Who did you pay?

13 A Well, I paid the federal highway and port police, I paid
14 AFI, and the attorney Oscar Paredes paid Palomino and his
15 people. It was a very safe way to work.

16 Q When you paid individuals at the airport, the airport
17 directors, for example, did you -- who did you intend that
18 money to go to?

19 A Well, for him and for his higher command.

20 Q And towards the end of your time in the Sinaloa Cartel in
21 2008, who were you paying to help you run the international
22 airport for the Sinaloa Cartel?

23 A I was paying Bayardo, Piqueño, Rosas, Fidel, those with
24 the secretariat for public security.

25 Q And how much were you paying them?

1 A An average of \$250,000 per month.

2 Q Tell us a little bit about how you would actually traffic
3 cocaine through the airport.

4 How would it work with commercial flights?

5 A Well, here, we would transport bags with cocaine and the
6 amounts were from 200 to 250 kilos per flight. The plane
7 would land and the baggage handlers would be in charge of
8 removing the bags that already had -- they had a means of
9 identify them -- identifying them by a logo they had, they
10 would take them out, they would deliver them to the officers
11 who worked with the airport and Port federal police, they
12 would load them up on their patrol cars, and then that's how
13 we would get them.

14 Q You said you also used private jets.

15 How would you traffic cocaine through the
16 international airport with private jets?

17 A Well, at the time, those planes would come mainly from
18 Venezuela, and it was seen as a charter flight that brought
19 Venezuelan tourists, it carried a flight plan and everything,
20 and it would land, and then it would go through a section
21 where there were some warehouses, in an area that was
22 controlled by the federal preventive police. That's where the
23 cocaine would be unloaded, and then the jet would be refueled
24 and then it would just get out of the airport.

25 Q Who would unload the cocaine?

1 Was he a Yankee?

2 A Yes, he was a Yankee.

3 Q Can you give us an example of when Commander Vigueras
4 assisted you and the Sinaloa Cartel?

5 A Well, there was this one time. He arrested Alfredo
6 Beltrán.

7 Q Approximately when was that?

8 A I don't remember the date, but it was during Fox's
9 administration, so it was still the AFI, at that time.

10 Q How did you learn about it?

11 A Quell, Arturo called me and he asked me to do him a favor
12 to talk to him and to ask him to let Alfredo go because he had
13 him under arrest.

14 Q What did you do?

15 A I said Arturo, why don't you just call him. He says, no,
16 no, he's really mad, he doesn't want to let him go. You're
17 his friend. You talk to him. Maybe he'll release him.

18 Q What happened next?

19 A I phoned him, I had a relationship with him, and so I
20 asked him for the favor, and he said, look, I really don't
21 want to release him, I will because you're asking me to, but I
22 really want to take him to Mexico City.

23 Q Did he release him?

24 A He did. He did release him.

25 Q Did you hear from Arturo afterwards?

1 A Yes.

2 Q Did the defendant Garcia Luna ever try to take Arturo's
3 weapons from him?

4 A No, never.

5 Q On cross-examination you were asked about many different
6 names of people. Do you remember that?

7 THE INTERPRETER: Clarification. Meeting did you
8 say?

9 MS. [REDACTED] Many different names.

10 A Yes.

11 Q I believe the question was phrased about people who were
12 possibly arrested and brought here to the U.S.

13 A Yes.

14 Q Do you know whether the defendant Garcia Luna had any
15 involvement in those arrests?

16 A For example, in Lobo Valencia's case, no, it was the
17 army. In mine, I was arrested by the Marines, he didn't have
18 participation there either. In Ray Zambada's, we were the
19 ones who went together with some corrupt police officers for
20 SIEDO; it was us who arrested him. About Sandra Avila
21 Beltran, I believe he asked me, and she was detained by the
22 federal police, but I believe it was Commander Benito, the
23 corrupt official. And the other names, I truly don't
24 remember.

25 Q By the way do you have, do you know who is a witness in

1 of?

2 A That's a video of a song, saying what was doing, bringing
3 in the work from Culiacan to New York.

4 Q Do the lyrics of that song refer to bringing from drugs
5 from Culiacan to New York?

6 A Yes, ma'am.

7 Q Just to be clear, did Sinaloa Manuel send you this?

8 A Yes, ma'am.

9 Q What is your understanding of why he did that?

10 A We were sending each other videos. That song was
11 explaining everything that we was doing.

12 Q I want to show you 1204-A for identification. Do you
13 recognize this?

14 A Yes, ma'am.

15 Q What is this?

16 A That's a pill presser.

17 Q Is this another video that you received?

18 A Yes, I received that video from Manuel.

19 MS. [REDACTED] I'd ask that Government Exhibit 1204-A be
20 admitted.

21 MR. [REDACTED]: No objection.

22 THE COURT: Received.

23 (Government Exhibit 1204-A, was received in
24 evidence.)

25 (Video played)

1 Q What is this?

2 A That's a pill presser that he send me so I can see how
3 the machine works making the M30s.

4 Q What are M30s again?

5 A The roxys, Oxycontin.

6 Q Why did he send this to you?

7 A Because we was planning on starting January, the plan was
8 to start making the pills over here to not take the risk
9 bringing them. And he was showing me the machine how they
10 work, so I could see how they operate. So he told me I could
11 get them on Ebay. I was like, eh, I'm not getting that. He
12 told me he would send them to me, that's how it works.

13 Q Why didn't you want to buy a pill press on Ebay?

14 A That was a red flag.

15 Q Were you worried you might get caught?

16 A Yes, ma'am.

17 Q Over the course of your time working with Sinaloa Manuel,
18 what did he tell you about who he worked for?

19 A He told me he was working for his compadre.

20 Q Did he tell you anything more about who that was?

21 A He told me his compadre was Ivan, Chapo's son.

22 Q Who is Chapo?

23 A Chapo, Joaquin Guzman.

24 Q Did that person belong to any group?

25 A The Sinaloa cartel.

1 Q Was there ever a time when you learned more about Ivan?

2 A Yes, ma'am. Manuel had called me dedicating a song to me
3 from Antonio Gilal (ph). We always call each other dedicating
4 songs. He call me, one time there was a boat, he called me
5 dedicating a live song, a live band was playing in the back,
6 dedicating the song. He introduced me to Ivan. He said, this
7 is the guy, Jose from La Torre. At first I was, how you
8 doing. I didn't recognize who he was. And then he saw it on
9 my face, like, that I was not like excited like, oh, you don't
10 know who is this. I'm like, no, compa. Saying, Ivan, el hijo
11 del senor; this is Ivan the son of the senor, the man; senor,
12 sir. Then I was, like, it's an honor.

13 Q When was this that Sinaloa Manuel called you to dedicate
14 this song?

15 A 2019.

16 Q Do you remember what time of year?

17 A No, somewhere around the summer.

18 Q I believe you said he introduced you from Jose from
19 somewhere?

20 A La Torre.

21 Q What does that mean?

22 A New York, like the Twin Towers.

23 Q When you didn't immediately recognize the person he
24 introduced you to, what did Manuel say?

25 A Compa, you don't know who that is? You don't know who

1 you're talking to? I'm like, no. That's my compadre, Ivan,
2 the son of senor, in Spanish. Like, this is like the son of
3 the sir.

4 Q What did it to mean to you who was he referring to when
5 you said the son of the sir?

6 A The son of the boss, meaning Chapo.

7 Q After that call, did you ever speak with Manuel more
8 about who he worked for?

9 A Yes, ma'am. After that I was, like, wow compa. He
10 started telling me how Ivan is his one of his youngest boys,
11 he got nine kids, his godfather, the godfather of the kid. He
12 kept telling me you really lucked out, you're going to be
13 good. Never going to be miss anything. You good, you direct.

14 Q Did Manuel also tell you other things about how he worked
15 for the Sinaloa cartel?

16 A Yes, ma'am.

17 Q Did you continue working with Manuel up until your arrest
18 in December of 2019?

19 A Yes, ma'am.

20 Q During that time, generally where would you keep the
21 drugs that you bought from him?

22 A I would keep them in an apartment in Flushing, New York.

23 Q Is that in Queens?

24 A Yes, ma'am.

25 Q Did you live in that apartment?

1 A Mayo spoke to me.

2 Q When is the last time you spoke with Mayo?

3 A When the war had just started.

4 Q Is that before you were arrested?

5 A Yes.

6 Q Now during this time period of the war, were there ever
7 efforts to arrest Arturo Beltran?

8 A Yes.

9 Q Can you tell us about that?

10 A There were efforts on the part of the Army and the
11 federal police, specifically Commander Bayardo and his
12 people.

13 Q And were there ever confrontations during efforts to
14 capture Arturo?

15 A Yes.

16 Q What would happen during those confrontations?

17 A We exchanged gunfire.

18 Q Did anything significant ever happen in Acapulco,
19 Mexico?

20 A Yes.

21 Q What happened?

22 A During one of these attempts to capture Arturo Beltran
23 and his people, Beltran and his people were surrounded by
24 some Army departments. Arturo spoke to some military
25 leaders and we walked out the back as if there was nothing

1 going on and nothing happened.

2 Q And at this time, did Arturo have relationships in
3 which he paid members of the military too?

4 A Yes.

5 Q I want to direct you to December of 2009. What, if
6 anything, happened to Arturo Beltran then?

7 A That was when he was killed.

8 Q And who was involved in his death?

9 A The Marines.

10 Q I want to direct you to a few days before Arturo
11 Beltran's death. Did anything significant happen then?

12 A Yes.

13 Q What happened?

14 A Arturo had arrived from Puebla in a helicopter for a
15 party that we were going to have in Cuernavaca. They're
16 called posadas in Mexico.

17 Q What is a posada?

18 A Like a Christmas party.

19 Q Okay. Continue.

20 A We were at a house, there were live music groups.
21 There were women. We were drinking, well, I wasn't
22 drinking, Arturo was drinking and doing drugs. And
23 suddenly, the Marines came. There was a confrontation and
24 we left. Arturo went on his way with some people and he
25 sent me to Mexico City to talk to the government people to

1 THE WITNESS: Yes, Your Honor . Thank you.

2 THE COURT: Government's next witness.

3 MS. [REDACTED]: The government calls

4 Earl Anthony Wayne.

5 (Witness takes the witness stand.)

6 **EARL ANTHONY WAYNE**, called as a witness, having been first
7 duly sworn/affirmed, was examined and testified first duly
8 sworn/affirmed:

9 THE COURTROOM DEPUTY: Please be seated.

10 Please state and spell your name for the court
11 reporter.

12 THE WITNESS: Earl Anthony Wayne, W-A-Y-N-E.

13 MS. [REDACTED]: May I inquire, Your Honor?

14 THE COURT: You may if the witness can find you.

15 MS. [REDACTED]: Ambassador.

16 THE COURT: Okay. Proceed.

17 DIRECT EXAMINATION

18 DIRECT EXAMINATION

19 BY MS. [REDACTED]:

20 Q Mr. Wayne, what is your current profession?

21 A I am currently a professor at American University and a
22 public policy fellow at the Woodrow Wilson Center, Mexico
23 Institute.

24 Q Did you previously serve in Mexico?

25 A I did. I was U.S. ambassador in Mexico from

1 September 2011 until the end of July 2015.

2 Q Did you have other roles in the foreign service?

3 A I did. I was in the foreign service from 1975 until 2015
4 .

5 Q Can you name some of the countries that you served in?

6 A Sure.

7 I was ambassador in Argentina. I had an
8 ambassadorial ranked position in Afghanistan. I was assistant
9 secretary of state for economic and business affairs. I was
10 the principal deputy assistant secretary of state for Europe.
11 I was deputy chief of mission at our Mission to the European
12 Union in Brussels, worked at the National Security Council,
13 worked for the secretary of state, served in Paris and Rabat,
14 Morocco, did other jobs.

15 Q Fair to say you were a career diplomat?

16 A Yes.

17 Q What is the core function of a diplomat?

18 A Diplomats work to manage relations between nations. They
19 work to promote the interests of their country in other
20 countries and in international organizations. They work to
21 get to know people in other countries, at times to influence
22 them or give them messages from their government. They
23 collect information and assessments and share that back with
24 their capitals.

25 Q Does that include meeting people?

1 Q How long have you worked at the DEA?

2 A Since November of 2003.

3 Q Have you ever been posted abroad for the DEA?

4 A Yes, I have.

5 Q Were you posted in Mexico?

6 A I was.

7 Q What year did you arrive in Mexico with the DEA?

8 A April of 2005 -- I'm sorry, April, 2008.

9 Q Sorry, April 2000 what?

10 A 2008.

11 Q What questionnaire did you leave?

12 A I left August 2015.

13 Q What was your title when you got to Mexico?

14 A I was a special agent.

15 Q What was your title when you left Mexico?

16 A Supervisory special agent.

17 Q What did you do as a special agent for the DEA in Mexico?

18 A You conduct investigations, you get information from
19 domestic offices in the U.S., get that information, share it
20 with host nation counterparts and work investigations
21 together.

22 Q How about as a supervisory special agent, what's the
23 difference?

24 A I oversee special agents doing their investigations and
25 make sure they get what they need in order to succeed in their

1 investigations.

2 Q How many offices does the DEA have in Mexico?

3 A I believe we have 11 offices.

4 Q Which office were you in?

5 A Mexico City office.

6 Q Why does the DEA have offices in Mexico?

7 A It's important to establish relationships the host
8 nation, to work investigations collectively, and further the
9 investigations both in the U.S. and in Mexico.

10 Q What are you generally investigating?

11 A Narcotics trafficking organizations.

12 Q What goals can be accomplished by being based in Mexico
13 that you can't accomplish being based in the United States?

14 A Daily interaction with the host nation counter parts and
15 development of investigations.

16 Q As a special agent in a foreign country, what
17 investigative techniques are you allowed to take?

18 A We could -- we could recruit and get information from
19 confidential sources, we could also share intelligence with
20 our host nation counterparts.

21 Q Are there things you're not permitted to do as a U.S. law
22 enforcement agent abroad?

23 A Yes.

24 Q Does the DEA have the ability to order Mexican banks to
25 seize assets?

1 exposed?

2 A He could be identified by the organization he's working
3 and he could be killed.

4 Q Did you ever have confidential sources who were killed in
5 Mexico?

6 A Yes.

7 Q Was it one or more than one?

8 A More than one.

9 Q What Mexican government agencies did you interact with?

10 A I worked with Mexican federal police, or SSP, I work with
11 the Mexican marines, I work with the Mexican Army, and I work
12 with the Mexican Federal Prosecutor's Office.

13 Q I want to break that down a little bit. You said SSP.
14 What's SSP?

15 A SSP was Secretaría de Seguridad Pública, or the Mexican
16 federal police.

17 Q What did you interact with them for?

18 A We worked joint investigations and our sensitive
19 investigation unit was under the SSP.

20 Q You mentioned you also worked with Mexican prosecutors?

21 A I did.

22 Q Did that have an acronym?

23 A Yes. The unit I used to work with was -- was SEIDO at
24 the time.

25 Q And can you spell that?

1 Q Did you work closely with SEMAR?

2 A I did.

3 Q Is SEMAR part of the SSP?

4 A No.

5 Q Is SEMAR part of the federal police?

6 A No.

7 Q You also mentioned you worked with the Army. Does that
8 have an acronym?

9 A It does.

10 Q What's that?

11 A SEDENA, S-E-D-E-N-A.

12 Q What did you do with the Army?

13 A Conducted investigations -- I'm sorry, operations,
14 against narcotics trafficking organizations.

15 Q And you did that with them?

16 A Yes.

17 Q Is the Army part of SSP?

18 A No.

19 Q Is the Army part of the federal police?

20 A In.

21 Q Based on your experience in Mexico, did these agents
22 generally work together?

23 A Not necessarily.

24 Q And how do you know that?

25 A Since I worked with each organization, when we're working

1 investigations, they would ask me not to share information of
2 our investigation with any other entity. I also witnessed
3 investigations where there was overlap on the target and it
4 could have resulted in a police-on-police scenario, and I was
5 clear that there was lack of trust or coordination between the
6 agencies at that time.

7 Q What do you mean there could have been a police-on-police
8 scenario?

9 A So, for example, if you're targeting a specific
10 individual, if there's no coordination between the government
11 entities that are working, they could actually be pitted
12 against each other and that could result in a catastrophe.

13 Q So to be clear, there were times when you worked with one
14 agency and you saw them not interacting with the other agency?

15 A Correct.

16 Q And were there times that your federal police
17 counterparts would ask you what the other agencies were doing
18 with respect to certain drug trafficking targets?

19 A Not often because they knew I wouldn't share information.

20 Q And why did they know that?

21 A Because part of my job was to work each investigation
22 with the organization that was working with us, and if I
23 shared the information, it would allow the possibility of the
24 information being leaked.

25 Q Did you generally try to keep information as close to the

Vazquez - direct - [REDACTED]

1 Q Now, you mentioned that you worked for the Mexico city
2 country office. When were you assigned to the Mexico City
3 country office?

4 A December 2008 to July 2014.

5 Q So in total approximately how many years were you in
6 Mexico City?

7 A Five and a half.

8 Q Can you describe for the ladies and gentlemen of the jury
9 what were your responsibilities in the Mexico City country
10 office for the Drug Enforcement Administration?

11 A My responsibilities in Mexico City country office
12 representing DEA was to liaison or to interact with host
13 nation counterparts. That would be the Mexican Federal
14 Police, the Mexican Army, the Mexican Navy, on a day-to-day
15 basis to share information, to work cases and -- together, and
16 to eventually help our domestic office here in the United
17 States.

18 Q What do you mean by a domestic office?

19 A A domestic office is any office of DEA or of any other
20 agency needing assistance from us in Mexico.

21 Q And what kind of information or assistance would you
22 provide as a DEA agent in Mexico City to the domestic offices
23 of the DEA in the United States?

24 A Intelligence or numbers of family members or maybe a
25 passport from that country that maybe an office in the

1 Academy.

2 Q What are your current responsibilities at the FBI
3 Academy?

4 A My responsibilities are supervising the new agent
5 training classes as they come through the academy.

6 Q Have you ever been posted abroad?

7 A Yes, I have.

8 Q What countries?

9 A Mexico and Egypt.

10 Q When did you arrive in Mexico with the FBI and when did
11 you leave?

12 A In October of 2009, and I left in January of 2014.

13 Q When you worked in Mexico, what generally were your
14 duties and responsibilities?

15 A I worked drug and non-drug-related matters in cases.

16 Q Can you get a little more specific about what you did for
17 the drug-related matters and the non-drug-related matters?

18 A Yes. Yes. The drug-related matters were basically
19 following the -- attending to leads from the U.S., my U.S.
20 counterparts, and working with my DEA counterparts that were
21 there stationed in Mexico.

22 And for the non-drug-related matters, it was a
23 working everything to include kidnappings, missing persons,
24 counterterrorism matters, parental kidnappings, fugitives,
25 both drug and non-drug-related.

RELEASE IN PART
B6

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Saturday, March 28, 2009 12:17 PM
To: H
Subject: Fw: A little positive reinforcement to pass on to the S

See below

From: Slaughter, Anne-Marie
To: Mills, Cheryl D
Sent: Sat Mar 28 09:56:08 2009
Subject: A little positive reinforcement to pass on to the S
 Pamela was at the dinner.

From: Pamela Starr [redacted]
Sent: Friday, March 27, 2009 3:33 PM
To: Gonzalez, Francisco J
Subject: Congratulations!

B6

Francisco,

Just wanted to congratulate you and the entire team on a striking success. The Secretary's visit was jaw-dropping from the Mexican perspective. I have never seen such a positive reaction to a visit by a high ranking US government official. My personal favorite: Estamos hiliarizados por estos días.

There is obviously also a "show me the money" aspect of the reaction, but even Mexico's newspaper of the traditionally anti-American left editorialized about "Good Clinton, Bad Napolitano".

And inside President Calderon's circle they are thrilled with Wednesday's meeting.

Many congratulations.

OK, I will stop bothering you with my emails and allow you to get back to doing your job.

warm regards,

Pamela

Pamela K. Starr, PhD
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email: [redacted]

>>> "Gonzalez, Francisco J" <GonzalezFJ@state.gov> 3/23/2009 8:45 AM >>>

Pamela,

Many thanks for this. Your insights and suggestions are very helpful. While the Mexico left me with the impression that we're aiming in the right direction (Leslie Bassett, Robert Jacobson and Tom Shannon are excellent), we could

never do too much to get the relationship to work better for both countries. Regarding the suggestion on the dinner with women politicians, a similar event with Mexican women during the visit is already in the works.

Again, many thanks for this and lets stay in touch.

Francisco Javier Gonzalez

S/P

(202) 647-2236

From: Pamela Starr [REDACTED]
Sent: Friday, March 20, 2009 2:38 PM
To: Gonzalez, Francisco J
Subject: Follow-up on March 12 Dinner on Mexico

B6

Dear Francisco,

I am sorry we did not have the chance to chat last week prior to the dinner, although I did see you at the end of the table so now at least have a face in my head to go with your name.

I am writing you in the "follow-up" spirit that Sec. Clinton presented at the end of the dinner. I thought that a few insights gleaned from having been in Mexico all this week might be of use to the secretary, although after my breakfast with Leslie Bassett on Wednesday I am more convinced than ever that the Secretary is receiving high quality information about Mexico from her embassy here. So there may not be that much for me to add, nevertheless...

I had breakfast Thursday with President Calderon's main foreign policy adviser, Rafael Fernandez de Castro, a very old and good friend. He made two points I think are worth relaying to you and Anne-Marie:

1) As I mentioned at dinner, Mexico is impatient and President Calderon frustrated (more so now after the trucking spat). To the extent that secretary Clinton can bring something tangible -- a sort of down payment on the kind of relationship we would like to build with Mexico -- it would help enormously. In that context, Rafael reminded me that President Calderon would very much like to be remembered as Mexico's first "Green President" (and is in something of a competition with the Mayor of Mexico City on this score).

2) rafael also related a very useful conceptualization of President Calderon the man that I think will be of use to you: he is a social conservative, Mexican nationalist (which by definition carries with it some anti-US sentiments) but also harbors profound liberal values -- he is a true democrat (not all Mexican politicians are) and a strong supporter of free trade and of a market economy that is largely free but regulated where required (which by definition carries some sympathy for US values and Democratic party values). it is this dichotomy that defines him as a person and makes him intelligible as a politician.

I also met with two female Senators who suggested to me the possibility of arranging a meeting between Sec. Clinton and Mexico's female governors (2) and senators (about 20). In an obviously male-dominated society, they have been working hard to promote women's issues and they think that the symbolism of a meeting with the secretary would help their cause enormously. I agreed to pass the suggestion along in part because I am impressed by how these women -- from political parties that otherwise find it very hard to collaborate -- are cooperating across party lines to promote women's issues. this kind of cross-party cooperation is much less common than it ought to be in Mexico's still formative democracy. And it is obviously in the US interest to encourage this kind of behavior and thereby help solidify democratic practices in Mexico. I know it is very late in your trip-planning to make this suggestion, but if there is not time for such a meeting this trip, maybe for the next one.

I hope these musings were of some use.

Warm regards,
 Pamela

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B6

Zambada - Direct - [REDACTED]

4116

1 tell his dad, meaning El Azul, about what was happening at
2 that time. Because Azul knew Teco also since they were
3 children, they were friends, and he didn't want for there to
4 be any problems with El Azul. And he wanted his son to be
5 present so that his son would be listening to what, you
6 know, my dad would be talking to Teco.

7 And my dad told Teco directly all that
8 information that we had. And Teco dia said that meant that
9 he had done wrong, that he was indeed hanging out with those
10 people. And because of that my dad ordered him killed.

11 Q And did you learn whether or not Teco was, in fact,
12 killed?

13 A Yes, yes, I knew that he was killed.

14 Q How did you learn that?

15 A Well, at that time, Gonzalo Izunza, Macho Prieto, took
16 him with him. We gave him up to him.

17 Q Okay. The last person I want to talk about is -- do
18 you know someone named Vasconcelos?

19 A Well, I know the name. I know who Vasconcelos is.

20 Q Who is he?

21 A He was the attorney general with SIEDO. A federal law
22 enforcement agency in Mexico, the SIEDO.

23 Q Did you have any conversations with your dad or the
24 defendant about Vasconcelos?

25 A Yes.

Zambada - Direct - [REDACTED]

4117

1 Q And what did you discuss?

2 A Well, at times we spoke, my dad, my Compadre Chapo and
3 I, and my Compadre Chapo said about killing Vasconcelos.

4 Q Why did you discuss killing Vasconcelos?

5 A Well, Vasconcelos was attacking my dad and my
6 Compadre Chapo very much so. And, in fact, Vasconcelos had
7 arrested Ivan, my Compadre Chapo's son, with no basis, just
8 to, you know, give my Compadre Chapo a hard time.

9 At that time, my Compadre Chapo's son, Ivan,
10 didn't have anything to do with the business, and he was
11 arrested in Guadalajara, and he was arrested just to
12 pressure my Compadre Chapo.

13 Q Was the decision made during that conversation about
14 Vasconcelos?

15 A Well, you know, we spoke about that two or three times.
16 My dad would advise my Compadre Chapo. And they would say
17 that by killing Vasconcelos there would be a big problem in
18 Mexico, because he was the attorney general with the SIEDO.

19 And he was sent just to wait a little longer
20 to see what would happen to Ivan so that we could talk to
21 Vasconcelos. But Vasconcelos kept mistreating Ivan and he
22 kept attacking my dad and my Compadre Chapo through
23 different sting operations, so he was really an enemy of
24 ours.

25 And there came a time when there was the order

Zambada - Direct - [REDACTED]

4118

1 that was given to kill Vasconcelos. My Compadre Chapo had
2 people following him in Mexico City. Yes, Mexico City.

3 There were some people who were sent to Mexico
4 City, former military people. They worked for my
5 Compadre Chapo. And they took with them three bazookas, the
6 ones who call the guatemaltecas, it's a specific type of
7 bazooka.

8 And, you know, there was sometime that we were
9 following Vasconcelos and that, you know, we were trying to
10 figure out how to kill him. We didn't want for there to be
11 cameras in the place because we knew there would be a huge
12 problem that would come about after the killing.

13 But then there came a time when the people who
14 had been sent to Mexico City to commit the attack, they were
15 arrested before the attack was committed. And, in fact, it
16 was exactly on that same day when they were about to do
17 that, that they were arrested, and they even found the
18 bazookas on them and everything.

19 Q So were these people successful with killing
20 Vasconcelos?

21 A No.

22 Q Who provided the special bazookas that you referred to
23 as guatemaltecas?

24 A Well, I gave some to Juancho that I had gotten from
25 Gonzalo, who had gotten them in Guatemala, meaning Macho

Zambada - Direct - [REDACTED]

4119

1 Prieto.

2 Q And approximately when did this occur?

3 A Before 2006, or I would say towards the end of 2005.

4 Yeah, let's say 2005.

5 Q Okay. I'm going to turn now to some calls. I have a
6 couple questions for you before we play some of the clips.

7 We previously discussed a lot about Juancho.

8 How many times do you think you met Juancho?

9 A Hundreds. Thousands of times.

10 Q Okay. And during those meetings, were these
11 face-to-face meetings or conversations over the phone?

12 A 98 percent of the time it was face-to-face. We were
13 always together in Culiacan in the same office, in the same
14 house.

15 Q Okay. And based on those conversations, are you
16 familiar with what Juancho's voice sounds like?

17 A Yes.

18 Q Okay. And what other name do you know Juancho by?

19 A As Virgo, that was more common over the radio. And
20 between us, I called him "Sanka".

21 Q Okay. And we talked this morning about someone named
22 Cholo Ivan.

23 Same questions. How many times do you think
24 you've spoken with Cholo Ivan?

25 A That I've spoken to Cholo? It's been more times than

Zambada Garcia - direct - [REDACTED]

891

1 got back to the city. Right? And we talked about friends
2 and, you know, he, again, thanked me. And he said: You have
3 too many friends in Mexico City. And I said: My brother does
4 too, even more so than I do. And we spoke about politics,
5 what was happening.

6 And then he said: Look, you know, what about
7 Vasconcelos? That's a tough one, right? Yes, I said, as far
8 as I know, he doesn't cooperate with anybody. And then he
9 said: Well, yes, I guess we're going to have to kill him at
10 any point in time, he said. And then I said: Well, yes, that
11 I do not know, but it seems that this man, he doesn't like
12 making any arrangements with anybody.

13 It was one of the most important things that I do
14 remember about that conversation which, in fact, was one of
15 those conversations that lasted longer and that I had with
16 him.

17 Q Who is Vasconcelos?

18 A Vasconcelos is -- he was one of the high command of the
19 PGR, a police officer that everyone respected and feared
20 because what was said about him was that he would not take
21 money.

22 Q Would not take money from who?

23 A On behalf of drug trafficking.

24 Q And you testified that you also discussed with the
25 defendant that he wanted to buy cocaine from you in Mexico

J. Zambada Garcia - direct - [REDACTED]

929

1 hanging from, like, one side.

2 Q You testified earlier that the Defendant mentioned
3 killing someone named Vasconcelos.

4 Who is Vasconcelos?

5 A No, I never said that he had killed Vasconcelos.

6 That he wanted to kill him.

7 Q So, who is Vasconcelos?

8 A Vasconcelos was high official from the Mexican
9 government.

10 Q Are you aware of the plan to kill Vasconcelos?

11 A That's right.

12 Q How did you hear about the plan to kill him?

13 A Well, I was asked to be part of the plan.

14 Q How were you asked to be part of the plan?

15 A In order to help locate him and for me to help by
16 providing security to the gunmen who they were going to use to
17 kill him.

18 Q Who made this request?

19 A My brother Mayo told me we're going to help my compa
20 Chapo. Chapo wants to kill Vasconcelos so we're going to help
21 with that.

22 Q When did this occur?

23 A Approximately 2005. Like, mid '05, more or less.

24 Q What happened after Mayo asked you to become a part of
25 the plot to kill Vasconcelos?

J. Zambada Garcia - direct - [REDACTED]

930

1 A Well, I saw a way to try to locate him, and there came
2 the day when he was located. I asked the head of sicarios for
3 my brother how they thought about, you know, conducting the
4 operation.

5 And the truth is that I didn't really think that it
6 was right, what they were thinking about doing.

7 Q Who was the head of the sicarios that you spoke to about
8 killing Vasconcelos?

9 A Mechudo.

10 Q Did Mechudo ever work for the Defendant?

11 A Well, he worked directly for my brother Mayo, but he was
12 not acquired by the cartel. So, he did anything else, you
13 know, for Chapo as well, right?

14 Q What did you say about the plans for Vasconcelos?

15 A Well, I spoke to Juan Jose Esparragoza, El Azul, and I
16 told him that I wasn't going to help kill Vasconcelos because
17 I told him that I didn't think it would be fair for there to
18 be any civilian deaths, people who were innocent. And that in
19 addition to that, you know, he wasn't really helping or going
20 against anybody, he was doing his job as a police officer,
21 that was it.

22 I told him if this happens, then we're all going to
23 end up being hurt, effected, and in reality the only thing
24 that he's doing is he's not cooperating, he's not accepting
25 any drug trafficking money. I told him, I just want you to

J. Zambada Garcia - direct - [REDACTED]

931

1 support me. And I told him, Talk to my brother and Chapo and
2 tell him that this is not right.

3 He told me, You're right and I'm going to talk to
4 them. Don't worry.

5 And then he said, Well, I'm glad that you're
6 actually paying attention to this. Because if this were to
7 happen, it would become, like, a very troublesome issue.

8 Q After you spoke to Azul, what did you say to your brother
9 Mayo about the plan to murder Vasconcelos?

10 A I told him the same thing: That I did not agree. I told
11 him I already spoke to my compadre, this really doesn't make
12 any sense, and it's going to be a huge problem.

13 And then he said, Well, okay, forget it. If you
14 don't want to help, forget it.

15 Q Did the plan to murder Vasconcelos go forward?

16 A Well, with time, I did receive a call from Nacho Coronel
17 and he was asking me to support him in regard to some people,
18 his people and Chapo's people, who had been arrested in Mexico
19 City with some weapons. I spoke to the chief operating
20 officer with the police and I asked him if there was any
21 chance we could help those people who had been arrested around
22 the southern part of Mexico City, and he said, No, no, no.

23 He asked me, Are they your people?

24 And I said, No, they're not my people.

25 But I told him, well, these are people from there,

J. Zambada Garcia - direct - [REDACTED]

932

1 from Sinaloa, and they are calling me to see if there's any
2 way that we can help them.

3 He said, No, we cannot help them and, you know, we
4 can't help them and don't tell anybody else about this matter
5 because this is a very sensitive issue.

6 And he said, Well, because these people were on
7 their way to killing Vasconcelos, he said.

8 And he said, Forget it. You don't have to mention
9 anything to anybody.

10 And one of them is already talking, he said.

11 Q So, just to be clear, did Vasconcelos survive this murder
12 plot?

13 A That's right.

14 Q Now, you testified last week that you controlled the
15 Mexico City airport for the Sinaloa cartel.

16 A That's right.

17 Q In your role in controlling the Mexico City airport for
18 the cartel, did you learn about whether the Defendant used the
19 airport for drug shipments?

20 A Correct.

21 Q Did the Defendant ever ask for your assistance at the
22 airport?

23 A That's right.

24 Q Approximately when did the Defendant ask for your help at
25 the airport?

1 (Witness takes the witness stand.)

2 **HECTOR VILLARREAL**, called as a witness, having been first duly
3 sworn/affirmed, was examined and testified first duly
4 sworn/affirmed:

5 THE COURTROOM DEPUTY: State and spell your name for
6 the court reporter.

7 **THE WITNESS: Hector Villarreal, H-E-C-T-O-R,**
8 **V-I-L-L-A-R-R-E-A-L-L.**

9 DIRECT EXAMINATION

10 BY MS. [REDACTED]

11 Q Good afternoon.

12 A Good afternoon.

13 Q How old are you?

14 A Fifty-two years old.

15 Q In what country did you spend most of your life?

16 A In Mexico.

17 **Q Did you ever hold public office in Mexico?**

18 **A Yes.**

19 **Q What positions did you hold?**

20 **A In 2005 I was undersecretary of planning and budget in**
21 **the state of Coahuila. After that, in 2008, I was secretary**
22 **of finance.**

23 **Q Is Coahuila a state in Mexico?**

24 **A Yes. It is one of the 32 states in the country.**

25 Q Generally, where is it in Mexico?

1 Q And you would sometimes give instructions to your
2 subordinates to, quote, send someone to help, right?

3 A Yes.

4 Q And that would usually mean that they would be killed?

5 A Yes.

6 Q You also engaged in what were called staged shootouts?

7 A Yes.

8 Q That would be if you were going to -- you arrested
9 somebody, you would hand them a gun and let them run or
10 something, and then -- and then your people would shoot him to
11 death, right?

12 A Yes.

13 Q And you also talked about your participation in torture,
14 right?

15 A Yes.

16 Q And the one that the prosecutor brought out was that you
17 tortured a man who had -- who had raped a child, right?

18 A He had raped and killed her.

19 Q But you didn't just torture child rapists, did you?

20 A No.

21 Q In fact, you were involved in 30 to 40 different times
22 where you personally participated in torturing people,
23 correct?

24 A I don't remember. Not present, I didn't -- I wasn't
25 involved, but I knew about that.

1 Q Well, you personally tortured people yourself, right?

2 A Yes.

3 Q You said you liked to use electric shocks, right?

4 A TASERs.

5 Q With TASERs, yes?

6 A Yes.

7 Q And you also liked to waterboard people you were
8 torturing, right?

9 A Yes.

10 Q And you didn't like to use your fists or your feet,
11 right?

12 A No.

13 Q You preferred electric shocks and waterboarding, right?

14 A That was used, yes.

15 Q Can you explain to the jury why you prefer that?

16 MS. [REDACTED] Objection.

17 THE COURT: Sustained.

18 Q Isn't it true that you -- isn't it true that your
19 nickname was El Diablo?

20 A Among drug traffickers.

21 Q Which means "devil," right?

22 A Yes.

23 Q Isn't it true that when you were torturing people, you
24 preferred waterboarding and electric shocks because you didn't
25 want to leave any marks?

1 Q So between 2005 when you started in office in Coahuila
2 until about 2010, did you commit any financial crimes?

3 A Yes.

4 Q What kind of crimes?

5 A We would charge commissions. We would go over the
6 invoices for public works.

7 Q Are you saying that you overpaid on occasion for public
8 works in Coahuila?

9 A That's correct.

10 Q When you overpaid, did you ever get the money back?

11 A That's correct.

12 Q Did you take that money as a kickback?

13 A That's correct.

14 Q Was Governor Moreira involved in the scheme to get
15 kickbacks?

16 A That's correct.

17 Q Generally, how did you and the governor get money from
18 these kickbacks? How did you get it?

19 A We would pay a higher commission for the public works
20 projects that we were working on. And it was stated on the
21 same invoice. And later on, those companies were instructed
22 as to what they had to acquire.

23 Q Who instructed the companies on how to spend this
24 kickback money?

25 A It was a direct instruction from the governor because the

1 people in these companies were either family members or people
2 who were very close to him, or even strawmen who had been
3 assigned to those companies.

4 Q Generally, what did you and the governor do with the
5 money that you got from these kickbacks?

6 A We purchased properties, land, houses in Cuernavaca,
7 Mexico City, Saltillo. We purchased planes that were from a
8 company that was part that had a partnership with the
9 governor. We bought mass media, radio stations, TV stations,
10 shows. We had apartments on the beach. And a very important
11 part, which was political campaigns in Mexico.

12 (Continued on next page.)
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1 DIRECT EXAMINATION (Continuing)

2 BY [REDACTED]

3 Q I'd like to break some of those things down.

4 You said that you bought various kinds of media; is
5 that right.

6 A That's correct.

7 Q Why did you do that?

8 A Well, in addition to the fact that it was useful so that
9 we could portray a better image in the state of Coahuila,
10 meaning from the executive branch, it was also something that
11 allowed us to be able to have support and to make somebody
12 either look better or to damage somebody's reputation.

13 Q I think you testified that on occasion you purchased
14 media outlets.

15 Did you also just make payments for a particular
16 kind of coverage.

17 A Yes. Yes, we made a lot of payments for coverage and not
18 only with media outlets in Coahuila, but also at the federal
19 level.

20 Q I think you also mentioned that you used some of the
21 kickback money to buy airplanes.

22 Why did you do that.

23 A Well, in the beginning, it was an investment, and it was
24 an agreement that the governor had reached with his partner.

25 Then secondly, it was a benefit that the governor

1 provided to politicians who were running for governor. We --
2 so that they could go from one place to the next in the
3 country and provide the -- and run their own internal
4 political campaigns. We would help them with the planes, with
5 the marketing, with the media. We gave them the money, the
6 public pantry for people so that they could become governors.

7 Q And why was Governor Moreira providing benefits like
8 these to other politicians in Mexico?

9 A It was a way to have people who owed you favors, people
10 who would later on become influential in their own
11 governmental positions within the states. And whenever we
12 would need it, we would request their support so that we could
13 have a way to getting into the federal level.

14 Q Over the course of this entire period, from 2005 to 2010,
15 approximately how much money did the entire kickback scheme
16 generate?

17 A From 2006 to 2011, in which three finance secretaries
18 participated on this scheme, it would've been approximately
19 \$200 million.

20 Q How much money did you make personally from this kickback
21 scheme, approximately? Approximately.

22 A Approximately, we were given \$2.5 million to each of the
23 eight people who participated or worked in this scheme.

24 Q And who gave you that money?

25 A Those were direct instructions from the governor.

1 A Yes.

2 Q Who was present for that meeting?

3 A Mr. Garcia Luna, Professor Moreira and myself.

4 Q You said Professor Moreira, is that the governor you
5 worked for, Governor Moreira?

6 A Yes, that's correct.

7 Q What did Genaro Garcia Luna say to you in this meeting?

8 A He told Governor Moreira that he needed support, and if
9 he knew anybody who worked at El Universal. Humberto told
10 Humberto Moreira that he was very good friends with the owner
11 of El Universal; and that if he needed anything at all to --

12 MS. [REDACTED]: Your Honor, objection --

13 THE COURT: Overruled.

14 A -- at all to just let him know.

15 He said there were some rumors that were starting to
16 circulate that he had been kidnapped by a cartel and he was
17 being related to certain people, certain people in the cartel
18 in Mexico.

19 Q Who made that statement that they had been kidnapped or
20 rumors of being kidnapped by a cartel?

21 A Mr. Garcia Luna about himself.

22 Q What, if anything, did Garcia Luna ask the governor for?

23 A That if there was any way to get close to, to, to be able
24 to say that -- he knew this wasn't real, and wanted to know if
25 there was any way of approaching El Universal.

1 Q What did the governor say?

2 A No problem at all.

3 Q Did the governor make any efforts to connect Garcia Luna
4 with El Universal?

5 A Yes. Yes, yes, he didn't have any problems doing that.

6 Q What is El Universal?

7 A It is the largest newspaper with the most subscriptions
8 in Mexico.

9 Q Who owns that newspaper?

10 A Mr. Ealy Ortiz.

11 Q Did Ealy Ortiz own that newspaper at the time period of
12 this conversation?

13 A That's right.

14 Q Did you ever meet Mr. Ealy Ortiz?

15 A Yes.

16 Q How did you meet him?

17 A There were several meetings in Mexico City and Saltillo
18 Coahuila.

19 Q What was the relationship between Mr. Ealy Ortiz and the
20 governor?

21 A He was his good buddy.

22 Q I want to show you what is marked for identification as
23 Government Exhibit 434. Do you recognize this?

24 A Yes.

25 Q What is this?

1 A It's a party Mr. Ealy Ortiz's house in Saltillo Coahuila.

2 Q This is a photograph from that party?

3 A That's correct.

4 Q Were you present for that party?

5 A Yes.

6 Q Does this photograph fairly and accurately depict people
7 you saw at this event?

8 A That's right.

9 MS. [REDACTED] I'd ask that Government Exhibit 434 be
10 admitted into evidence.

11 MS. [REDACTED] No objection, your Honor.

12 THE COURT: Received.

13 (Government Exhibit 434, was received in evidence.)

14 BY MS. [REDACTED]

15 Q If you can just tell us, do you see Ealy Ortiz in this
16 picture?

17 A He's the person wearing blue in the middle.

18 Q Is he the man wearing a blue top and blue pants in the
19 middle of the picture?

20 A Yes.

21 Q Is Governor Moreira in this picture?

22 A The white shirt and dark pants.

23 Q And where in relation to the left side of the picture is
24 he? Can you point to him? You can circle on your screen.

25 A Who this?

1 Q You can touch the screen. Can you point to us Governor
2 Moreira?

3 A (Indicating.)

4 Q Can you show us by touch on the screen Mr. Ealy Ortiz?

5 A (Indicating.)

6 Q What is this event?

7 A If memory serves, they were saying they were announcing
8 that one Ealy Ortiz's daughters had just gotten married, was
9 going to have a child, and Ealy Ortiz was going to be the
10 compadre.

11 Q What is a compadre?

12 A It's a -- in Mexico it's somebody that you ask to take
13 care of your child if something happens to you, somebody who
14 is very important.

15 Q We can take down the exhibit. Thank you, Ms. [REDACTED].

16 After this, Genaro Garcia Luna asked for assistance
17 from the governor. Did the governor broker an arrangement
18 with Mr. Ealy Ortiz on his behalf?

19 A Yes. He said that the agreement would be 25 million
20 pesos a month to support him.

21 Q The 25 million pesos, who would that be paid to?

22 A To El Universal.

23 Q After that arrangement was made, were you ever directly
24 involved in making any payments to El Universal on behalf of
25 Garcia Luna?

1 A On behalf of -- yes, just one.

2 Q Were you involved with the first payment?

3 A Yes.

4 Q What did you do?

5 THE INTERPRETER: Ask to clarify, your Honor?

6 THE COURT: Yes.

7 A Humberto asked me to go to Mexico City with Mr. Sergio
8 Montanez to make the payment to start the agreement.

9 Q Who did Sergio Montanez work for?

10 A For Mr. Garcia Luna.

11 Q And what did do you?

12 A Went to Mexico City. We went to the offices and went
13 straight to El Universal to make the arrangement happen.

14 Q Did you go with Sergio Montanez?

15 A That's right.

16 Q What happened at the offices of El Universal?

17 A The person there identified himself as Sergio Montanez,
18 and he would be the person in charge, according to his
19 instructions. And they were looking to make sure, between --
20 that they were looking to make sure that with the
21 communication between the parties the secretary of public
22 securities work for the federal Government and the Mexican
23 citizens would shine.

24 Q Did Sergio Montanez have any money with him?

25 A Yes, he had a small bag with him that had cash inside.

1 And he said that the rest was in the SUV in which we came.

2 Q Did you see the cash inside the one bag?

3 A Yes.

4 Q How did you see it?

5 A He opened the bag.

6 Q Where or when did he open the bag?

7 A When we were in the office in El Universal.

8 Q After this, was there ever a time when you paid El

9 Universal directly on behalf of Genaro Garcia Luna using money

10 from the state of Coahuila?

11 A That's right.

12 Q Did you do that just one time?

13 A Just one time.

14 Q Did that occur because there was an issue with the form
15 with which Genaro Garcia Luna had previously been paying El
16 Universal?

17 A It was a favor that Sergio Montanez asked because the
18 money had to be paid that day, so an invoice was made and the
19 money was paid immediately.

20 Q Who created the invoice?

21 A The secretary of finance.

22 Q Were you involved in creating an invoice for that
23 payment?

24 A I gave the order.

25 Q Why did you give instructions for a receipt?

1 A Because I was given the order that it should be paid.

2 Q When you managed the money for the state of Coahuila, did
3 you generally have to keep track of where the money went?

4 A Yes. The accounting has to be done for the accounts
5 payable. The invoices are scanned into a system and then
6 filed.

7 Q Generally, on other occasions when you had invoices for
8 things that you bought legitimately for the state of Coahuila,
9 what did you do with the invoices?

10 A Well, they are scanned into a process and then they are
11 filed. And they are to be reviewed at the end of the term or
12 when the term is again of the same Government.

13 Q In this case, did you file digitally, scan in and file,
14 the invoice you created for the payment to El Universal on
15 behalf of Garcia Luna?

16 A No.

17 Q Why not?

18 A The instruction was to not file it.

19 Q Did you keep the invoice somewhere?

20 A Yes.

21 Q Where did you keep it?

22 A All the payments that would not be consistent with the
23 accounting, I would keep them in a. Box all the payments for
24 the public works for services, any payment that was requested
25 to be made immediately, anything that I thought could be

1 harmful for the governor I stored in a separate box.

2 Q Did that include receipts and payments for the kickback
3 scheme that you told us about earlier?

4 A That's correct.

5 Q I would like to now show you what is marked as Government
6 Exhibit 440A. I showed it to defense earlier.

7 May I approach, your Honor?

8 THE COURT: Yes.

9 Q Do you recognize that?

10 A It is an invoice to be paid from the secretary of
11 finance.

12 Q Is this the invoice that you just told us about related
13 to the payment to El Universal?

14 A That's correct.

15 Q Did you keep this in the manner you just described in the
16 box?

17 A That's correct.

18 Q How is that receipt here today?

19 A I kept the invoices at my house, and the day I came to
20 the United States I brought all of those invoices and a server
21 with me.

22 [REDACTED]: Your Honor, I ask that Government Exhibit
23 440A be admitted into evidence.

24 [REDACTED]: Subject to our brief objection, your
25 Honor.

1 THE COURT: Okay. Received over objection.

2 (Government Exhibit 440A, was received in evidence.)

3 [REDACTED] If I could, your Honor, I have a scanned
4 in one, it's Government Exhibit 440. I ask that be moved in
5 as well.

6 THE COURT: Okay.

7 (Government Exhibit 440, was received in evidence.)

8 BY [REDACTED]

9 Q If we could just look at this. Can you walk us through
10 what we see on the screen here under, I think it says,
11 beneficiary, what does that say?

12 A So the beneficiary is the person who is going to be paid.
13 And it says El Universal National Journalist Company SADECV.

14 Q Under concepto, can you tell us what that section says?

15 A Publicity campaign to rescue tourism 2009.

16 Q To be clear, was this a receipt for a payment for a
17 tourism campaign?

18 A No.

19 Q Why does it say that?

20 A Well, because it was -- I knew who the payment was for
21 and that entity that never happened.

22 Q Was this a receipt for the payment on behalf of Genaro
23 Garcia Luna?

24 A A favor that Mr. Montanez asked that we pay El Universal.

25 Q What was the amount of the payment?

1 A 10 million pesos.

2 Q If it was 10 million, why does it say 11,500,000?

3 A Because the 1.5 million reflected taxes in Mexico.

4 Q What is the date of this?

5 A June 24, 2009.

6 Q I thought you said earlier that the arrangement was for a
7 \$25 million monthly payment?

8 A Pesos.

9 Q Sorry, pesos. Why did you pay 10 million pesos?

10 A My guess is that it was a favor just to pay the
11 remainder.

12 Q I want to -- was that the amount that you were asked to
13 pay?

14 A That's correct.

15 Q I want to just go to the last page of this exhibit. On
16 the last page -- actually, if you could hold it up for us
17 also. Is there a Post-It note on the last page?

18 A Yes.

19 Q What does that say?

20 A Do not file. Thank you.

21 Q Why does it say that?

22 A So it wouldn't be scanned.

23 Q Thank you. You can take the exhibit down.

24 Did you ever go to an apartment of Genaro Garcia
25 Luna's in Mexico City?

1 A One time.

2 Q When was that?

3 A In 2010.

4 Q Where in Mexico City was the apartment?

5 A In Santa Fe.

6 Q Can you describe the apartment for us?

7 A It was a luxury apartment. It was on the last floor, it
8 was the penthouse.

9 Q Anything else you noticed about it?

10 A It was a beautiful apartment. It was open. It had a
11 big, a terrace, a very big terrace.

12 Q Are you familiar with the Santa Fe neighborhood?

13 A Yes.

14 Q What kind of neighborhood is that?

15 A It's the best place in the entire city in all of Mexico
16 City.

17 Q How many people were at the apartment?

18 A About 30.

19 Q At the beginning of your time in the apartment, was there
20 a business meeting?

21 A A talk.

22 Q How long did you stay in the apartment?

23 A Late into the night and a few hours in the middle of the
24 night.

25 Q Was there any food or drink?

1 Q Did you ever hold public office in Mexico?

2 A Yes, I did.

3 Q What was the highest office you held?

4 A I was Attorney General for the state of Nayarit, Mexico.

5 Q For how long did you hold public office?

6 A I hold public office for approximately nine years.

7 Q Who are you elected to serve?

8 A I was elected to serve the people of Nayarit, the
9 governor and the president of Mexico.

10 Q Who did you serve?

11 A I also assisted the narco traffickers.

12 Q What do you mean when you say that you assisted narco
13 traffickers?

14 A I did not detain them and I did not report them.

15 Q As Attorney General, did you have a sworn duty to detain
16 drug traffickers?

17 A I had a sworn duty to do so.

18 Q As Attorney General, did you have a sworn duty to stop
19 illegal drugs like cocaine?

20 A Yes, I did.

21 Q As Attorney General, did you have a sworn duty to arrest
22 and prosecute drug traffickers in Mexico?

23 A Yes, I did.

24 Q Did you intentionally fail to carry out your duties?

25 A Yes, I did.

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U.S. DISTRICT COURT E.D.N.Y.
★ MAR - 2 2017 ★
BROOKLYN OFFICE

GMP:MPR/CRH/RCH/AW/KS
F. # 2017R00354/OCDETF #NYYE-801

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

----- X

UNITED STATES OF AMERICA

- against -

EDGAR VEYTIA,
also known as "Diablo," "Eepp,"
and "Lic veytia,"

Defendant.

INDICTMENT

CR. 17 00115

(T. 21, U.S.C., §§ 841(b)(1)(A)(i),
841(b)(1)(A)(ii)(II), 841(b)(1)(A)(vii),
841(b)(1)(A)(viii), 846, 853(a), 853(p),
959(d), 960(b)(1)(A), 960(b)(1)(B)(ii),
960(b)(1)(G), 960(b)(1)(H), 963 and 970;
T. 18, U.S.C., §§ 3238 and 3551 et seq.)

----- X

THE GRAND JURY CHARGES:

MAUSKOPF, J.
SCANLON, M.J.

COUNT ONE

(International Heroin, Cocaine, Methamphetamine and
Marijuana Manufacture and Distribution Conspiracy)

1. In or about and between January 2013 and February 2017, both dates being approximate and inclusive, within the extraterritorial jurisdiction of the United States, the defendant EDGAR VEYTIA, also known as "Diablo," "Eepp," and "Lic veytia," together with others, did knowingly and intentionally conspire to manufacture and distribute one or more controlled substances, intending, knowing and having reasonable cause to believe that such substances would be unlawfully imported into the United States from a place outside thereof, which offense involved: (a) a substance containing heroin, a Schedule I controlled substance; (b) a substance containing cocaine, a Schedule II controlled substance; (c) a

substance containing methamphetamine, a Schedule II controlled substance; and (d) a substance containing marijuana, a Schedule I controlled substance, contrary to Title 21, United States Code, Sections 959(a) and 960(a)(3). The amount of heroin involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 1 kilogram or more of a substance containing heroin. The amount of cocaine involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 5 kilograms or more of a substance containing cocaine. The amount of methamphetamine involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 500 grams or more of a mixture or substance containing methamphetamine. The amount of marijuana involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 1,000 kilograms of a substance containing marijuana.

(Title 21, United States Code, Sections 963, 960(b)(1)(A), 960(b)(1)(B)(ii), 960(b)(1)(G), 960(b)(1)(H) and 959(d); Title 18, United States Code, Sections 3238 and 3551 et seq.)

COUNT TWO

(Heroin, Cocaine, Methamphetamine and
Marijuana Importation Conspiracy)

2. In or about and between January 2013 and February 2017, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant

EDGAR VEYTIA, also known as “Diablo,” “Eepp,” and “Lic veytia,” together with others, did knowingly and intentionally conspire to import one or more controlled substances into the United States from a place outside thereof, which offense involved: (a) a substance containing heroin, a Schedule I controlled substance; (b) a substance containing cocaine, a Schedule II controlled substance; (c) a substance containing methamphetamine, a Schedule II controlled substance; and (d) a substance containing marijuana, a Schedule I controlled substance, contrary to Title 21, United States Code, Sections 952(a) and 960(a)(1). The amount of heroin involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 1 kilogram or more of a substance containing heroin. The amount of cocaine involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 5 kilograms or more of a substance containing cocaine. The amount of methamphetamine involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 500 grams or more of a mixture or substance containing methamphetamine. The amount of marijuana involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 1,000 kilograms of a substance containing marijuana.

(Title 21, United States Code, Section 963, 960(b)(1)(A), 960(b)(1)(B)(ii), 960(b)(1)(G) and 960(b)(1)(H); Title 18, United States Code, Sections 3551 et seq.)

COUNT THREE
(Heroin, Cocaine, Methamphetamine and
Marijuana Distribution Conspiracy)

3. In or about and between January 2013 and February 2017, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant EDGAR VEYTIA, also known as “Diablo,” “Eepp,” and “Lic veytia,” together with others, did knowingly and intentionally conspire to distribute and possess with intent to distribute one or more controlled substances, which offense involved: (a) a substance containing heroin, a Schedule I controlled substance; (b) a substance containing cocaine, a Schedule II controlled substance; (c) a substance containing methamphetamine, a Schedule II controlled substance; and (d) a substance containing marijuana, a Schedule I controlled substance, contrary to Title 21, United States Code, Section 841(a)(1). The amount of heroin involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 1 kilogram or more of a substance containing heroin. The amount of cocaine involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 5 kilograms or more of a substance containing cocaine. The amount of methamphetamine involved in the conspiracy attributable to the defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 500 grams or more of a mixture or substance containing methamphetamine. The amount of marijuana involved in the conspiracy attributable to the

defendant as a result of his own conduct, and the conduct of other conspirators reasonably foreseeable to him, was at least 1,000 kilograms of a substance containing marijuana.

(Title 21, United States Code, Sections 846, 841(b)(1)(A)(i), 841(b)(1)(A)(ii)(II), 841(b)(1)(A)(vii) and 841(b)(1)(A)(viii); Title 18, United States Code, Sections 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION

4. The United States hereby gives notice to the defendant that, upon his conviction of any of the offenses charged herein, the government will seek forfeiture in accordance with Title 21, United States Code, Sections 853(a) and 970, which require any person convicted of such offenses to forfeit: (a) any property constituting, or derived from, proceeds obtained directly or indirectly as the result of such offenses, and (b) any property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, such offenses, including but not limited to at least a sum of approximately \$250 million in United States currency.

5. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be

divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 21, United States Code, Sections 853(a), 853(p) and 970)

A TRUE BILL

FOREPERSON

UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

NARCOTICS AND DANGEROUS DRUG
SECTION
CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE

No. _____

UNITED STATES DISTRICT COURT

EASTERN District of NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

EDGAR VEYTIA,

Also known as "Diablo," "Eepp," and "Lic veytia,"

Defendant.

INDICTMENT

(T. 21, U.S.C., §§ 841(b)(1)(A)(i), 841(b)(1)(A)(ii)(II),
841(b)(1)(A)(vii), 841(b)(1)(A)(viii), 846, 853(a), 853(p), 959(d),
960(b)(1)(A), 960(b)(1)(B)(ii), 960(b)(1)(G), 960(b)(1)(H), 963 and
970; T. 18, U.S.C., §§ 3238 and 3551 et seq.)

[REDACTED]

Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

[REDACTED] Assistant U.S. Attorney

[REDACTED] Assistant U.S. Attorney (

1 Q Did you receive anything in return?

2 A Yes.

3 Q What did you receive?

4 A Money.

5 Q How much money did you receive from drug traffickers
6 during the time that you were in public office?

7 A Approximately 2 million pesos a month.

8 Q And in total over the course of your career?

9 A A million dollars.

10 Q Let's go back to the beginning.

11 Where did you grow up?

12 A I grew up in San Diego, California.

13 Q How long did you live in San Diego?

14 A Approximately until I was 13 years of age.

15 Q What happened when you were 13 years old?

16 A I was sent to Mexico City to live with an aunt.

17 Q Who sent you?

18 A My mother.

19 Q What happened next?

20 A I came back to Tijuana and keep on studying.

21 Q Did you move around in Mexico?

22 A Sometimes, yes.

23 Q Where did you ultimately end up?

24 A I ended up in Tepic, Nayarit, Mexico.

25 Q How old were you when you ended up in Tepic, Nayarit?

1 A Yes.

2 Q Approximately when was that?

3 A It was approximately in like 2007.

4 Q What was happening in Nayarit during that time?

5 A At that time, the elections to be the mayor of Tepic was
6 going to be conducted.

7 Q Who was running in the election for mayor of Tepic?

8 A The mayor of Tepic were running is then Congressman
9 Roberto Sandoval Castaneda.

10 Q Did you get involved in his campaign?

11 A Yes. I was presented to him by a mutual friend.

12 Q What did you do?

13 A I contributed money. I put some vehicles. I did also
14 give him publicity material, and I also have him discounts in
15 my buses.

16 Q Did Mr. Sandoval win?

17 A Yes, he did.

18 Q What happened next?

19 A I was offered to be the director of transit.

20 Q For the city of Tepic?

21 A For the city of Tepic.

22 Q When was the election?

23 A The election was in 2008.

24 Q Do you remember what month?

25 A Approximately in July.

1 Q When did you take office?

2 A We took office in September that same year.

3 Q How long did you serve in that position as director of
4 transit of Tepic Nayarit?

5 A Approximately a year, less than a year. A year.

6 Q Mr. Veytia, when you were conducting business in Mexico
7 as a government official, what language why you conducting
8 business in?

9 A I'm speak the Spanish speaking language.

10 Q When you recall events and conversations from that time
11 period, what language do you recall them in?

12 A Spanish.

13 Q I'm going to ask you about events and conversations from
14 the time you were a public official in Mexico. From this
15 point forward, I'm going to ask that you speak Spanish.

16 A Correct.

17 Q As director of transit, how many officers worked for you?

18 A Approximately about 200, 300.

19 Q What were your responsibilities?

20 A Administratively sanctioning traffic violations, road
21 signage, and archiving and keeping the police reports.

22 Q Who was your boss?

23 A Commander Violante.

24 Q You called him commander. Why did you call him
25 commander?

1 been called to a security event by Governor de Manuel
2 Gonzalez.

3 THE COURT: Everyone okay?

4 Q Did you go to meet the governor?

5 THE INTERPRETER: Interpreter clarification.

6 A Yes. I went to the security event that was held at the
7 guard station at Lagos del Country.

8 Q Did you actually meet the governor himself?

9 A Yes. He was my boss. He was my direct boss as governor.

10 And as I was the secretary of public security, he -- and he
11 was the governor, he was my direct boss.

12 Q Where was your meeting with the governor?

13 A Well, when the governor ended the event, his security
14 detail asked me to go to his SUV. It was a Tahoe, a white
15 Tahoe that had gray. And I was to go there and wait for the
16 governor, which I did.

17 Q Did you and the governor meet inside the white Tahoe?

18 A Yes. And I went in. And that's when he spoke to me
19 directly, and he asked me if I knew why the things were
20 happening to me, and if I knew who I needed to talk to, to
21 rescue the police officers.

22 Q What did you say?

23 A I told him, yes, that I did know who I needed to speak to
24 because it wasn't the Beltran-Leyvas who had done that.

25 And then he told me that he had just gotten back



U.S. Department of Justice

*United States Attorney
Eastern District of New York*

MPR:RCH/CRH
F. #2015R02080

*271 Cadman Plaza East
Brooklyn, New York 11201*

September 19, 2019

By ECF

The Honorable Carol B. Amon
United States District Judge
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: United States v. Edgar Veytia
Criminal Docket No. 17-115 (CBA)

Dear Judge Amon:

The government respectfully submits this letter in advance of the defendant's sentencing scheduled for September 26, 2019, at 10:00 a.m. On January 4, 2019, the defendant pled guilty to Count One of the indictment, which charged the defendant with participating in an international heroin, cocaine, methamphetamine and marijuana manufacture and distribution conspiracy, in violation of 21 U.S.C. §§ 963, 960(b)(1)(A), 960(b)(1)(B)(ii), 960(b)(1)(G), 960(b)(1)(H) and 959(d). See Dkt. Nos. 1, 74. In this memorandum and in a supplemental sentencing submission, the government sets forth certain factors to be considered by the Court at sentencing pursuant to 18 U.S.C. § 3553(a), and respectfully requests that the Court impose a sentence that is sufficient, but not greater than necessary, to comply with the purposes set forth in 18 U.S.C. § 3553(a). The government agrees that the statutory mandatory minimum sentence for this defendant is 10 years, and that the United States Sentencing Guidelines ("U.S.S.G." or "Guidelines") recommendation is life imprisonment.

I. Background

Since approximately 2013, the Drug Enforcement Administration ("DEA") has been conducting an investigation into a violent Mexican drug trafficking organization, known as the H-2 Cartel, that was previously lead by Juan Francisco Patron Sanchez, also known as

“H-2,” and was based in Nayarit and Sinaloa, Mexico.¹ See Presentence Investigation Report (“PSR”) ¶ 4. During the course of this investigation, DEA agents learned that the H-2 Cartel had numerous distribution cells in the United States, including in Los Angeles, Las Vegas, Ohio, Minnesota, North Carolina and New York. See PSR ¶ 5. DEA agents also determined that the H-2 Cartel was distributing substantial quantities of various illegal narcotics throughout the United States. The government estimates that, during the relevant time period of the conspiracy charged in the indictment, the H-2 Cartel distributed on a monthly basis approximately 500 kilograms of heroin, 100 kilograms of cocaine, 200 kilograms, and 3,000 kilograms of marijuana and earned millions of dollars in illegal proceeds. See PSR ¶ 5. Additionally, the H-2 Cartel was also involved in the possession and use of firearms, and substantial violence including torture and dozens of homicides.

During the relevant time period, the defendant was the State Attorney General for the State of Nayarit, Mexico, responsible for overseeing Mexican law enforcement authorities investigating criminal activity in Nayarit. See PSR ¶ 6. During his tenure as State Attorney General, the defendant assisted the H-2 Cartel in exchange for bribes. See id. The defendant was paid bribes on a monthly basis and provided official sanction for the H-2 Cartel to engage in drug trafficking in Nayarit. See id. Further, the defendant directed other corrupt Mexican law enforcement officers he oversaw to assist the H-2 Cartel and used those officers to pass messages to and from Patron Sanchez, the then-leader of the H-2 Cartel. See id.

In exchange for monthly bribes, the defendant provided various additional forms of assistance to the H-2 Cartel, including by releasing members and associates of the H-2 Cartel from prison after they had been arrested for drug trafficking, weapons possession or other criminal conduct. See PSR ¶ 7. Similarly, the defendant, at the direction of Patron Sanchez and the H-2 Cartel, instructed corrupt Mexican law enforcement officers to target rival drug traffickers in Nayarit for wiretaps and arrests, which permitted the H-2 Cartel to expand without competition. See id. The defendant fed information obtained from these wiretaps to the H-2 Cartel for their exploitation.

In addition, the defendant assisted the H-2 Cartel in covering up a murder committed by its members on at least one occasion in October 2015. See PSR ¶ 8. In that case, Patron Sanchez instructed members of the H-2 Cartel to kidnap a rival drug trafficker, and they killed the drug trafficker. Patron Sanchez informed the defendant of the murder and solicited his assistance in covering it up, to which the defendant agreed. See id. The evidence gathered during the course of the investigation also reflects that the defendant agreed to authorize acts of violence for the H-2 Cartel. See PSR ¶ 10. On several occasions, Patron Sanchez and the defendant discussed “processing,” or committing violent acts against, rival drug traffickers detained by corrupt Mexican law enforcement officers controlled by the defendant. See id. For example, on March 15, 2016, the defendant advised Patron Sanchez that he was going to “process” a rival drug trafficker of the H-2 Cartel, which Patron Sanchez

¹ Patron Sanchez and several other senior leaders of the H-2 Cartel were killed in a conflict with Mexican military personnel in February 2017. The H-2 Cartel has continued to operate under the leadership of its surviving members.

was pleased with, as the rival drug trafficker was “dangerous.” See id. The defendant later clarified to Patron Sanchez: “We are going to kill him.” See id. On multiple other occasions, the defendant directed corrupt Mexican law enforcement officers to send rival drug traffickers arrested by law enforcement “to hell.” See id.

II. Guidelines Calculation

The government submits that the Guidelines calculations set forth below should be applied:

Base Offense Level (§§ 2D1.1(a)(5), 2D1.1(c)(1))	38
Plus: Dangerous Weapon Possessed (§ 2D1.1(b)(1))	+2
Plus: Defendant Used Violence (§ 2D1.1(b)(2))	+2
Plus: Leadership Enhancement (§ 3B1.1(a))	+4
Plus: Abuse of Position of Public Trust (§ 3B1.3)	+2
Less: Acceptance of Responsibility (§§ 3E1.1(a), (b))	-3
Total Offense Level:	<u>45</u>

The total offense level is 45, which, based on a Criminal History Category of I, carries a Guidelines range of life imprisonment. This is the same Guidelines range and Criminal History Category calculated in the PSR. See PSR ¶¶ 17–29, 32. The defendant is also subject to a 10 year mandatory minimum term of imprisonment. See PSR ¶ 68.

In his sentencing submission, the defendant objects to the application of the two-point enhancement for possession of a dangerous weapon pursuant to U.S.S.G. § 2D1.1(b)(1) and the two-point enhancement for the use of violence pursuant to U.S.S.G. § 2D1.1(b)(2), on the basis that these enhancements were not contained in the parties’ plea agreement. See Def. Mem. at 4. It is correct that the plea agreement did not include these two enhancements in its estimated Guidelines range. The government omitted these enhancements in error. However, the plea agreement further states that the “Guidelines estimate set forth [herein] is not binding on the Office, the Probation Department or the Court. If the Guidelines offense level advocated by the Office, or determined by the Probation Department or the Court, is, for any reason, including an error in the estimate, different from the estimate, the defendant will not be entitled to withdraw the plea and the government will not be deemed to have breached this agreement.” The government agrees with the Probation Department that these two enhancements apply, based on the undisputed facts set forth in the PSR, see PSR ¶¶ 8–10, and the Guidelines calculation contained in the plea agreement was in error.

III. Applicable Law

It is settled law that “a district court should begin all sentencing proceedings by correctly calculating the applicable Guidelines range. As a matter of administration and to secure nationwide consistency, the Guidelines should be the starting point and the initial benchmark.” Gall v. United States, 552 U.S. 38, 49 (2007) (citation omitted). Next, a sentencing court should “consider all of the § 3553(a) factors to determine whether they support the sentence requested by a party. In doing so, [it] may not presume that the Guidelines range is reasonable. [It] must make an individualized assessment based on the facts presented.” Id. at 50 (citation and footnote omitted). “When a factor is already included in the calculation of the [G]uidelines sentencing range, a judge who wishes to rely on that same factor to impose a sentence above or below the range must articulate specifically the reasons that this particular defendant’s situation is different from the ordinary situation covered by the [G]uidelines calculation.” United States v. Sindima, 488 F.3d 81, 87 (2d Cir. 2007) (quotation omitted, alterations in original). “[W]here the sentence is outside an advisory Guidelines range, the court must also state ‘the specific reason’ for the sentence imposed, in open court as well as in writing—‘with specificity in a statement of reasons form’ that is part of the judgment.” United States v. Aldeen, 792 F.3d 247, 251-252 (2d Cir. 2015), as amended (July 22, 2015) (quoting 18 U.S.C. § 3533(c)(2)).

Title 18, United States Code, Section 3553(a) provides that, in imposing sentence, the Court shall consider:

- (1) the nature and circumstances of the offense and the history and characteristics of the defendant;
- (2) the need for the sentence imposed –
 - (A) to reflect the seriousness of the offense, to promote respect for the law, and to provide just punishment for the offense;
 - (B) to afford adequate deterrence to criminal conduct; [and]
 - (C) to protect the public from further crimes of the defendant.

Section 3553 also addresses the need for the sentence imposed “to provide the defendant with needed education or vocational training, medical care, or other correctional treatment in most effective manner.” 18 U.S.C. § 3553(a)(2)(D). “The court, in determining whether to impose a term of imprisonment, and, if a term of imprisonment is to be imposed, in determining the length of the term, shall consider the factors set forth in section 3553(a) to the extent they are applicable, recognizing that imprisonment is not an appropriate means of promoting correction and rehabilitation.” 18 U.S.C. § 3582(a).

At sentencing, “the court is virtually unfettered with respect to the information it may consider.” United States v. Alexander, 860 F.2d 508, 513 (2d Cir. 1988). Indeed, Title 18, United States Code, Section 3661 expressly provides that “[n]o limitation shall be placed

on the information concerning the background, character, and conduct of a person convicted of an offense which a court of the United States may receive and consider for the purpose of imposing an appropriate sentence.” Thus, the Court must first calculate the correct Guidelines range, and then apply the 3553(a) factors to arrive at an appropriate sentence, considering all relevant facts. To the extent there remain any open issues as to the correct Guidelines range, the Court should first make any necessary finding to arrive at the correct range. Nevertheless, however the Court arrives at the correct Guidelines range, it still must fashion a sentence that meets the criteria of Section 3553(a) under the specific facts of this case.

IV. Argument

Under 18 U.S.C. § 3553(a)(1), the Court, in imposing sentence, is required to consider “the nature and circumstances of the offense and the history and characteristics of the defendant.” Here, “the nature and circumstances of the offense” are extremely serious. As previously detailed herein, the defendant provided substantial assistance to a violent drug trafficking organization, the H-2 Cartel, that trafficked thousands of kilograms of heroin, cocaine, methamphetamine and marijuana into the United States. In exchange for bribes, the defendant permitted the H-2 Cartel to operate with impunity, allowing it to transport narcotics and carry out violent retribution without consequence. The defendant not only permitted criminal activity to occur, he took affirmative steps to assist the H-2 Cartel, including by using his position to secure law enforcement tools like wiretaps for the H-2 Cartel’s illegal ends, and by facilitating acts of violence and murder for the organization. The defendant’s conduct is particularly serious since it was cloaked in the mantle of legal authority, and reflects a severe breach in the trust placed in him as a member of law enforcement. Any sentence imposed by the Court must reflect the seriousness of this criminal conduct.

The Court should also consider the “history and characteristics” of this defendant, which are further addressed in the defendant’s sentencing memorandum. The government does not dispute that the defendant was charged with a difficult task: enforcing the law in a place where corruption was significant and providing protection to people where powerful and violent criminal organizations had the apparent ability to kill with abandon. At the same time, it is clear that the defendant made several choices that led to his life of crime: he chose a life of corruption that endangered the lives of the citizens of Nayarit. Instead of enforcing the criminal law against these drug trafficking organizations, he used the official machinery of his position to enable those organizations, including directing his inferior officers to assist the H-2 Cartel and authorizing violence on the H-2 Cartel’s behalf. Nor was the defendant a hostage to his situation. As a United States citizen with a home in California, the defendant could have left his life of corruption behind at any time. Instead, he chose to stay, enable these violent drug trafficking organizations, and accept the benefits of working with these criminals.

Finally, the government agrees that the Court must consider the fact that the defendant has expressed remorse for his years of crime, as further detailed in the government’s

supplemental sentencing submission. The Court should consider all these factors in imposing sentence.

V. Conclusion

For the forgoing reasons, the Government respectfully requests that the Court impose a sentence that is sufficient, but not greater than necessary to achieve the goals of sentencing, see 18 U.S.C. § 3553(a)(2).

Respectfully Submitted,

RICHARD P. DONOGHUE
United States Attorney

By:

Assistant United States Attorneys
(_____)

cc: Clerk of the Court (CBA) (by ECF)

_____, United States Probation Officer (by email)

1 some of the things you did in 2013 and forward.

2 Did you enter into a position of greater power in
3 2013?

4 A Yes.

5 Q What position is that?

6 A I was elected by the local congress to become Attorney
7 General of the state.

8 Q Is that the highest office that you held in Mexico?

9 A That's correct.

10 Q I'm going to take a minute to show you some photos.

11 MS. [REDACTED] Ms. Donovan, if we could please
12 start with Government Exhibit 35B, for the witness only,
13 please.

14 BY MS. [REDACTED]

15 Q Do you recognize this?

16 A Yes.

17 Q Approximately what time frame is this picture taken in?

18 A That period was between 2009 to 2011.

19 Q Is it a fair and accurate photo of you at work between
20 2009 and 2011?

21 A Yes. I was secretary for public security in the
22 municipality of Tepic.

23 MS. [REDACTED] Government moves 35B into
24 evidence.

25 MR. [REDACTED] No objection.

1 Q Why did you decide to eliminate someone who was paying
2 you bribes?

3 A Because he was already out of control.

4 Q After H2 was dead, did you go after anyone else?

5 A We went after his entire organization. We captured H9,
6 and he was also killed.

7 Q Overall, Attorney General Veytia, how many murders have
8 you been involved in?

9 A I am responsible of ten or more.

10 Q Do you remember someone named Paisa?

11 A Yes.

12 Q Did you assist with the murder of Paisa?

13 A Yes.

14 Q Can you tell us about that?

15 A H2 had already identified him as someone who would cause
16 trouble, and he told me that he was going to execute him. And
17 I did not intervene to stop that. But they didn't manage it.
18 He was wounded and he was at a hospital. And he told me that
19 iff I didn't remove the police officers or the local
20 prosecutor's agents from there that things were going to get
21 really ugly, so I decided to remove the staff from there.

22 Q So Paisa is in a hospital room, and you remove the police
23 officer who's guarding his room?

24 A Yes.

25 Q And what does that allow H2's people to do?

1 A Yes.

2 Q And then in the United States, you owned property too,
3 right?

4 A Yes.

5 Q You own a trust fund, you have a trust fund named
6 Sunnyside Investments, right?

7 A I had that, yes.

8 Q You had that.

9 And through that trust, you owned several properties
10 in the United States.

11 A Yes.

12 Q Now, were all these assets seized after your arrest?

13 A The Mexican ones and proportionately all the way up to
14 2013, yes. And the ones from here, from the United States,
15 they were sold to pay for the attorneys.

16 Q Now, you testified on direct that you were involved in or
17 responsible for at least ten murders, right?

18 A Ten homicides, I'm responsible for that, or more.

19 Q Or more.

20 And you talked about an individual named Paisa,
21 right.

22 A Yes.

23 Q You also permitted the murder of somebody named
24 Sabanillas, right?

25 A Yes.

1 A Yes.

2 Q And lying in police reports and prosecutions to cover for
3 H2?

4 A Yes.

5 Q And stealing seized property?

6 A Yes.

7 Q Taking kickbacks?

8 A Yes.

9 Q And did you continue taking bribes from other drug
10 traffickers?

11 A Yes.

12 Q While you were involved in drug trafficking crimes, did
13 you travel back and forth from Mexico to the United States?

14 A Correct.

15 Q Why did you feel comfortable doing that?

16 A I didn't think I would be arrested.

17 Q What happened when you traveled to the United States in
18 March 2017?

19 A I was arrested on March 27, 2017.

20 Q After your arrest, did you begin providing information to
21 the U.S. government?

22 A Yes.

23 Q Did you plead guilty to any crimes?

24 A Yes.

25 Q What crime did you plead guilty to?

1 (Sidebar conference held on the record in the
2 presence of the Court and counsel, out of the hearing of the
3 jury.)

4 MS. [REDACTED]: We moved on this, Your Honor. The
5 defense is precluded from asking why he wasn't offered a
6 cooperation agreement.

7 MR. [REDACTED]: No, I was under the impression I
8 couldn't ask about the fact that the DEA --

9 THE COURT: Say that again?

10 MR. [REDACTED] That the DEA had decided he was lying,
11 that's the issue. This is part of the sentencing. It was in
12 the sentencing transcript that the prosecutors said that they
13 couldn't corroborate the information.

14 THE COURT: I excluded from what the prosecutors
15 said. What I said was that you could put in that the Judge
16 made a finding at sentencing.

17 MR. [REDACTED] And you were talking about the Colorado
18 case. That was a different -- different witness, different
19 person.

20 THE COURT: Okay, then I do not remember this one.

21 MR. [REDACTED] No, they moved to preclude the
22 determination that the DEA had decided he wasn't credible.

23 MS. [REDACTED]: Our motion is very clear. We
24 moved on two grounds, to preclude any opinion by the DEA or
25 alleged opinion on the DEA or prosecutor, and also any

1 examination on why he wasn't offered a cooperation agreement.
 2 It's not relevant, it's highly prejudicial, it's inviting
 3 comparison of cases which, by the way, includes a comparison
 4 of the Cienfuegos case, which we also moved on.

5 THE COURT: I agree, I am going to exclude it.

6 (End of sidebar conference.)

7 (Continued on the next page.)

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1 regarding the leaders of drug cartels.

2 Q I'm going to show you what's in evidence as
3 Government Exhibit 6. Who is the individual in that
4 photograph?

5 A That's Barbas, Arturo Beltran Leyva.

6 Q I'm going to show you what's in evidence as
7 Government Exhibit 41. Who is the individual in that
8 photograph?

9 A Valdez Villarreal, Barbie.

10 THE COURT: How do you know who that is?

11 THE WITNESS: Well, it was precisely what I just
12 explained. I had access -- well, as part of the section of
13 relevant matters within my agency, I had access to
14 information, pictures, information about this person and other
15 people, added to the fact that I also did my own research
16 through the different media outlets so that I could be, well,
17 up-to-date.

18 THE COURT: Okay.

19 Please continue.

20 Q Did you ever personally interact with any of the leaders
21 of the Sinaloa Cartel?

22 A No.

23 Q Now, you testified that you were an agent in the Federal
24 Judicial Police. Did that agency undergo any changes in 2001?

25 A Yes.

1 Q What changes?

2 A It became the Federal Investigations Agency, AFI.

3 Q Who made the decision to create AFI?

4 A It was a presidential order.

5 Q Who was the first director of AFI?

6 A Mr. Genaro Garcia Luna.

7 Q I'm going to show you what's in evidence as
8 Government Exhibit 1. Who is the individual in that
9 photograph?

10 A Mr. Genaro Garcia Luna.

11 Q Now, around the year 2000, did your career change in any
12 way?

13 A Yes.

14 Q What were the changes?

15 A Well, I went from -- how do you call that, from -- from
16 the Federal Judicial Police to AFI.

17 Q Did you remain an agent at that time?

18 A Not for a time.

19 Q What happened?

20 A Well, due to political situation in my country, many
21 police officers were let go or they were asked to leave
22 illegally.

23 Q Were you one of those police officers who was let go?

24 A Yes.

25 Q Who was responsible for letting you go?

1 Q When you were standing there, what did you see the
2 defendant, Genaro Garcia Luna, Arturo Beltran Leyva and La
3 Barbie do?

4 A Well, they were staring at me and I got freaked out, so I
5 got back in my car and I headed out.

6 Q What did they do?

7 MR. [REDACTED]: Objection. We've been through this
8 already.

9 THE COURT: Overruled.

10 A Before I left, they moved on. I was, you know, I was
11 shaking, but they went into Avenida Paseo de los Naranjos.

12 MS. [REDACTED] If we can turn Government Exhibit
13 727.

14 Q Could you describe for the jury what we are looking at in
15 this map?

16 A Yes, it's the same intersection with the exception that I
17 was parked where there's the truck that is facing the opposite
18 way in an orange color pointing towards Cuernavaca.

19 Q And is that the subdivision where you saw the defendant
20 Genaro Garcia Luna, Arturo Beltran Leyva and La Barbie turn
21 into?

22 A Yes. They turned left, towards their left on Paseo de
23 los Naranjos.

24 Q When you saw those individuals, what kind of cars were
25 they?

1 A I don't remember the colors, but they were Suburbans.

2 Q After this incident, did you speak with anyone else about
3 what you saw?

4 A Yes.

5 Q Who?

6 A With a colleague of mine at work. His name was Oscar
7 Granados Salero.

8 Q Did you report what you saw to any authorities?

9 A Yes.

10 Q Who?

11 A To the Union Congress.

12 Q Who in the Union Congress?

13 A Directly to attorney Layda Sansores San Román.

14 Q Approximately when did you report this incident?

15 A Approximately on November 7, 2008.

16 Q Did you submit anything to Ms. Sansores?

17 A Yes.

18 Q What did you submit?

19 A I submitted one document that I had prepared for the
20 Congress, the Union Congress detailing the weapons, both short
21 and long guns with the serial numbers and whose name they were
22 under, as well as a second document, a different document that
23 I wrote in her own computer.

24 Q The letter that you submitted, that you had prepared, did
25 you put your own personal -- I'm sorry. Let me rephrase.

1 With respect to the letter that you submitted and
2 prepared for Ms. Sansores, did you submit that letter in your
3 own name?

4 A Not my own name.

5 Q Whose name was it?

6 A It was under my colleague's name, Oscar Granados Salero.

7 Q Did you put any of your own personal information in that
8 letter?

9 A Completely. I had my personal residence, my home
10 telephone, and my cell phone number.

11 Q Were there any changes that you made to the letter with
12 respect to your identity before submitting it to?

13 A No.

14 Q In the letter, did you identify yourself as having
15 personally witnessed the event?

16 A I did not include it in the letter, but I did explain it
17 to Layda Sansores.

18 Q Why did you submit a letter under someone else's name?

19 A Because my colleague and I decided that we want -- we
20 would run the same risks, so I used his name and my personal
21 information, including my address, my phone number, and my
22 cell phone number.

23 Q Do you still have a digital copy of the letter that you
24 submitted that day?

25 A Yes.

1 Q And before testifying in court today, did you provide
2 that digital copy to an investigator named Enrique Santos?

3 A Yes.

4 Q In your meeting with Ms. Sansores, did Ms. Sansores ask
5 you to do anything?

6 A Yes.

7 Q What did she ask you to do?

8 A First, she suggested that I submit this anonymously.
9 Secondly, she asked for my authorization to call a person from
10 Proceso magazine to publish this.

11 Q Did you give your authorization?

12 A Yes.

13 Q And did you ultimately provide a copy of the letter to
14 Proceso Magazine?

15 A To the journalist who came to me. This was the first
16 letter which was directed to the Union Congress.

17 Q Were there subsequently attempts to remove you from the
18 police force?

19 A Not through exams.

20 Q How then?

21 A I was accused of being involved in several organized
22 crimes, organized crimes, drug trafficking, releasing inmates,
23 about six crimes, all of them serious.

24 Q Were you arrested?

25 A Yes.

Lopez Nunez - direct - [REDACTED]

5908

1 And when I was at the place where I had taken refuge, in the
2 early dawn I could hear the helicopters. And the noise of the
3 helicopters woke me up, so I turned on the radio and I was
4 listening. They reported a Navy operation in Guadalupe
5 neighborhood, which was right behind the San Martin Funeral
6 Home.

7 And coincidentally, the night before, I had been
8 there the night before. In fact, the house where I was living
9 at was right around that area. And when they reported --

10 MR. [REDACTED]: Objection.

11 THE COURT: I'm not sure why he's telling us this
12 level of detail. What's going to happen next?

13 MS. [REDACTED] Your Honor, I'm simply just trying to
14 elicit the raid. I can move on to the next part of this.

15 THE COURT: Let's move on. Go ahead.

16 Q Mr. Lopez, do you know someone called La Diputada?

17 A Yes.

18 Q Who is that?

19 A Lucero.

20 Q Why is she called La Diputada?

21 A Because she was a diputada, a Congresswoman in the State
22 of Sinaloa.

23 Q Have you ever met her?

24 A Yes.

25 Q Showing you what's already in evidence as Government

Sanchez Lopez - direct - [REDACTED]

1 DIRECT EXAMINATION

2 BY MR. [REDACTED]

3 Q Good afternoon, Ms. Sanchez. How are you today?

4 A Good afternoon, fine.

5 Q How old are you?

6 A 29.

7 Q And where were you born?

8 A In Mexico in a town called Cosala in Sinaloa.

9 Q Is that where you lived growing up?

10 A Yes.

11 Q Where do you live today?

12 A In a jail in the United States.

13 Q What nationality are you?

14 A Mexican.

15 Q And is that where you were living prior to being
16 arrested?

17 A Yes.

18 Q Why are you living in a prison?

19 A Because I was arrested while trying to cross the border.

20 Q What were you arrested for?

21 A For cocaine conspiracy.

22 Q And when -- did you say cocaine conspiracy?

23 A Yes.

24 Q When did you become involved in drug trafficking?

25 A In the year of 2011.

Sanchez Lopez - direct - [REDACTED]

1 Q And who did you become involved in drug trafficking with?

2 A With Joaquin Guzman Loera, the head -- the main leader of
3 the Sinaloa cartel.

4 Q Do you see that person in the courtroom today?

5 A Yes.

6 Q Can you identify him by an article of clothing he is
7 wearing?

8 MR. [REDACTED]: We will stipulate that the witness
9 identified Mr. Guzman.

10 THE COURT: And that she knows him?

11 MR. [REDACTED] Yes, that she knows him.

12 THE COURT: Okay.

13 BY MR. [REDACTED]

14 Q By the time you first became involved in drug trafficking
15 in 2011 until the time you were arrested, what type of work
16 were you doing for the defendant?

17 A Well, I worked with him collecting marijuana in the
18 mountains of Durango Sinaloa and doing some straw businesses.

19 Q What do you mean by straw businesses?

20 A Well, some businesses were structured as a small curtain
21 so that they could be used in the drug trafficking business.

22 Q During this time what was your relationship to the
23 defendant?

24 A Well, up until today I'm still confused because I thought
25 our relationship -- we were romantically involved as partners.

Sanchez Lopez - direct - [REDACTED]

1 Q Prior to being arrested, did you have a different job not
2 working for defendant?

3 A Yes.

4 Q What was that job?

5 A I was a legislator, a local legislator in the state of
6 Sinaloa.

7 Q Okay. I want to talk about the charges against you
8 briefly. How long have you been living in a prison facility
9 in the United States?

10 A It's been one year and six months.

11 Q And do you recall the date you were arrested?

12 A Yes.

13 Q Where were you arrested?

14 A In California, San Diego.

15 Q And what were you doing that led to you getting arrested?

16 A I was trying to get the permit so that I could cross the
17 checkpoint in San Diego.

18 Q And why were you going to San Diego?

19 A Because I wanted to cross over to the United States.

20 MR. [REDACTED] Just for the witness, please.

21 Q I'm showing you what's marked as Government Exhibit 92,
22 what is that?

23 A My picture.

24 Q Okay.

25 MR. [REDACTED] Your Honor, at this time the

SANCHEZ LOPEZ - DIRECT - [REDACTED]

1 A Well, you know, after we stayed up, we were talking for
2 hours, him and me, and after that I couldn't sleep. I was up
3 kind of falling asleep around three or four in the morning
4 when I started hearing some loud noises on the door outside.

5 Q What kind of noises were they?

6 A Well, I heard like a lot of thumps and helicopters, I
7 heard yelling. I heard Condor come in and say, Tio, Tio, open
8 up, they're on us, they're on us. And I was very scared. I
9 was in shock that day.

10 Q What happened next?

11 A I was looking at them, they were running around
12 everywhere and then I saw him go into the bathroom with Condor
13 and with the maid and he said, Love, come, come with me, come
14 in here.

15 Q When you say "him," you're referring to the defendant?

16 A Joaquin, yes.

17 Q What was the maid's name?

18 A They called her Chaparra.

19 Q Did you go in the bathroom?

20 A Yes.

21 Q What did you see when you got in the bathroom.

22 A Well what happened was that there was like a lid on the
23 bathtub that came up and right there and I was, like, do I
24 have to go in there. I was very scared because it was very
25 dark and they had all gone in there.

SANCHEZ LOPEZ - DIRECT - [REDACTED]

1 Q When you say a lid on the bathtub, what do you mean by
2 that?

3 A Well it was the entire tub. The entire tub was hollow
4 underneath.

5 Q And was there anything assisting the tub to stay up?

6 A Yes, it had kind of, some kind of a hydraulic, you know,
7 like a piston they call it.

8 Q What was underneath the bathtub?

9 A Well the first thing that I saw were wooden steps and
10 then the next thing the only other thing I could see was
11 complete darkness.

12 Q So what did you all do?

13 A Well, we went in there and I heard him say to Condor,
14 close up the tub and he pulled on it and then we were in
15 complete darkness.

16 Q Once he pulled in the tub, you're in complete darkness,
17 what is the space that you're in?

18 A Well for me it was horrible because I had never been in a
19 place like that. It was a humid place filled with water, with
20 mud.

21 Q Before we go any further down there, before you went
22 underneath the bathtub, did you ever see anything on any of
23 those TVs in the house that night?

24 A Yes, on that day I just saw a lot of people outside. I
25 was staring at them. I was in shock, I was in bed.

SANCHEZ LOPEZ - DIRECT - [REDACTED]

1 Q So the TVs, they had an image from outside of the house?

2 A Yes, they were the security cameras that he had at the
3 house.

4 Q What kind of people did you see on those screens?

5 A Well what I remember is that there were people wearing
6 helmets, like government people, and I could hear them yelling
7 and they were hitting the door really hard. They were wearing
8 uniforms that had hoods on them that's what I saw.

9 Q Once you're underneath the bathtub, what do you hear,
10 what happens next?

11 A Well, what I could observe was that they were trying to
12 force open a door that was about five meters away from the
13 steps. I could see Joaquin and Condor trying to open this
14 hatch door to open it so they could go out to a tunnel.

15 Q When you say a hatch door, what do you mean by that?

16 A Well it was like a door that was made of reinforced
17 steel, I don't know why, but it had like a handle that was
18 like a wheel that had to be turned in order to unlatch it or
19 unlock it.

20 Q Was the door eventually opened?

21 A Yes.

22 Q What happened when the door opened?

23 A Well, we took off running. First, he took off running,
24 then it was me, then Condor, and then chap piece.

25 Q You say "he," meaning the defendant, correct?

SANCHEZ LOPEZ - DIRECT - [REDACTED]

1 A Yes.

2 Q This is the middle of the night, what was the defendant
3 wearing?

4 A Nothing, he was naked.

5 Q What about the rest of you?

6 A I did have clothes, I think Condor did too and the girl
7 had pajamas on.

8 Q So the door opens, what do you all do?

9 A Well he -- we took off running. He ran off first, he
10 left us behind, so I continued feeling the sides of the tunnel
11 in order to be able to get through the darkness and know where
12 to go.

13 Q How big was this tunnel?

14 A Well, it was taller than me. I couldn't really see but
15 it was, I think, like a meter and a half tall and it was wide.
16 I could feel the walls were concrete and as I walked along I
17 could feel the water coming up my legs.

18 Q How tall are you approximately?

19 A In Mexican measurements I'm 152 in meters.

20 Q How long were you in this tunnel?

21 A Oh, enough to traumatize me. I think it was more than an
22 hour I believe.

23 Q And did you travel with the defendant and the other two
24 individuals, Chaparra and Condor, through the tunnel?

25 A Yes.

SANCHEZ LOPEZ - DIRECT - [REDACTED]

1 Q Where did you emerge from the tunnel?

2 A Well, we came out to an area, it was like a river. I
3 think it was the Humaya River where Cunada was in Culiacan.

4 Q You were underground the whole time until you got there?

5 A Yes.

6 MR. [REDACTED] I'm going to, for the witness only,
7 put up on the screen what's marked as Government
8 Exhibit 815-1.

9 THE COURT: How are you doing on timing?

10 MR. [REDACTED] Actually this will be a fine time,
11 because I can wrap this up in the morning on Tuesday.

12 THE COURT: Ladies and gentlemen, we'll break for
13 the day. Please stay away from any media coverage of the
14 case, do not communicate or say anything to anybody about this
15 case, don't do any research on the case. Keep your mind open.

16 We'll see you Tuesday morning, remember Tuesday
17 morning not Monday, Monday Court is closed, Tuesday morning at
18 9:30.

19 Have a good weekend.

20 (Jury exits courtroom.)

21 THE COURT: Anything else to cover?

22 MR. [REDACTED]: Your Honor, just one quick thing.

23 THE COURT: Everyone can sit down.

24 MR. [REDACTED] The Court had given us until today to
25 comment on the government's request for charge. I was

Zambada - direct - [REDACTED]

913

1 Q Now we are going to use the board. In 2004 you testified
2 that the Carillo-Fuentes broke away from the Sinaloa Cartel;
3 is that right?

4 A Completely.

5 Q And then you testified that your brother Mayo and the
6 defendant were the principal leaders of the cartel; is that
7 correct?

8 A That's right.

9 Q Where does Nacho Coronel fit in the organization at this
10 time?

11 A Underneath Chapo and my brother.

12 Q Arturo Beltran, what was his position at the time?

13 A He was also a principal leader.

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15 (Continued on the following page.)

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Summations - [REDACTED]

6544

1 The defendant agrees. He says, That's fine, have them give
2 you a number for pick up tomorrow, love. But, apparently,
3 this contact takes a little bit too much time so the
4 defendant wants to know what's going on. What does Fiera
5 tell her contact? Business has to be quick, tell her that
6 the boss gets anxious. What's the Spanish word that she
7 uses for boss, it's highlighted on the right side, it says
8 "patron". So here's an example where Fiera, despite her
9 relationship with the defendant, knows he's the boss, he's
10 the "patron."

11 Shipping drugs: Planes, trains, cars, boats,
12 submarines, and more. You heard from the cooperating
13 witnesses that the defendant used all of these methods and
14 more to transport his drugs from country to country on the
15 way to the United States. As you heard, it was his skill
16 coming up with new and different ways to ship his drugs that
17 kept him at the top of the cartel. And you know they're
18 telling you the truth because you heard from the defendant's
19 own words.

20 Now let's start with a phone call between the
21 defendant and someone who we're able to identify as Tono,
22 the person from the Dominican Republic. What did Alex
23 Cifuentes tell you about Tono? Well, according to Alex,
24 Tono is someone who sold cocaine and heroin in New York for
25 the defendant and Alex Cifuentes. Alex also told you the

Ramirez - direct - [REDACTED]

1867

1 my lieutenants who were in Mexico, who were in contact with
2 Mr. Guzmán Loera and his people.

3 Q How long did it take for the defendant to deliver these
4 4,000 kilos from Los Mochis to your people in Los Angeles?

5 A That was super quick, that I recall, it was less than a
6 week.

7 Q Was this expected?

8 A Well, that was the first time that one of the Mexican
9 drug traffickers delivered the cocaine to me that quickly. I
10 did not expect it to be that quickly.

11 Q How much time would the other traffickers take you to get
12 your cocaine to Los Angeles?

13 A Sometimes a month or more.

14 Q I'd like to draw your attention to another conversation
15 you had with the defendant. Did he ever ask you to process
16 cocaine or package cocaine in a special form?

17 A Yes.

18 Q What did the defendant ask you?

19 A He said he was going to give a mold to my people in
20 Mexico to see if I could manufacture the cocaine in that
21 shape.

22 Q Did the defendant provide your people with this mold?

23 A Yes.

24 Q When was this approximately?

25 A That was sometime like 1991, '92. I really don't

Summations - [REDACTED]

6526

1 of them. This is one of the concepts of share the risk you
2 share the reward.

3 Again, as Rey explained, Question: What was the
4 purpose of using this investment method?

5 Answer: Well, for the Sinaloa Cartel, it's the way
6 to strengthen the cartel and to protect the capital of
7 investors and at the same time make them powerful
8 financially.

9 Explaining one of the goals of the cartel.

10 Let's take a step back briefly, and see how the
11 defendant got to this position from a kid and a family of
12 little means to one of the top leaders of the Sinaloa Cartel
13 that you learned about in this trial. You learned from the
14 evidence that in the mid 1980s until his arrest in 1993 the
15 defendant was a mid-level operative of the Sinaloa Cartel,
16 making a name for himself as El Rapido, because of how
17 quickly he transported drugs, mostly cocaine, from Mexico to
18 the United States for the Colombian cartels.

19 In the late 1980s the defendant worked for El Azul.
20 The defendant was also a boss of his own drug organization,
21 which included his brother, Arturo, also known as Pollo. He
22 was the guy that got arrested at the border, U.S./ Mexico
23 border, trying to bring his brother almost \$1 million back in
24 cash hidden in a truck. We'll talk about that later. It
25 included it his right-hand man, Miguel Angel Martinez. Also

Summations - [REDACTED]

6529

1 the Golden Triangle. And as detailed by Rey Zambada, these
2 fellow Sinaloa traffickers, Mayo Zambada, the Beltran Leyva
3 brothers, now Amado Carrillo Fuentes since his brother passed
4 away, and Nacho Coronel, in coordination with El Azul they;
5 solidified their relationship within the Sinaloa Cartel
6 during this time. They all decided to strengthen their
7 partnership so they could again be stronger together.

8 Although the defendant still trafficked drugs while
9 he was in this jail, it was these leaders who helped the
10 defendant back to his place of prominence.

11 You heard from Rey Zambada that it was at this
12 moment when the defendant and Mayo Zambada solidified their
13 50/50 partnership, this strengthened their positions within
14 the cartel even more. Now, what does that mean? Any
15 kilogram of cocaine either one of them got their hands on
16 would be shared 50/50.

17 Many cooperating witnesses testified that the
18 defendant and Mayo were partners. And this was through the
19 testimony of Rey Zambada, Chupeta, German Rosero, Vicente
20 Zambada, Tirso Martinez, Pedro Flores, and then Jorge and
21 Alex Cifuentes, as well as Damaso Lopez.

22 (Continued on next page.)
23
24
25

Zambada Niebla - Direct [REDACTED]

1 A Yes.

2 Q What language are you most comfortable testifying in
3 today?

4 A I feel more comfortable in my own language, Spanish.

5 Q Mr. Zambada, where are you from?

6 A From Culiacan, Sinaloa, Mexico.

7 Q Who is your father?

8 A Ismael Zambada Garcia.

9 Q Does your father go by any nicknames?

10 A Yes. El Mayo, that's the most common one. El Padrino,
11 La Doctora, La Senora; and amongst the people who are closest
12 to my Compadre Chapo, they call him La Cocina.

13 Q What does La Cocina mean?

14 A It means the cook, La Cocinera. It was a code that was
15 used over the phone to refer to my dad.

16 Q Okay. I'm going to show you what's already in evidence as
17 Government's Exhibits 2A and 2B.

18 I'm showing you first Government's Exhibit 2A. Do you
19 recognize this person?

20 A That's my father, my dad.

21 THE COURT: Hang on one second. You need to press the
22 button on your lapel mic.

23 MS. [REDACTED] It's working.

24 THE COURT: Okay. Melonie?

25 THE CLERK: Yes.

[REDACTED], CSR -- Official Court Reporter

Zambada Niebla - Direct/[REDACTED]

1 THE COURT: Good?

2 THE CLERK: Yes.

3 BY MS. [REDACTED]

4 Q I'm showing you Government's Exhibit 2B. Who is this?

5 A He is my dad.

6 Q What does your dad do for a living?

7 A My dad is the Sinaloa cartel's leader.

8 Q What, if any, connection do you have with the Sinaloa
9 Cartel?

10 A Well, at one point in time, strategically speaking, I
11 would coordinate the shipments, the drug shipments, from
12 Central America and South America to Mexico. I would make sure
13 that those shipments would make it safely to the border with
14 the United States.

15 In my role, I was also in charge of passing messages
16 to my dad; and, with these, I would like to mention that my dad
17 had people all over the country -- people in the south of the
18 republic, in the center of the republic, and at the borders --
19 and those people would all get in touch with me and to tell me
20 what was happening at that time or at certain time in relation
21 to drug trafficking.

22 I also coordinated for the drugs to make it to the
23 United States, for them to be sold, and for that money to be
24 brought back to Mexico; and all of that was reported back to my
25 father, my dad.

[REDACTED], CSR -- Official Court Reporter

Zambada Niebla - Direct

1 Q Just generally, what, if any, responsibilities did you
2 have with respect to corruption within the cartel?

3 A I was also connected to corruption. I would pay police
4 officers on behalf of my father and my Compadre Chapo.

5 Q What, if any, nicknames did you have in the cartel?

6 A Well, they call me El Nino, they call me El Diez,
7 El Diego; and, with my Compadre Chapo and other people, over
8 the phone they would call me La Mesera.

9 Q What does La Mesera mean?

10 A Waitress. It's at a restaurant. It's a waitress.

11 Q Based on your involvement in the cartel, what did you
12 understand the goal of the cartel to be?

13 A Well, the goal -- just like in any business, and in this
14 case the drug trafficking business, which is an illegal
15 business -- it was to make money. And with the money, well,
16 you gain power, corruption. Well, from the power, from the
17 money, from the corruption, unfortunately, you have jealousies
18 with other people. They feel envious of you and there become
19 problems and that's how wars break out.

20 Q What drugs were the cartel selling to make this money?

21 A Mostly cocaine and also ephedrine and marijuana.

22 Q Who else was your father working with in the Sinaloa
23 Cartel?

24 A Well, my father has been a leader since the '80s, and he
25 is partners and compadres with other leaders. Since the

, CSR -- Official Court Reporter

Zambada Niebla - Direct/[REDACTED]

3944

1 beginning of the '80s he was compadre and partners with Miguel
2 Felix Gallardo, Amado Carrillo Fuentes, the Arellano Felix
3 brothers, my Compadre Chapo Guzman, Joaquin Guzman Loera,
4 partner and compadre of the Beltran Leyva Brothers, as well as
5 Juan Jose Esparragoza, El Azul, Ignacio Coronel, Nacho Coronel.
6 So he has been a leader since the '80s and partner of many
7 other leaders.

8 Q You just mentioned a number of people that your dad worked
9 with in the Sinaloa Cartel. How would you describe --

10 THE COURT: Hang on a second.

11 (Pause.)

12 BY MS. [REDACTED]

13 Q Mr. Zambada, you mentioned a number of people that your
14 father worked with in the Sinaloa Cartel.

15 A Yes.

16 Q What was the business relationship like between your
17 father and those individuals you just mentioned?

18 A Well, there was a partnership in his business, in his drug
19 trafficking business.

20 Q You mentioned Chapo.

21 When is the first time that you met Chapo?

22 A Well, I saw my compadre at the end of the '80s, beginning
23 of the '90s, at one of my father's houses. He went there to
24 visit my dad.

25 Q How old were you at the time?

[REDACTED], CSR -- Official Court Reporter

Summations - [REDACTED]

6528

1 Zambada helped the defendant while in jail. This help was by
2 lending a hand to the people that were on the street. Mayo
3 Zambada helped Pollo and the defendant's cousins, the Beltran
4 Leyva brothers, while the defendant was in jail. Many of the
5 other witnesses that testified told about direct dealings
6 that they had with these people that were helping the
7 defendant.

8 You heard testimony from Rey Zambada, Tirso
9 Martinez, German Rosero, Juan Carlos Ramirez, and Miguel
10 Martinez. And remember that Chupeto, the Colombian supplier,
11 he sent to the defendant five boats averaging about 10,000
12 kilos each of cocaine to the defendant while the defendant
13 was still in jail. We have another shipment. In 2001, the
14 defendant escapes from a maximum security prison for the
15 first time. This presents a new growth for the cartel.

16 An important event happens when the defendant is in
17 jail. Amado Carrillo Fuentes, one of the leaders of the
18 Sinaloa Cartel at the that time, he died during surgery. So
19 the defendant and Mayo Zambada take the mantel leadership
20 after Amado's death. And then El Azul transitioned into a
21 respected adviser in the role.

22 Where the defendant goes after this daring escape
23 from a maximum security prison? Well, he went to where he
24 felt safe, where he could be protected by his fellow
25 Sinaloa-based traffickers, the mountains that he controlled,

Summations - [REDACTED]

6530

1 MS. [REDACTED] As partners, they shared greater
2 territory, infrastructure and all the risks and rewards that
3 came with it. This was the heyday of the Sinaloa cartel,
4 when they were united and working together, and the cartel
5 members thrived, that is until they started to split apart
6 one piece at a time.

7 As you've heard, the heyday did not last for
8 long, jealousies and disloyalties led to war, this war led
9 to fractures within the cartel, but the defendant remained
10 at the center of it.

11 And remember, when Amado Carrillo died, Tirso
12 Martinez told you that Vicente Carrillo he had to answer to
13 Mayo Zambada. Rey called him a sub leader, the way Rey was
14 to his brother.

15 Now, Rodolfo Carrillo, who was Vicente's
16 brother, started to disrespect the rules, so it was the
17 defendant who convinced the other leaders of the cartel to
18 allow him to murder Rodolfo. And we're going to talk about
19 this murder when we talk about the murder conspiracy, but
20 the defendant's gunmen or pistoleros, they killed Rodolfo
21 and as a result, Vicente Carrillo left the Sinaloa cartel
22 and he was now an enemy.

23 In 2008, one of the Beltran Leyva brothers,
24 Alfredo, was arrested and the Beltran Leyva brothers
25 believed that it was the defendant and Mayo's fault. They

Summations - [REDACTED]

6527

1 included his cousins, the Beltran Leyva brothers, Arturo,
2 Hector, Alfredo. They received planes from the defendant,
3 planes filled with cocaine. The defendant also had a
4 partnership and worked with Hector Palma Salazar.

5 You heard from Rey Zambada that the defendant
6 didn't respect the territory or the plaza of the Tijuana
7 Cartel run by the Arellano-Felix Organization, AF0 for short.
8 So the defendant moved drugs through the AF0 territory or
9 that plaza without permission. This was one of the reasons
10 that the war broke out between the AF0, a violent, deadly,
11 long war that we're going to talk about later.

12 It was at this time, after the war broke out, that
13 Mayo Zambada, who had been aligned with Amado Carrillo at the
14 time, he joined Amado in siding with the defendant in the war
15 against the Arellano-Felix Organization. So starting in the
16 1990s, the defendant, Mayo, and their partners, Amado and El
17 Azul, and their sub-leaders, all banded together to move
18 drugs and to fight the war with the AF0 until the defendant
19 was arrested in 1993.

20 But not even walls of prison could keep him from
21 the drug trade, with his brother, Pollo, his right-hand man,
22 Miguel Martinez, and his cousins, the Beltran Leyva brothers,
23 they are on the street, the defendant continued to operate
24 his drug organization.

25 You heard from Rey Zambada that his brother Mayo

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 A Very close.

2 Q Do you recognize anyone in this courtroom as your
3 compadre?

4 A Yes.

5 MR. [REDACTED]: Your Honor, I will stipulate that he
6 knows Mr. Guzman.

7 THE COURT: All right.

8 BY MS. [REDACTED]

9 Q What nicknames or code names have you heard used for the
10 defendant?

11 A People used to call him Chapo. I used to call him Javier
12 or Compadre.

13 Q And you said before that he was one of the co-leaders of
14 the Sinaloa Cartel with Mayo. Who is Mayo?

15 A It's Mayo Zambada Garcia.

16 Q How many times have you met Mayo?

17 A Several times.

18 Q Showing you what's already in evidence as Government's
19 Exhibit 2-A, who is that?

20 (The above-referred to exhibit was published.)

21 A Mr. Zambada.

22 Q Okay. What nicknames or code names is Mayo Zambada known
23 by?

24 A Mayo. We would call him La Dona, La Senora, La Cocina.

25 Q Based on your knowledge of the cartel, what was the

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 working relationship like between the defendant and Mayo
2 Zambada?

3 A They always helped one another in partnership. If my
4 compadre did a job, then Mayo would help him in a partnership
5 at 50 percent, and the same way the other way around.

6 Q And when you say your compadre, who are you referring to?

7 A My Compadre Joaquin.

8 Q Okay. Did you, yourself, have any nicknames or code
9 names that were used?

10 A Liscensiado, Lic, Felizardo.

11 Q Showing you Government's Exhibit 11-A, which is already
12 in evidence.

13 (The above-referred to exhibit was published.)

14 BY MS. [REDACTED]

15 Q Who is that?

16 A That's me.

17 Q All right. So I want to take a moment and talk a little
18 bit about your case.

19 You previously said you were in custody in the
20 United States. Why is that?

21 A I was charged with the crime of drug trafficking.

22 Q And what is the status of your case?

23 A I have been sentenced.

24 Q What was your sentence?

25 A Life.

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 A None.

2 Q Okay. What do you hope happens after your cooperation is
3 complete?

4 A I have the hope to be recommended so that my sentence is
5 reduced.

6 Q Who ultimately will decide if your sentence is reduced?

7 A The judge.

8 Q Has anyone promised you that your sentence will be
9 reduced in any way?

10 A No.

11 Q Pursuant to your plea agreement, did you agree to forfeit
12 any money to the United States?

13 A Yes.

14 Q How much money?

15 A \$25 million.

16 Q And to date, how much of that money have you paid?

17 A Nothing.

18 Q Did the Government agree to provide you or your family
19 with any immigration benefits?

20 A My family is in the United States for safety reasons.

21 Q Okay. Has the Government made any other promises to you?

22 A No.

23 Q Okay. I want to direct your attention now to 1999.

24 Where were you working at that time?

25 A I worked at the federal -- maximum security federal

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 penitentiary of Puente Grande, Jalisco.

2 Q What position did you have at that prison?

3 A I was the deputy director of security and custody.

4 Q And what were your responsibilities in that role?

5 A I was responsible for internal security of the
6 penitentiary.

7 Q As a deputy director, were you familiar with the layout
8 of the prison?

9 A Yes.

10 Q Generally, how was the prison set up?

11 A Eight different security units, an area of observation
12 and classification of inmates, a small hospital, an area for
13 special conducts, and the government area.

14 Q Who controlled the doors to these eight security units?

15 A Personnel under my command.

16 Q Okay. And the personnel under your command that
17 controlled these doors, where were they located in the prison?

18 A One was at the diamonds.

19 Q What is a diamond?

20 A A place fenced by see-through glass. Inside of it, there
21 is security personnel who have the visibility from there to
22 four other units.

23 Q Okay. And showing you --

24 MS. [REDACTED] I believe there's no objection.

25 BY MS. [REDACTED]

Summation - [REDACTED]

6553

1 then the drugs will get seized and the bad guys will get
2 arrested, so the defendant paid them to not do their job. But
3 it went a step even further than that. They were paid to do
4 the cartel's jobs. The police transported drugs for them,
5 escorted the drugs, made sure the drugs were protected, they
6 were provided information about law enforcement officials who
7 were actually doing their job, and this was all to make sure
8 that the cartel would be warned if there was a capture
9 operation like what happened in Los Cabos and Culiacan so that
10 the cartel members could avoid being arrested.

11 And you heard this from Rey Zambada and Miguel
12 Martinez and Vicente Zambada and Alex Cifuentes and Damaso.
13 And you know that the defendant was involved in corruption
14 because you heard it from his own mouth.

15 Now, before we play another call, I want to explain
16 and discuss what the term *Yanqui* means in a cartel.

17 Rey Vicente Zambada told you that a Yanqui is a
18 commander from a federal judicial police in charge of a state
19 in Mexico. So he's a top police official in a state, and the
20 cartel would pay the Yanqui \$50,000 a month in bribes to
21 protect the drugs. Vicente told you that he, Vicente, would
22 go with his father, Mayo Zambada, to meet with the Yanquis
23 personally, and Mayo Zambada would tell the Yanqui, the top
24 police commander, that the bribe that they were paying was
25 coming from Mayo Zambada and the defendant, an example of the

Summation - [REDACTED]

6554

1 50/50 partnership that they had. And you know that Vicente is
2 telling you the truth because you heard it in a call between
3 M-10 and the defendant, and we are just going to review the
4 transcript on this one.

5 M-10 tells him: *But he called them and he told*
6 *them, listen, I'm calling on behalf of Chapo and on behalf of*
7 *Mayo.*

8 M-10 is discussing that he's calling the police
9 commander and letting him know that he's coming from Chapo and
10 Mayo. And why those two people? Because those are the two
11 people in charge.

12 And then what does the defendant tell M-10 about the
13 commanding officers?

14 *My friend, he has gone and met every commanding*
15 *officer that arrives there. And for me, I don't go to see*
16 *them. I send someone to see them because I'm always up here.*

17 Well, what is the defendant saying in this part of
18 the call? He saying that his compadre, his friend, Mayo, is
19 the one who meets with the commanders, and that's exactly what
20 Vicente testified to. And the defendant also explains that
21 the reason he doesn't go is because he's always up there,
22 which you know at this time the defendant is hiding in the
23 mountains of Culiacan. But he didn't always send Mayo.
24 Sometimes he had his own direct dealers. And you heard all
25 those calls between the defendant and one of his workers,

1 monitors there?

2 THE JURY: Yes (unanimously).

3 THE COURT: Okay. Let's continue.

4 Q For what purpose did you see the defendant, Genaro
5 Garcia Luna personally?

6 A Well, it was this one time when there was a meeting with
7 him to give him some money.

8 Q Money on behalf of whom?

9 A Well, on behalf of the Sinaloa Cartel.

10 Q Are you familiar with the Sinaloa Cartel?

11 A Yes.

12 Q How are you familiar with it?

13 A Well, I was part of the Sinaloa Cartel. I was its leader
14 in Mexico City.

15 Q For approximately how long were you apart of the Sinaloa
16 Cartel?

17 A That was from approximately 1987 until 2008.

18 Q What was your highest position within the cartel?

19 A Well, I was a leader in Mexico City, its leader. And I
20 also was responsible for managing the airport there, the
21 warehouse area, and that was with respect to transporting the
22 drugs.

23 Q When did you stop working for the Sinaloa Cartel?

24 A October 20th, 2008.

25 Q What happened on that day?

1 A I was arrested.

2 Q Briefly, what is the Sinaloa Cartel?

3 A Well, the Sinaloa Cartel is a group of people who came
4 together, as an organization, to carry out crimes as a
5 business. And that is with respect to the production, the
6 processing, and the sale of drugs.

7 Q During your time in the cartel, what are the different
8 roles that you played?

9 A Well, when I first started, I implemented an accounting
10 system for the cartel, and then, when I was leader or when I
11 was in charge of the airport -- well, what I mean is the
12 warehouse area for the drugs, that involved where they went
13 after that.

14 Q I'm going to show you a few photographs. Directing your
15 attention to Government Exhibit 5 which is in evidence. Do
16 you recognize the individual in this photograph?

17 A Yes, of course.

18 Q Who is it?

19 A That is Ismael Zambada Garcia, my brother, AKA, Mayo.

20 Q Briefly, what role did he hold in the Sinaloa Cartel?

21 A Well, he was one of the main leaders. I actually think
22 he still is.

23 Q Showing you what's in evidence as Government Exhibit 4.

24 Do you recognize the individual in that photograph?

25 A Yes, of course.

1 A Arturo's first plan was to kill him. And I told him
2 not to do that because if he did that, then they would kill
3 Alfredo Beltran in jail. So Arturo ordered for him to be
4 arrested by the government.

5 Q And was he ultimately arrested?

6 A Yes.

7 Q Were you involved in that?

8 A Yes.

9 Q Tell us about that.

10 A I had people infiltrate his organization. And so they
11 were giving us the location of where Ray and all his people
12 were at in Mexico City. There were two attempts to capture
13 him. The first one, we had given the information to the
14 army and the army sold that information to Ray. And on the
15 second attempt, Arturo told me to handle it with the people
16 from SIEDO. So we hit him when he was meeting with his
17 entire organization in Mexico City. He was captured and he
18 was then surrendered to the real SIEDO agents.

19 Q To be clear. When you say you hit him, what do you
20 mean?

21 A That I was part of the operation to capture him.

22 Q You made a reference to real SIEDO agents. Was there
23 anyone dressed at SIEDO agents during this operation to
24 capture him?

25 A Yes.

1 Q Who was that?

2 A Well, among those people there was me, and also hit men
3 for the Beltran Leyva.

4 Q And after the fake SIEDO agents arrested or captured
5 Ray, did you turn him over to the real SIEDO?

6 A Yes.

7 Q What is SIEDO?

8 A It is the attorneys office that's specialized in
9 investigating organized crime.

10 Q And is it part of the federal police?

11 A Yes. Of AFI. Part of AFI.

12 Q And during this operation to capture Ray, was there any
13 violence?

14 A Yes.

15 Q What happened?

16 A Well, we exchanged shots and Ray wanted to leave, but
17 we had placed some armored SUV's right by the gates. He was
18 in an armored vehicle and he was trying to exit, leave, but
19 he couldn't. He crashed on one of our armored vehicles. We
20 kept shooting. Ray was asking Bayardo for support and he
21 never made it. The municipal Mexico City police arrived.
22 And Ray and all of the other members were detained. Those
23 of us who were not officers, we left.

24 Q And you said earlier that SIEDO was involved in this.
25 What happened when the municipal police took Ray in custody?

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	
v.)	
)	
JESUS VICENTE ZAMBADA-NIEBLA,)	09 CR 383
a/k/a “Vicente Zambada-Niebla,”)	
a/k/a “Vicente Zambada,”)	Judge Ruben Castillo
a/k/a “Mayito,”)	
a/k/a “30,” and)	
TOMAS AREVALO-RENTERIA)	

**GOVERNMENT’S EVIDENTIARY PROFFER SUPPORTING THE
ADMISSIBILITY OF CO-CONSPIRATOR STATEMENTS**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	OVERVIEW OF THE CONSPIRACY	2
III.	GOVERNING LAW	3
A.	The Evidentiary Rule is Distinct from the Charged Conspiracy	4
B.	Existence of and Membership in the Conspiracy	5
C.	The “In Furtherance” Requirement	8
D.	Alternative Bases for Admissibility of Statements	10
IV.	THE GOVERNMENT’S PROFFER REGARDING THE EXISTENCE OF THE CONSPIRACY AND DEFENDANTS’ PARTICIPATION IN IT	12
A.	The SINALOA CARTEL	12
B.	Structure and Differentiation of Roles	14
1.	Jesus Vicente Zambada-Niebla	14
2.	Alfredo Guzman-Salazar	15
3.	Alfredo Vasquez-Hernandez	15
4.	Juan Guzman-Rocha	16
5.	German Olivares	16
6.	Felipe LNU	16
7.	Manuel Fernandez-Navaroo	17
8.	Tomas Arevalo-Renteria	17
9.	Pedro Flores and Margarito Flores	17
C.	History of the Investigation	18
D.	The Evidence Establishing the Existence of the Conspiracy	18
V.	STATEMENT OF FACTS/EVIDENTIARY SUPPORT OF THE CHARGED CONSPIRACIES	57
VI.	CONCLUSION	60

The UNITED STATES OF AMERICA, by its attorney, PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, respectfully submits this written proffer, pursuant to Fed. R. Evid. 801(d)(2)(E), and *United States v. Santiago*, 582 F.2d 1128 (7th Cir. 1987), of the government's evidence supporting the admission of certain co-conspirator statements against defendants at trial.

I. INTRODUCTION

This submission begins by providing an overview of the conspiracy in this case. It then discusses the law governing the admissibility of coconspirator statements under Fed.R.Evid. 801(d)(2)(D), and outlines some of its evidence establishing the conspiracy. Finally, it summarizes evidence supporting the admission of coconspirators' statements pursuant to Rule 801(d)(2) and for which a pre-trial ruling by the Court is requested, in accord with *United States v. Santiago*, 582 F.2d 1128, 1130-31 (7th Cir. 1978), and established practice in this Circuit. *See United States v. Alviar*, 573 F.3d 526, 540 (7th Cir. 2009); *United States v. Harris*, 585 F.3d 394, 398, 400 (7th Cir. 2009).

This proffer does not list all of the government's witnesses and the evidence each will present, nor does it provide all of the evidence that will be presented by those witnesses who are named. Rather, the proffer is a summary only, offered for the limited purpose of establishing the existence of a conspiracy by a preponderance of the evidence and providing defendants with adequate notice of the nature of the conspiratorial evidence, including the nature of co-conspirator statements made in furtherance of the conspiracy that the government will offer at trial. By presenting statements attributed to particular witnesses, the government is not committing to call each of the witnesses, nor is the government committing to introduce each statement contained herein. The government expressly reserves the right to offer additional statements of indicted and

unindicted co-conspirators. The government further reserves the right to supplement this proffer in the event that additional evidence of the conspiracy comes to light in advance of trial.

II. OVERVIEW OF THE CONSPIRACY

The second superseding indictment charges that from about May 2005 to about December 2008, defendants Jesus Vicente Zambada-Niebla and Tomas Arevalo-Renteria conspired with other members of the Sinaloa Cartel to possess with intent to distribute and to distribute five kilograms or more of cocaine and one kilogram or more of heroin (Count One), and conspired to import into the United States from Mexico more than five kilograms of cocaine and more than one kilogram of heroin (Count Two); Arevalo-Renteria is further charged with knowingly and intentionally distributing heroin (Counts Three and Six).

The indictment alleges that Zambada-Niebla was a high-level member of the Sinaloa Cartel, a cocaine and heroin drug trafficking organization based in Mexico. R. 75 at 2, 5. The indictment further alleges that, among other things, Zambada-Niebla acted as a logistical coordinator for the Sinaloa Cartel, which was headed by Zambada-Niebla's father and co-defendant, Ismael Zambada-Garcia, and Joaquin Guzman-Loera. *Id.* The Zambada-Garcia faction was involved in importing multi-ton quantities of cocaine and multi-kilogram quantities of heroin, and Zambada-Niebla specifically coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States, as well as deliveries of bulk quantities of United States currency to his father and the Zambada-Garcia faction in Mexico. *Id.* at 3-4, 5-6. In addition, the indictment alleges that Zambada-Niebla and other cartel leaders engaged in acts of violence to further their narcotics trafficking activities and threatened to do so in retaliation for the Mexican and American governments' enforcement of their narcotics laws. *Id.* at 16-17.

The indictment alleges that Arevalo-Renteria (i) worked with the Sinaloa Cartel; (ii) acted as a narcotics broker and customer for factions of the cartel headed by Guzman-Loera and Zambada-Garcia; and (iii) coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States and deliveries of United States currency back into Mexico to the Sinaloa Cartel. *Id.* at 8.

The scope of the conspiracy thus includes both the Guzman-Loera and Zambada-Garcia factions of the Sinaloa Cartel, and includes the supply of drugs to the cartel by international suppliers, the coordination of large shipments over and throughout international borders, the transportation and distribution of the drugs, the financial transactions related to the shipments, and the efforts to protect the cartel's interests in international drug trafficking through violent and other means. The members of the conspiracy, and the declarants of co-conspirator statements, are identified below.

III. GOVERNING LAW

Rule 801(d)(2)(E) provides that a "statement" is not hearsay if it "is offered against a party" and is "a statement by a coconspirator of a party during the course and in furtherance of the conspiracy." Admission of such coconspirator statements against a defendant is proper where the government establishes by a preponderance of the evidence that: (1) a conspiracy [or joint venture] existed; (2) defendant and the declarant were members of the conspiracy [or joint venture]; and (3) the statements were made during the course and in furtherance of the conspiracy [or joint venture].

United States v. Cruz-Rea, 626 F.3d 929, 937 (7th Cir. 2010).¹

¹ No Sixth Amendment confrontation issues are posed at a joint trial by the use of a non-testifying defendant coconspirator's statements which are offered for their truth against another defendant. This is because "the requirements for admission under Rule 801(d)(2)(E) are identical

A. The Evidentiary Rule is Distinct from the Charged Conspiracy.

Rule 801(d)(2)(E) is an evidentiary rule that is separate from the substantive law of criminal conspiracy. The rule applies, and co-conspirator statements are admissible, whenever a statement is made in furtherance of a joint venture, regardless of whether that joint venture has been charged as a criminal conspiracy. As the Seventh Circuit explained in *United States v. Coe*, 718 F.2d 830 (7th Cir. 1983):

Conspiracy as an evidentiary rule differs from conspiracy as a crime. The crime of conspiracy comprehends much more than just a joint venture or concerted action, whereas the evidentiary rule of conspiracy is founded on concepts of agency law. . . . Recognizing this, some courts refer to the coconspirator exception as the “joint venture” or “concert of action” exception. . . . A charge of criminal conspiracy is not a prerequisite for the invocation of this evidentiary rule. . . . Indeed, it may be invoked in civil as well as criminal cases. . . .

The proposition that the government did have to establish by a preponderance of independent evidence was that [the individuals] . . . were engaged in a joint venture--that there was a “combination between them”

Coe, 718 F.2d at 835 (citations omitted). Therefore, statements may be admitted under Rule 801(d)(2)(E) notwithstanding the lack of any formal conspiracy charge. *See, e.g., United States v. Godinez*, 110 F.3d 448, 454 (7th Cir. 1997); *Santiago*, 582 F.2d at 1130.

Moreover, the Seventh Circuit has held that co-conspirator statements need not be made within the period of the charged conspiracy in order for them to be admissible pursuant to Rule 801(d)(2)(E). *Godinez*, 110 F.3d at 454 (“It is irrelevant that the statement was not made within the time frame charged in the indictment.”). A declarant’s statements may be admitted against the

to the requirements of the Confrontation Clause.” *United States v. Bourjaily*, 483 U.S. 171, 182 (1987). Thus, there are no “constitutional problems” once Rule 801(d)(2)(E)’s requirements have been met. *Id.* This long-standing rule was not affected by the Supreme Court’s decision in *Crawford v. Washington*, 541 U.S. 36 (2004). *See United States v. Hargrove*, 508 F.3d 445 (7th Cir. 2007); *United States v. Jenkins*, 419 F.3d 614, 618 (7th Cir. 2005).

defendants at trial if in furtherance of any “existing conspiracy,” and the Rule does not limit admissibility to the dates of the charged conspiracy. *Godinez*, 110 F.3d at 454.

B. Existence of and Membership in the Conspiracy

Under *Santiago*, the trial judge must preliminarily determine whether statements by a co-conspirator of the defendant will be admissible at trial under Federal Rule of Evidence 801(d)(2)(E). In making this determination the judge must decide “if it is more likely than not that the declarant and the defendant were members of a conspiracy when the hearsay statement was made, and that the statement was in furtherance of the conspiracy” *Id.* at 1143 (quoting *United States v. Petrozziello*, 548 F.2d 20, 23 (1st Cir. 1977)); *see also United States v. Hoover*, 246 F.3d 1054, 1060 (7th Cir. 2001). If the trial judge determines the statements are admissible, the jury may consider them as it considers all other evidence. *See also United States v. Cox*, 923 F.2d 519, 526 (7th Cir. 1991); *United States v. Wesson*, 33 F.3d 788, 796 (7th Cir. 1994).

According to *Bourjaily v. United States*, 483 U.S. 171, 176-81 (1987), the court can consider the statements in question (the statements seeking to be admitted) to determine whether the *Santiago* criteria have been met. Seventh Circuit cases construing *Bourjaily* have held that properly admitted hearsay, including statements admitted under the co-conspirator exception to the hearsay rule (Federal Rule of Evidence 801(d)(2)(E)), may be used to prove what another person did or said that may demonstrate their membership in the conspiracy. *United States v. Loscalzo*, 18 F.3d 374, 383 (7th Cir. 1994) (“[W]hile only the defendant’s acts or statements could be used to prove that defendant’s membership in a conspiracy, evidence of the defendant’s acts or statements may be provided by the statements of co-conspirators.”); *United States v. Martinez de Ortiz*, 907 F.2d 629, 633 (7th Cir. 1990) (en banc).

While the Court may consider the proffered statements themselves as evidence of both the existence of a conspiracy and a defendant's participation in it, *Bourjaily*, 483 U.S. at 178, 180, *United States v. Harris*, 585 F.3d 394, 398-99 (7th Cir. 2009), the contents of the proffered statements alone are not sufficient to establish the existence of a conspiracy and a defendant's participation. There must also be some supporting evidence or facts corroborating the existence of the conspiracy and defendant's participation. *Harris*, 585 F.3d at 398-99.

The evidence showing the existence of a conspiracy and a defendant's membership in it may be either direct or circumstantial. See *United States v. Johnson*, 592 F.3d 749, 754-55 (7th Cir. 2010); *United States v. Irorere*, 228 F.3d 816, 823 (7th Cir. 2000). Indeed, "[b]ecause of the secretive character of conspiracies, direct evidence is elusive, and hence the existence and the defendants' participation can usually be established only by circumstantial evidence." *United States v. Redwine*, 715 F.2d 315, 319 (7th Cir. 1983).

There is no requirement, for admissibility under Rule 801(d)(2)(E), that the government establish all elements of "conspiracy" such as a meeting of the minds and an overt act. *Coe*, 718 F.2d at 835; *United States v. Gil*, 604 F.2d 546, 548-50 (7th Cir. 1979). "[I]t makes no difference whether the declarant or any other 'partner in crime' could actually be tried, convicted and punished for the crime of conspiracy." *Gil*, 604 F.2d at 549-550; see also *Coe*, 718 F.2d at 835.

Certain principles of general conspiracy law are relevant to the Rule 801(d)(2)(E) inquiries to be made as to the existence of a conspiracy or joint venture and a defendant's membership in it. For instance, "[a] conspiracy may exist even if a conspirator does not agree to commit or facilitate each and every part of the substantive offense." *Salinas v. United States*, 522 U.S. 52, 63-64 (1997). See also *United States v. Longstreet*, 567 F.3d 911, 919 (7th Cir. 2009); *United States v. Jones*, 275

F.3d 648, 652 (7th Cir. 2001). The government need not prove that a defendant knew each and every detail of the conspiracy or played more than a minor role in the conspiracy. *United States v. Curtis*, 324 F.3d 501, 506 (7th Cir. 2003). Further, a defendant joins a criminal conspiracy if he agrees with another person to one or more of the common objectives of the conspiracy; it is immaterial whether the defendant knows, has met, or has agreed with every co-conspirator or schemer. *Longstreet*, 567 F.3d at 919; *United States v. Jones*, 275 F.3d 648, 652 (7th Cir. 2001); *United States v. Boucher*, 796 F.2d 972, 975 (7th Cir. 1986).

A defendant (or other declarant) may be found to have participated in a conspiracy even if he joined or terminated his relationship with other conspirators at different times than another defendant or coconspirator. *United States v. Noble*, 754 F.2d 1324, 1329 (7th Cir. 1985); *see also United States v. Handlin*, 366 F.3d 584, 590 (7th Cir. 2004) (“it is irrelevant when the defendant joined the conspiracy so long as he joined it at some point”). Under Rule 801(d)(2)(E), a coconspirator’s statement is admissible against conspirators who join the conspiracy after the statement is made. *United States v. Sophie*, 900 F.2d 1064, 1074 (7th Cir. 1990); *United States v. Potts*, 840 F.2d 368, 372 (7th Cir. 1987). A conspirator who has become inactive or less active in the conspiracy nevertheless is liable for his conspirators’ further statements unless he openly disavows the conspiracy or reports it to the police. *See United States v. Feldman*, 825 F.2d 124, 129 (7th Cir. 1987).

The government is not required to prove the identity of the declarant; nor must the declarant’s identity be confirmed in the statement itself. *See United States v. Bolivar*, 532 F.3d 599, 604-05 (7th Cir. 2008). Rather, the government need only prove (from the statement, the context and/or other evidence) that the declarant was in fact a coconspirator. *Id.*

C. The “In Furtherance” Requirement

In determining whether a statement was made “in furtherance” of the conspiracy, courts evaluate the statement in the context in which it was made and look for a reasonable basis upon which to conclude that the statement furthered the conspiracy. *See Cruz-Rea*, 626 F.3d at 937; *United States v. Johnson*, 200 F.3d 529, 533 (7th Cir. 2000). Under the reasonable basis standard, a statement may be susceptible to alternative interpretations and still be “in furtherance” of the conspiracy. *Cruz-Rea*, 626 F.3d at 937-38. The “coconspirator’s statement need not have been made exclusively, or even primarily, to further the conspiracy” in order to be admissible under the coconspirator exception. *Id.* at 937 (quotations and citations omitted). That statements were made to a government cooperating witness or undercover agent does not bar admission of statements otherwise “in furtherance” of the conspiracy. *United States v. Mahkimetas*, 991 F.2d 379, 383 (7th Cir. 1993); *see also United States v. Ayala*, 601 F.3d 256, 268 (4th Cir. 2010).

The Seventh Circuit has found a wide range of statements satisfy the “in furtherance” requirement. *See, e.g., United States v. Cozzo*, No. 02 CR 400, 2004 WL 1151630 (N.D. Ill. 2004) (collecting cases). In general, a statement that is “part of the information flow between conspirators intended to help each perform his role” satisfies the “in furtherance” requirement. *United States v. Alviar*, 573 F.3d 526, 545 (7th Cir. 2009)(quotations and citations omitted). *See also United States v. Gajo*, 290 F.3d 922, 929 (7th Cir. 2002). These include statements made:

(1) to conduct or help to conduct the business of the scheme, *United States v. Cox*, 923 F.2d 519, 527 (7th Cir. 1991); *see also United States v. Johnson*, 200 F.3d 529, 533 (7th Cir. 2000);²

² Statements that prompt the listener to act in a manner that facilitates the carrying out of the conspiracy are also made “in furtherance” of the conspiracy. *See United States v. Monus*, 128 F.3d 376, 392 (6th Cir. 1997).

(2) to recruit potential coconspirators, *Cruz-Rea*, 626 F.3d at 937-38; *United States v. Haynes*, 582 F.3d 686, 705 (7th Cir. 2009);

(3) to identify other members of the conspiracy and their roles, *Alviar*, 573 F.3d at 545;

(4) to plan or to review a coconspirator's exploits, *United States v. Molt*, 772 F.2d 366, 368-69 (7th Cir. 1985);

(5) as an assurance that a coconspirator can be trusted to perform his role, *Sophie*, 900 F.2d 1064, 1073-74 (7th Cir. 1990); *see also United States v. Bustamante*, 493 F.3d 879, 890-91 (7th Cir. 2007);

(6) to inform and update others about the current status of the conspiracy or a conspiracy's progress (including failures), *United States v. Rea*, 621 F.3d 595, 605 (7th Cir. 2010); *Alviar*, 573 F.3d at 545;

(7) to control damage to an ongoing conspiracy, *United States v. Johnson*, 200 F.3d 529, 533 (7th Cir. 2000); *United States v. Molinaro*, 877 F.2d 1341, 1343-44 (7th Cir. 1989); *United States v. Van Daal Wyk*, 840 F.2d 494, 499 (7th Cir. 1988);

(8) to conceal a conspiracy where ongoing concealment is a purpose of the conspiracy, *Gajo*, 290 F.3d at 928-29; *United States v. Kaden*, 819 F.2d 813, 820 (7th Cir. 1987); *see also United States v. Maloney*, 71 F.3d 645, 659-60 (7th Cir. 1995);

(9) to reassure or calm the listener regarding the progress or stability of the scheme, *Sophie*, 900 F.2d at 1073; *Garlington v. O'Leary*, 879 F.2d 277, 284 (7th Cir. 1989);

(10) to report conspirators' status and in turn receive assurances of assistance from coconspirators, *United States v. Prieto*, 549 F.3d 513 (7th Cir. 2008); and

(11) "describing the purpose, method or criminality of the conspiracy," *United States v. Ashman*, 979 F.2d 469, 489 (7th Cir. 1992).

Finally, any statement made by a conspirator during and in furtherance of a conspiracy is admissible against all coconspirators. *United States v. Rivera*, 136 Fed. Appx. 925, 926 (7th Cir. 2005)(court admitted into evidence a letter written by a coconspirator who was not on trial). “Whether any other coconspirator heard (or, in this instance, saw) that statement is irrelevant; agency, not knowledge, is the theory of admissibility.” *Id.*

It also bears mention that “statements made during the course of and in furtherance of a conspiracy, even in its embryonic stages, are admissible against those who arrive late to join a going concern.” *United States v. Potts*, 840 F.2d at 372 (citing cases). Moreover, “conversations made by conspirators to prospective coconspirators for membership purposes are acts in furtherance of the conspiracy.” *United States v. Shoffner*, 826 F.2d at 628 (quoting and citing cases). A conspirator who has become less active in the conspiracy nevertheless is liable for his conspirators’ further statements unless he openly disavows the conspiracy or reports it to the police. *United States v. Maloney*, 71 F.3d 645, 654-55 (7th Cir. 1995) (mere inactivity on the part of the conspirator is not sufficient to constitute withdrawal).

D. Alternative Bases for Admissibility of Statements

Various statements made during the course of a conspiracy are independently admissible and do not require a Rule 801(d)(2)(E) analysis. A defendant’s own statements, for example, are admissible against him pursuant to Rule 801(d)(2)(A), without reference to the coconspirator statement rule.³ *United States v. Maholias*, 985 F.2d 869, 877 (7th Cir. 1993). Moreover, a defendant’s own admissions are powerfully relevant to establish the factual predicates for the

³ Rule 801(d)(2)(A) provides in pertinent part that a “statement” is not hearsay if “[t]he statement is offered against a party and is . . . the party’s own statement, in either an individual or a representative capacity.”

admission of coconspirator statements against him. *United States v. Godinez*, 110 F.3d 448, 455 (7th Cir. 1997).

The coconspirator statement rule is also not implicated where the relevant verbal declaration is not a “statement” within the meaning of Rule 801(a), that is, not an “assertion” subject to verification; an example would be an order or a suggestion. *See United States v. Tuchow*, 768 F.2d 855, 868 n.18 (7th Cir. 1985). This rule defines “statement” as “an oral or written assertion” or “nonverbal conduct of a person, if it is intended by the person as an assertion.” Thus, a statement which is incapable of verification, such as an order or a mere suggestion, is not hearsay and does not invoke a Rule 801(d)(2)(E) analysis. *See, e.g., United States v. Tuchow*, 768 F.2d 855, 868 n.18 (7th Cir. 1985). More importantly, the coconspirator statement rule does not apply when a statement is not being offered for the truth of the matter asserted, and thus does not constitute “hearsay” as defined by Rule 801(c).⁴ Accordingly, statements by alleged coconspirators may be admitted against a defendant, without establishing the *Bourjaily* factual predicates set forth above, when such statements are offered simply to show, for instance, the existence, the illegality, or the nature or scope of the charged conspiracy. *Gajo*, 290 F.3d at 929-30; *See, e.g., United States v. Herrera-Medina*, 853 F.2d 564, 565-66 (7th Cir. 1988); *Van Daal Wyk*, 840 F.2d at 497-98; *Tuchow*, 768 F.2d at 867-69.

⁴ Federal Rule of Evidence 801(c) defines hearsay as “a statement, other than one made by the declarant while testifying at the trial or hearing, offered in evidence to prove the truth of the matter asserted.”

IV. THE GOVERNMENT'S PROFFER REGARDING THE EXISTENCE OF THE CONSPIRACY AND DEFENDANTS' PARTICIPATION IN IT

At trial, the government's evidence will establish that: (1) all of the defendants were members or associates of the Sinaloa Cartel Mexican Drug Trafficking Organization; (2) the defendants conspired and agreed with each other and with others to possess with the intent to distribute and to distribute in excess of five kilograms or more of cocaine and one kilogram or more of heroin (Count One), and conspired to import into the United States from Mexico more than five kilograms of cocaine and more than one kilogram of heroin (Count Two). This section sets forth an overview of the Sinaloa Cartel, a history of this investigation, and a summary of the evidence the government expects to present to establish the existence of the charged conspiracy and defendants' membership in it. The sources of the government's evidence at trial will include: witness testimony (including cooperating co-conspirators), recordings (including recordings involving both defendant Zambada-Niebla and defendant Arevelo), and seizures of thousands of kilograms of cocaine, heroin, and millions of dollars in United States currency.

A. The Sinaloa Cartel

Through the testimony of lay and expert witnesses, the government will establish that the Sinaloa Cartel, as it is commonly known to its members, associates, and the public, is a Mexican drug trafficking organization. The Sinaloa Cartel engages in, among other criminal activities, the importation of multi-ton quantities of cocaine from sources of supply in Central and South America into Mexico and the production or importation into Mexico of multi-kilogram quantities of heroin. The cocaine and heroin are then smuggled by the Sinaloa Cartel, generally in shipments of hundreds of kilograms at a time, from Mexico across the United States border, and then distributed throughout the United States, including to Chicago.

Members of the Sinaloa Cartel use various methods to import cocaine and heroin into Mexico from Central and South America, including the use of cargo aircraft, private aircraft, submarines and other submersible and semi-submersible vessels, container ships, go-fast boats, fishing vessels, buses, rail cars, tractor trailers, and automobiles. Members of the Sinaloa Cartel coordinate the unloading of multi-ton shipments of cocaine in Mexico, and coordinate the transportation and storage of these shipments within Mexico. Thereafter, members of the Sinaloa Cartel smuggle multi-ton quantities of cocaine, usually in shipments of hundreds of kilograms at a time, and multi-kilogram quantities of heroin, from the interior of Mexico to the United States border, and then into and throughout the United States, including Chicago, for distribution.

Among the distribution cells used by the Sinaloa Cartel was a distribution cell in Chicago operated from Mexico by Pedro Flores and Margarito Flores (the "Flores brothers"). From 2005 through 2008, the Flores brothers were coordinating on behalf of the Sinaloa Cartel and others the distribution in Chicago of approximately 1500 to 2000 kilograms of cocaine per month, as well as multi-kilogram quantities of heroin. The cell controlled by the Flores brothers received regular shipments, every week to ten days on average, of hundreds of kilograms of cocaine. Among those served by the Flores brothers were large-scale cocaine traffickers in Chicago, New York, Washington, D.C., Philadelphia, Cincinnati, Columbus, Detroit, and Los Angeles.

Members of the Sinaloa Cartel used various means to evade law enforcement and protect their narcotics distribution activities, including but not limited to: obtaining guns and other weapons; bribing corrupt public officials and law enforcement officers in Mexico; engaging in violence and threats of violence; and intimidating with threats of violence members of law enforcement, rival narcotics traffickers, and members of their own drug trafficking organizations. Members of the Sinaloa Cartel also used coded language and other means to hide their identities, to misrepresent,

conceal and hide the drug trafficking activities of the conspiracy, and to avoid detection and apprehension by law enforcement authorities.

B. Structure & Differentiation of Roles

Between 2005 and 2008, and for years before those dates and currently, two of the principal leaders of the Sinaloa Cartel were Joaquin Guzman-Loera, a/k/a “El Chapo,” a/k/a “Chapo Guzman,” and Ismael Zambada-Garcia, a/k/a “El Mayo,” a/k/a “Mayo Zambada.” Each headed factions of the Sinaloa Cartel and each was ultimately responsible for the overall cartel’s operation. Chapo Guzman and Mayo Zambada, and members of the Guzman-Loera faction and the Zambada-Garcia faction controlled by them, coordinated their narcotics trafficking activities with each other to achieve the goals of the Sinaloa Cartel. Specifically, those goals included obtaining and negotiating the price for multi-ton quantities of cocaine from Central and South American countries, directing and arranging for the transportation of multi-kilogram quantities of cocaine and heroin from the interior of Mexico to the United States border, smuggling this cocaine and heroin into and throughout the United States, and obtaining cash narcotics proceeds for these activities from customers in the United States and elsewhere.

As part of the Sinaloa Cartel’s operations, Chapo Guzman and Mayo Zambada obtained and used the services of numerous co-conspirators to further the Sinaloa Cartel’s goals. Among the individuals about whom the government expects the Court will hear testimony, either through the testimony of cooperating defendants, on recorded calls, or both, include the following:

1. Jesus Vicente Zambada-Niebla

Defendant Jesus Vicente Zambada-Niebla, a/k/a “Vicente Zambada-Niebla,” a/k/a “Vicente Zambada,” a/k/a “Mayito,” a/k/a “30,” who is Mayo Zambada’s son, was a high-level member of the Sinaloa Cartel and the Zambada-Garcia faction, and was responsible for many aspects of the

cartel's operations. ZAMBADA-NIEBLA acted, among other things, as a logistical coordinator who coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States on behalf of defendant Ismael Zambada-Garcia and the Zambada-Garcia faction, and deliveries of bulk quantities of United States currency to defendant Ismael Zambada-Garcia and the Zambada-Garcia faction from its customers in the United States. Zambada-Niebla also, at times, coordinated the delivery of narcotics from South America to Mexico; consulted with rival cartels on behalf of the Sinaloa Cartel; and participated in high-level meetings with his father, Chapo Guzman, and others to discuss Sinaloa Cartel business.

2. Alfredo Guzman-Salazar

Alfredo Guzman-Salazar, a/k/a "Alfredillo," a son of Joaquin Guzman-Loera, acted as a logistical coordinator who coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States on behalf of defendant Joaquin Guzman-Loera and the Guzman-Loera faction, as well as deliveries of bulk quantities of United States currency to Joaquin Guzman-Loera and the Guzman-Loera faction from its customers in the United States.

3. Alfredo Vasquez-Hernandez

Alfredo Vasquez-Hernandez, a/k/a "Alfredo Compadre," acted as a logistical coordinator who coordinated the importation to Mexico from Central and South American countries of multi-ton quantities of cocaine, and deliveries of multi-kilogram quantities of cocaine into the United States on behalf of defendant Joaquin Guzman-Loera and the Guzman-Loera faction, as well as deliveries of bulk quantities of United States currency to Joaquin Guzman-Loera and the Guzman-Loera faction from its customers in the United States.

4. Juan Guzman-Rocha

Juan Guzman-Rocha, a/k/a “Juancho,” is a relative of Chapo Guzman and was a high-level member of the Sinaloa Cartel and controlled the “Culiacan Plaza.” In other words, he controlled the flow of narcotics through the Culiacan, Mexico area for the Guzman-Loera faction. Juan Guzman-Rocha, a/k/a “Juancho,” acted as a narcotics broker and logistical coordinator who coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States on behalf of defendant Joaquin Guzman-Loera and the Guzman-Loera faction, as well as deliveries of bulk quantities of United States currency to Joaquin Guzman-Loera and the Guzman-Loera faction from its customers in the United States.

5. German Olivares

German Olivares was a high-level member of the Sinaloa Cartel and controlled the “Juarez Plaza.” That is, he controlled the flow of narcotics through the Juarez, Mexico area for the Zambada-Garcia faction. German Olivares acted as a logistical coordinator who coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States on behalf of defendant Ismael Zambada-Garcia and the Zambada-Garcia faction, as well as deliveries of bulk quantities of United States currency to defendant Ismael Zambada-Garcia and the Zambada-Garcia faction from its customers in the United States.

6. Felipe LNU

Felipe Last Name Unknown (“Felipe”) was a heroin supplier who worked with and for defendant Ismael Zambada-Garcia and the Zambada-Garcia faction, who coordinated deliveries of multi-kilogram quantities of heroin into the United States, as well as deliveries of bulk quantities of United States currency to defendant Ismael Zambada-Garcia and the Zambada-Garcia faction from its customers in the United States.

7. Manuel Fernandez-Navarro

Manuel Fernandez-Navarro, indicted in a companion case in this district, was associated with both the Guzman-Loera faction and Zambada-Garcia faction, and acted as a narcotics broker for, and a customer of, the Sinaloa Cartel. In conjunction with the Sinaloa Cartel, Manuel Fernandez-Navarro received deliveries of multi-kilogram quantities of cocaine and heroin in the United States and elsewhere which were distributed in the United States, and coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States, as well as deliveries of bulk quantities of United States currency to both factions in Mexico from their customers in the United States.

8. Tomas Arevalo-Renteria

Tomas Arevalo-Renteria worked with both the Guzman-Loera faction and the Zambada-Garcia faction, and acted as a narcotics broker and customer for both factions and coordinated deliveries of multi-kilogram quantities of cocaine and heroin into the United States, as well as deliveries of bulk quantities of United States currency to both factions in Mexico from their customers in the United States.

9. Pedro Flores and Margarito Flores

Pedro Flores and Margarito Flores were narcotics customers of both the Guzman-Loera faction and the Zambada-Garcia faction, as well as the Beltran-Leyva Cartel, who purchased and distributed multi-ton quantities of cocaine, usually in shipments of hundreds of kilograms at a time, in Chicago and elsewhere. The Flores brothers also purchased and distributed multi-kilogram quantities of heroin from the Sinaloa Cartel for distribution in Chicago, Illinois.

C. History of the Investigation

The Sinaloa Cartel, and Chapo Guzman and Mayo Zambada in particular, have been the subject of numerous federal investigations, resulting in Chapo Guzman's indictment in no fewer than six federal districts between 1995 and 2009, and Mayo Zambada's indictment in no fewer than three federal districts. In addition, both Guzman-Loera and Zambada-Garcia, as well as their organizations, have been designated by the President of the United States as Narcotics Kingpins pursuant to the Foreign Narcotics Kingpin Designation Act, 21 U.S.C. § 1905(d), and 31 C.F.R., Parts 501 and 598. Both Guzman-Loera and Zambada-Garcia are fugitives in this case. The investigation in the Northern District of Illinois began as a DEA investigation into cocaine and heroin trafficking in Chicago. As part of that investigation, the Flores brothers were identified (as they had been in other investigations) as the sources of supply to large-scale narcotics distributors in the Chicago area, including Milwaukee, Wisconsin, where the Flores brothers had been indicted in 2003 on federal narcotics charges.

In the summer of 2008, the Flores brothers approached the U.S. government about the prospect of cooperating with the government. After a period of discussions with counsel, the Flores brothers began providing the government with information about their narcotics trafficking activities and those associated with them, including their relationship with the leadership of the Sinaloa Cartel.

D. The Evidence Establishing the Existence of the Conspiracy

The evidence in this case will be comprised primarily of the testimony of cooperating witnesses, recorded conversations among co-conspirator members of the Sinaloa Cartel, and law enforcement seizures of thousands of kilos of narcotics and millions of dollars of U.S. currency. At trial, the government currently anticipates calling approximately ten cooperating witnesses who were involved in large-scale narcotics trafficking activities with defendant Zambada-Niebla. Each of

these witnesses will offer testimony of Zambada-Niebla's direct participation in the conspiratorial objectives of the Sinaloa Cartel as charged in the indictment, specifically, the import of multi-ton quantities of cocaine from Central and South American countries, including Colombia and Panama, to the interior of Mexico, and then on to the United States. R.75 at 9-10. In addition, several of these witnesses will further testify to Arevalo's membership in the Sinaloa Cartel and his involvement in trafficking thousands of kilograms of cocaine and dozens of kilograms of heroin.

The bulk of the witnesses the government intends to call at trial will offer direct evidence of Zambada-Niebla's participation in the conspiracy during the period alleged in the second superseding indictment, May 2005 through December 2008. These witnesses will testify regarding their interaction with defendant himself in Mexico as defendant engaged in a number of activities to further the conspiratorial objective, including attending and participating in meetings with high-level members of the Sinaloa Cartel, including defendant's father, to discuss narcotics trafficking; negotiating ton-quantity cocaine shipments from South America into Mexico and subsequently into the United States; overseeing the delivery of cocaine shipments at sea; and coordinating land transport of cocaine within Mexico. Several of the witnesses will further testify to Arevalo-Renteria's attendance at high-level meetings of the Sinaloa Cartel and his coordination of two heroin shipments from Mexico to Chicago in October and November 2008. Considered individually and collectively, this testimony will establish the existence of the conspiracy involving the charged members of the Sinaloa Cartel and support the admission of co-conspirator statements summarized below.

Zambada-Niebla, Arevalo-Renteria, Guzman-Loera, Zambada-Garcia, Juan Guzman-Rocha, German Olivares, Felipe LNU, Pedro Flores, Margarito Flores, and others formed a confederation for the purpose of committing, by their joint efforts, a criminal act; namely, conspiring to import into

the United States and distribute ton-levels of cocaine and heroin. The evidence will further establish that there was a “participatory link” between Zambada-Niebla and Arevalo-Renteria and the conspiracy, that is, Zambada-Niebla and Arevalo-Renteria each knew of the conspiracy and intended to join and associate himself with its criminal design and purpose. *See, e.g., United States v. Pulido*, 69 F.3d 192, 206 (7th Cir. 1995). The government’s evidence will further establish that the conspiracy began no later than May 2005 and ended no earlier than December 2008.

The statements summarized below are based principally on the prior testimony of certain coconspirators and recorded calls in the possession of the government. Because almost all of these statements are quite extensive and detailed, and because the number of coconspirators in this conspiracy is quite large, this *Santiago* proffer is necessarily just a summary of the statements that have been and will continue to be provided to the defense, particularly following the Court’s December 1, 2011, deadline for the production of § 3500 and *Giglio* material and in light of the government’s proffered security concerns for these witnesses.⁵

The government will introduce at trial numerous tape-recorded telephone conversations between and among co-conspirators that reflect methods of operation of the conspiracy, including prices for cocaine, transportation methods, the progress of shipments, the transportation of shipments, and the identification of co-conspirators. Many of these conversations were recorded

⁵The government continues to evaluate potential trial witnesses, and has information that additional witnesses, some of whom have been interviewed by Assistant U.S. Attorneys and agents from other federal districts, may have relevant testimony in the trial of this matter. Thus, this proffer simply identifies the categories of co-conspirator statements the government will seek to introduce, with specific examples of each. The government will make the requisite disclosures to the defense and the Court as its witness list becomes more concrete, but the type of co-conspirator statements are disclosed in this filing. The government reserves its right to supplement this filing as well as its pre-trial disclosures as necessary based on the undersigned interview of additional witnesses.

by the Flores brothers after they began cooperating with the government, and include conversations with both defendants Zambada-Niebla and Arevalo, as well as numerous narcotics-related conversations with several other co-conspirators. The Seventh Circuit has repeatedly held that “[a] co-conspirator's arrest does not automatically terminate a conspiracy; the remaining conspirators may continue to carry out the goals of the conspiracy notwithstanding the arrest of one of their partners.” *United States v. Mealy*, 851 F.2d 890, 901 (7th Cir. 1988) (citing *United States v. Papia*, 560 F.2d 827, 835 (7th Cir.1977); *United States v. Thompson*, 476 F.2d 1196, 1200 (7th Cir.)).

Citing a similar Sixth Circuit case, the Seventh Circuit explained:

[W]here, as here, the unarrested coconspirators are still capable of perpetuating the ongoing conspiracy, the statements made by them to the arrested conspirator are admissible for Rule 801(d)(2)(E) purposes, even when the arrested conspirator was acting “under the direction and surveillance of government agents to obtain evidence against the coconspirators.”

Id. at 901 (citing *United States v. Hamilton*, 689 F.2d 1262, 1269 (6th Cir.1982)). The Seventh Circuit thus held, “The fact that one party to the conversation was a government informant does not preclude the admission of the conspirator's statements under Rule 801(d)(2)(E).” *Id.*

1. Testimony from Pedro and Margarito Flores Regarding the Beginning of the Charged Conspiracy

According to cooperating defendants Pedro Flores and Margarito Flores (the Flores brothers), in approximately May 2005, the Flores brothers were summoned to a series of meetings with several high-ranking members of the Sinaloa Cartel. Prior to these meetings, the Flores brothers had been receiving cocaine and heroin from the Sinaloa Cartel, but from lower-level members and associates of the cartel. The May 2005 meetings marked the Flores brothers’ first interactions with the cartel leadership and led to direct agreements between the leadership and the

Flores brothers under which the Sinaloa Cartel supplied tons of cocaine and heroin to the Flores brothers which was ultimately distributed in Chicago and elsewhere in the United States.

The Flores brothers first attended a meeting in Culiacan, Sinaloa with Zambada-Garcia, Guzman-Rocha, Olivares, Zambada-Niebla, Arevalo-Renteria, and several bodyguards and other members of the Sinaloa Cartel. The Flores brothers and Zambada-Garcia first reached an agreement to re-pay a debt owed by the Flores brothers from their prior dealings with a lower-level Sinaloa Cartel member. The Flores brothers informed Zambada-Garcia that, over the course of the last several years leading up to the May 2005 meeting, the Flores brothers had purchased and sold a total of between approximately 15 and 20 tons of cocaine from the Sinaloa Cartel. Based on this past relationship with lower-level members of the cartel, the Flores brothers assured Zambada-Garcia that they were willing and able to pay their debt in full.

Additional meetings followed over the next few days, during which the Flores brothers negotiated an agreement by which Zambada-Garcia, Zambada-Niebla, and other members of the Zambada-Garcia faction of the Sinaloa Cartel would provide cocaine and heroin to the Flores brothers. In particular, Zambada-Garcia, Zambada-Niebla, and others agreed to provide cocaine to the Flores brothers on credit at a predetermined price. Zambada-Garcia explained that this was the same price received by other high-level members of the Sinaloa Cartel. By the terms of the agreement, after the Flores brothers sold the cocaine to their own customers, they were to provide payment to Zambada-Garcia, Zambada-Niebla, and their associates by delivering bulk United States currency to an agreed upon location. During the course of the meetings, Zambada-Garcia and Zambada-Niebla made it clear that Zambada-Niebla was authorized to speak for his father, Zambada-Garcia. On approximately the third day of the meetings, Zambada-Garcia informed the

Flores brothers that Guzman-Loera wanted to meet with them. The Flores brothers were then flown from an airstrip near Culiacan to a mountaintop compound to meet with Guzman-Loera. Guzman-Loera informed the Flores brothers that he would honor the same agreement that the Flores brothers reached with Zambada-Garcia. Guzman-Loera instructed the Flores brothers that one of Guzman-Loera's lieutenants would handle the logistics of delivering cocaine to Chicago and collecting payment after the Flores brothers sold the cocaine.

2. The Transportation of Cocaine to the United States

a. Flores Brothers Testimony

After the meetings with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others, the Flores brothers began to receive regular shipments of cocaine from Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and their lieutenants, Guzman-Rocha and Olivares. These shipments contained hundreds of kilos of cocaine each and occurred on average once a week. Consistent with the agreement reached with Sinaloa Cartel leaders Guzman-Loera and Zambada-Garcia, the Flores brothers paid the same price per kilogram of cocaine, regardless of whether the cocaine was received from Guzman-Loera or Zambada-Garcia. While it would vary from transaction to transaction, the Flores brothers agreed with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others to a system to determine who bore the risk of losing loads of cocaine to law enforcement seizure or theft at any given point of the journey from Mexico until it was distributed inside the United States. Under this system, the Sinaloa Cartel would retain responsibility for the cocaine until it arrived in a certain location, and then the Flores brothers would take over responsibility of the cocaine from that location until it was sold to customers in the United States. In general, the Flores brothers did not become responsible for cocaine until it arrived in Chicago; although, starting in early 2008, the

Flores brothers also occasionally took possession of cocaine in Los Angeles and then transported the cocaine to Chicago themselves. The Sinaloa Cartel generally bore the responsibility for having the cocaine or heroin cross the U.S.-Mexico border. The location used to determine who would be responsible for the cocaine was also used to determine the price of the cocaine. Accordingly, the Flores brothers generally paid Chicago wholesale prices for drugs delivered by the Sinaloa Cartel.

b. Seizures of Cocaine

The proffered testimony of the Flores brothers regarding the size, means, and methods of the conspiracy is corroborated by law enforcement's seizure of approximately 398 kilograms of cocaine on or about June 5, 2005, in Bloomington, Illinois. According to the Flores brothers, this load of cocaine was negotiated directly with Zambada-Niebla. Prior to this point, Zambada-Niebla had his own workers unload the tractor trailers that brought loads of cocaine up from Mexico and then delivered the drugs to the Flores brothers in smaller portions. In June 2005, Zambada-Niebla informed the Flores brothers that he was comfortable with the Flores brothers' workers unloading the cocaine themselves. Zambada-Niebla then arranged for the approximately 398-kilogram load to be sent to a warehouse the Flores brothers operated in Bloomington. The truck carrying the load was stopped by the Illinois State Police for a routine inspection and the drugs were discovered and seized. According to the Flores brothers, after the load was seized, Zambada-Niebla instructed the Flores brothers to acquire law enforcement records to prove that the load had in fact been seized. The Flores brothers acquired some form of paperwork and submitted it to Zambada-Niebla. Zambada-Niebla later informed the Flores brothers that they would not be held accountable for the seizure since they were not in possession of the load at the time of the ISP stop.

3. The Transportation of Narcotics Proceeds from the United States to Mexico

a. Flores Brothers Testimony

The Flores brothers further agreed with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others to make payment for shipments received through use of a system similar to the transportation system used to move the drugs themselves. After the drugs were sold to the Flores brothers' customers in the United States, the Flores brothers collected payment in the form of U.S. currency. The currency was then consolidated, packaged, and transported in bulk to Mexico. The currency was hidden in trap compartments, generally located within the roofs of tractor trailers and delivered to Sinaloa Cartel couriers in Chicago and Los Angeles. From their conversations with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others, the Flores brothers were aware that this money was delivered to safe houses operated by the Sinaloa Cartel and then transported back to the Sinaloa Cartel through its transportation networks. The Flores brothers are further aware that the cash deposits were safely transported to Mexico because, in most instances, one of the Flores brothers' workers would go to Sinaloa Cartel stash houses in Mexico to verify that the count of the money was correct.

b. Money Seizures

The proffered testimony of the Flores brothers regarding the collection and handling of cash narcotics proceeds is corroborated by multiple law enforcement money seizures in amounts consistent with the Flores' brothers description of the volume of drugs and money involved in this conspiracy. Between October 29, 2008, and November 25, 2008, law enforcement seized a total of approximately \$15,185,000 in cash narcotics proceeds directly related to the charged conspiracy, as described below:

- (1) On or about April 14, 2008, law enforcement seized approximately \$4,000,000 in United States currency in Palos Hills, Illinois;
- (2) On or about October 29, 2008, law enforcement seized approximately \$4,700,000 in United States currency in Hinsdale, Illinois;
- (3) On or about November 4, 2008, law enforcement seized approximately \$4,000,000 in United States currency in Hinsdale, Illinois;
- (4) On or about November 17, 2008, law enforcement seized approximately \$1,000,000 in United States currency in Romeoville, Illinois;
- (5) On or about November 22, 2008, law enforcement seized approximately \$715,000 in United States currency in Chicago, Illinois;⁶ and
- (6) On or about November 25, 2008, law enforcement seized approximately \$4,770,000 in United States currency in Romeoville, Illinois.

These seizures were the result of searches of money stash houses used by the Flores brothers and direct interactions with couriers for the Flores brothers and the Sinaloa Cartel. In furtherance of the investigation, a controlled delivery was made from law enforcement agents to couriers of the Sinaloa Cartel of the \$4,000,000 recovered from a Flores brothers' stash house in Hinsdale on November 4, 2008. In conducting the controlled delivery, DEA agents from Chicago transported the \$4,000,000 to Los Angeles. On November 12, 2008, this money was provided to couriers for the Sinaloa Cartel. Law enforcement maintained surveillance of the money and observed as it was taken to a warehouse and then subsequently loaded into a tractor trailer. On November 13, 2008, agents followed the tractor trailer as it left the Los Angeles area and drove to the U.S.-Mexico border. Agents observed the tractor trailer carrying the money across the border to Mexicali, Baja

⁶As described in further detail below, the \$715,000 recovered on November 22, 2008 was related to the payment made by the Flores brothers to Zambada-Garcia, Zambada-Niebla, and Felipe LNU for a November 2008 15-kilogram of heroin shipment. In furtherance of the investigation, this money was provided to a courier for the Sinaloa Cartel in a controlled delivery.

California, Mexico. The flow of this money is consistent with the Flores brothers description of how payments were made to the Sinaloa Cartel on a regular basis. The money was first collected from the Flores brothers' narcotics customers as payment for drugs received; the money was then consolidated, counted, and packaged in a Flores brothers' stash house; next the money was transported from Chicago to Los Angeles, where it was provided to couriers of the Sinaloa Cartel; and finally, the money was smuggled across the border into Mexico to be delivered to the Sinaloa Cartel as payment for the Flores brothers' running debt.

3. Witness Testimony Concerning Deliveries of Drugs from Central and South America to Mexico

In addition to the testimony of the Flores brothers, the government will introduce evidence at trial of defendant Zambada-Niebla's involvement, together with other co-conspirators, in the importation of cocaine into Mexico from Central and South America. Much of this evidence will involve cooperating witnesses' direct participation with defendant Zambada-Niebla in negotiating and taking delivery of ton-quantities of cocaine in Mexico in transit from Central and South America. Certain of these witnesses' testimony will involve statements of co-conspirators – including but not limited to defendant's father, Ismael Zambada-Garcia – in discussions in which defendant Zambada-Niebla participated or that served as the predicate for defendant Zambada-Niebla's coordination of the importation of loads of cocaine.

For example, as reflected in the government's 404(b) filing, filed contemporaneously herewith, Cooperating Witness A ("CW-A") was formerly associated with a drug trafficking organization in Colombia ("DTO-A") that supplied large volumes of cocaine to Mexican drug trafficking organizations, including the Sinaloa Cartel. With respect to the Sinaloa Cartel, CW-A's role within DTO-A was to travel to Mexico to represent the interests of DTO-A in its dealings with

the Sinaloa Cartel. CW-A met with senior-level members of the Sinaloa Cartel to negotiate prices and quantities of loads of cocaine, arrange for the logistics of the transportation of loads of cocaine from Colombia to the Sinaloa Cartel in Mexico, and arrange for cocaine to be delivered back to DTO-A inside the United States after the Sinaloa Cartel had crossed the cocaine into the United States. In approximately 1994, CW-A's primary contacts within the Sinaloa Cartel were Ismael Zambada-Garcia and Amado Carrillo-Fuentes, now deceased. At a 1994 meeting at a ranch near Ciudad Juarez, Chihuahua, Mexico, CW-A, Zambada-Garcia, and Carrillo-Fuentes discussed a plan by which DTO-A would begin to send loads of cocaine by go-fast boat from Colombia to Quintana-Roo, Mexico, near Cancun. Specifically, Zambada-Garcia and CW-A agreed that the Sinaloa Cartel would receive loads near Cancun and transport the cocaine received to New York City where it would be returned to DTO-A. Thereafter, CW-A and defendant Zambada-Niebla personally participated in the delivery of three such loads in which defendant Zambada-Niebla participated in the delivery and inspection of ton-quantities of cocaine arriving in Mexico.

Similarly, Cooperating Witness B ("CW-B") was formerly associated with a drug trafficking organization in Colombia ("DTO-B") that supplied large volumes of cocaine to Mexican drug trafficking organizations, including the Sinaloa Cartel. CW-B's role was to accompany Mexican counterparts, including defendant, when loads of cocaine were off-loaded from Colombian go-fast boats to Mexican boats, brought ashore to specified Mexican arrival beaches, and then counted and checked for quality. CW-B will testify that on approximately 20 to 30 occasions between 2002 and 2004, he/she assisted with the unloading of ships carrying between 1.5 and 3.5 metric tons of cocaine each, and that on a significant majority of occasions, Zambada-Niebla was present to perform the quality check, count the number of kilograms, and take delivery of the cocaine. CW-B

would testify that on each of these occasions, CW-B would personally accompany others in Mexican boats to rendezvous at sea with a Colombian vessel. CW-B's role was to verify the kilo count, both as it was unloaded from the Colombian vessel to the Mexican boats and again on the beach. CW-B observed Zambada-Niebla's role in each operation, and will testify that Zambada-Niebla directed others in the delivery process once it reached the beach. CW-B observed Zambada-Niebla conducting the count of kilograms, and performing an inspection of the cocaine with a knife to verify quality and color, examining shipments for shine and scaly presence. CW-B observed Zambada-Niebla coordinating the loading of cocaine onto trucks, which were then packed with a cover load of fish and ice. CW-B observed Zambada-Niebla leaving with the trucks, and observed that defendant had a radio with which to contact Mexican police to secure safe passage of the cocaine load. According to CW-B, Zambada-Niebla had "paid for the road."

Cooperating Witnesses C and D ("CW-C" and "CW-D") were formerly associated with a drug trafficking organization in Colombia ("DTO-C") that supplied large volumes of cocaine to Mexican drug trafficking organizations, including the Sinaloa Cartel. CW-C and CW-D will testify to attending a meeting in Culiacan in approximately 2008. Also present at the meeting were Zambada-Niebla, Juan Guzman-Rocha, and Sinaloa Cartel Member-A (SCM-A). Prior to this meeting, through CW-C and CW-D, DTO-C had historically supplied the Sinaloa Cartel with cocaine through maritime shipments in the Pacific Ocean. SCM-A coordinated with CW-C and CW-D to bring the drug shipments ashore in Mexico from DTO-C's boats that carried the cocaine up from Colombia. At the time of the meeting, DTO-C had a multi-ton load of cocaine in Central America. CW-C informed SCM-A that the load would have to be sent to Mexico in go-fast boats on the Atlantic side. At the meeting, SCM-A introduced CW-C and CW-D to Zambada-Niebla and

Guzman-Rocha. SCM-A explained that SCM-A had no experience in receiving loads on the Atlantic side, so he was bringing in Zambada-Niebla because of Zambada-Niebla's vast experience in receiving loads of cocaine from the Atlantic and Gulf of Mexico. Zambada-Niebla and SCM-A then engaged in a negotiation with CW-C over the price of the load of cocaine. The parties agreed that DTO-C would sell half of the cocaine to the Sinaloa Cartel at the wholesale price of cocaine in Central America and the other half of the cocaine at the wholesale price in Mexico City. After the price and quantity were agreed upon, Zambada-Niebla informed CW-C and CW-D that one of his workers, SCM-B, would arrange for the specific logistics of the rendezvous between the go-fast boat bringing the cocaine from Central America and the boats responsible for bringing the cocaine ashore in Mexico. From their conversations with SCM-A and other members of the Sinaloa Cartel and DTO-C, CW-C and CW-D are aware that the cocaine was successfully delivered to Mexico. After the success of this first load, DTO-C sent approximately two to three more loads over the next several months in the same fashion to the Sinaloa Cartel. Zambada-Niebla coordinated the Sinaloa Cartel's receipt of each of these loads.

Also during the same meeting in Culiacan, CW-D overheard Zambada-Niebla talking on a Nextel-type radio phone to one of Zambada-Niebla's workers. The phone was on speaker, so CW-D was able to hear both sides of the conversation. Zambada-Niebla informed his worker that there was a new "commandante," law enforcement commander, in Culiacan. Zambada-Niebla ordered his worker to bring the commandante to Zambada-Niebla for a meeting. CW-D heard Zambada-Niebla say, in words or substance, "he [the commandante] is either going to work with us, or you know what will happen to him [commandante will either accept corruption payments from the Sinaloa Cartel or he will be killed]."

Cooperating Witness E (“CW-E”) was formerly associated with a drug trafficking organization in Colombia that supplied large volumes of cocaine to Mexican drug trafficking organizations, including the Sinaloa Cartel. CW-E will testify to attending a meeting in 2008 in a mountainous region of Mexico among Colombian cocaine suppliers, Ismael Zambada-Garcia, defendant Zambada-Niebla, and others, in which the parties discussed a plan to pay off a debt for an investment Zambada-Garcia had made in a multi-ton shipment of cocaine with further cocaine supplies. Terms of the transaction were discussed, in which defendant Zambada-Niebla participated, but in which co-conspirator Zambada-Garcia also made several statements regarding the cocaine transactions.

Consistent with the proffered testimony of these individuals, during the course of their dealings with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others, the Flores brothers also became aware of many of the Sinaloa Cartel’s means and methods of importing cocaine to Mexico from Colombia. At times, the Flores brothers engaged in direct conversations with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, Guzman-Rocha, Olivares, Alfredo Guzman-Salazar, and Alfredo Vasquez-Hernandez regarding these means and methods when the Flores brothers invested directly in loads that the Sinaloa Cartel was to receive from its sources of supply in Colombia. The Flores brothers were typically informed of the progress of cocaine shipments from Colombia to Mexico and the methods that the organizations were using to transport those shipments. Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others often agreed to sell the Flores brothers significant quantities of those shipments well before the shipments arrived in Mexico. When the Flores brothers had purchased a percentage of a load, they were kept apprised of the progress of the load by Zambada-Niebla, Guzman-Rocha, Olivares, and others. In particular, the Flores brothers

were informed of the timing of maritime shipments and the methods used to deliver them from Colombia, which included go-fast boats, submarines and semi-submersibles, fishing and cargo vessels, and other means. On several occasions, the Flores brothers were invited by Zambada-Niebla, Guzman-Rocha, Olivares, and others to inspect large shipments of cocaine when they arrived in Mexico in order to allow the Flores brothers inspect the quality and select portions of the load that they wished to purchase.

In addition, from their conversations with co-conspirator members of the Sinaloa Cartel, the Flores brothers were aware that Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and their organizations used 747 cargo planes to import ton-quantities of cocaine from Central and South America to Mexico. According to the Flores brothers, Guzman-Loera, Zambada-Garcia, and Zambada-Niebla also used smaller airplanes to transport drugs by air and tractor trailers with trap compartments, buses, trains, and personal automobiles to transport cocaine, first from Central and South America to Mexico, and then from Mexico into the United States. Finally the Flores brothers learned from the conversations with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, and others that the Sinaloa Cartel used a network of tunnels to transport narcotics from Mexico into the United States.

4. Recorded Conversations Proving the Existence of and Defendants' Participation in the Conspiracy

a. November 2008 Recorded Conversation with Alfredo Vasquez-Hernandez

The proffered testimony of the Flores brothers regarding the means and methods by which the Sinaloa Cartel transported narcotics is corroborated by numerous recorded conversations and other evidence, including a recorded conversation between the Flores brothers, co-defendant Alfredo

Vasquez-Hernandez, and others which occurred on or about November 2, 2008. Vasquez-Hernandez was a logistical coordinator for the Sinaloa Cartel who arranged for cocaine to be received by the cartel in Mexico and delivered to its customers in the United States. During the recorded conversation, Vasquez-Hernandez, Pedro Flores, and Margarito Flores discussed an impending multi-ton submarine load to be delivered from Colombia to the Sinaloa Cartel. The Flores brothers had invested, or prepaid, for a portion of this load.

Vasquez-Hernandez informed the Flores brothers that he believed that the load would arrive soon and remarked that the Flores brothers would potentially hear about the arrival of the load from other co-conspirators before Vasquez-Hernandez. Vasquez-Hernandez then explained the specifics of a particular method used by the Sinaloa Cartel to smuggle cocaine into Mexico from Central and South America. In particular, Vasquez-Hernandez explained that the Sinaloa Cartel had multiple 747 cargo aircraft that it used for this purpose. The Sinaloa Cartel arranged to have shipments of clothing sent to Central and South America as part of a humanitarian aid project. Once the planes landed in Central or South America, the clothing was offloaded and up to 13 tons of cocaine was loaded onto the plane for the return trip to Mexico. The planes landed at Mexico City International Airport where the cocaine was offloaded from the planes and smuggled out of the airport through various means. Vasquez-Hernandez explained that the three most recent trips utilizing this method resulted in the importation of 1700, 7000, and 12,000 kilos of cocaine, respectively, into Mexico.

b. May 2008 to November 2008 Recorded Conversations with German Olivares

German Olivares acted as a logistics coordinator and right-hand man to Zambada-Garcia. Olivares negotiated the price and quantity of loads of cocaine distributed by the Sinaloa Cartel and collected payment for drugs that were provided on credit. With oversight from Zambada-Niebla,

Olivares often negotiated loads of cocaine provided to the Flores brothers and was primarily responsible for accounting for the running debt owed by the Flores brothers for narcotics supplied by Zambada-Garcia and Zambada-Niebla. Between May 2008 and November 2008, Pedro Flores consensually recorded three phone conversations with Olivares regarding the Flores brothers' debt and payments made to the cartel. In one conversation, Olivares informed Flores that there were currently 400 kilograms of cocaine in transit to the Flores brothers and asked that the Flores brothers pay \$20,000 per kilogram:⁷

GO: How much are you going to pay me? How much am I going to make?

PF: I don't know, so you tell me so that. . . .so that. . . .right? So that I can get the people ready now. You let me know.

GO: Could I give them to you at 20 [sell kilos of cocaine at \$20,000 per kilo]?

PF: Hum. . . .Yes, I think. . . .but I just wanted to know so that I can call everyone to let them know and then see what they say.

GO: That's why I'm saying because I'm going up. I'm not stupid, if I don't raise it, I won't make anything.

PF: Oh. . . .how many are they?

GO: It's 400 that are on their way [400 kilos of cocaine]. I was going to send a fucking two-hundred and two-hundred. . . .but they made a mistake and threw it all in.

⁷ This filing contains portions of transcripts from recorded, Spanish language conversations. Such translated quotations are intended as draft materials only and do not reflect a final transcription of the recordings. The preliminary draft language is subject to change prior to trial and is produced herein only to assist the Court in making its findings and to provide adequate notice to defendants of the existence of the statements to allow for the preparation of a defense. As these materials are expressly offered as draft transcripts, they cannot be used as substantive evidence or as impeachment at trial. Portions of these recordings were conducted in coded terms. Statements in [brackets] indicate instances where these coded terms have been interpreted by cooperating witnesses and/or law enforcement agents.

PF: Oh, so it's all going to get here at once?

GO: Yes. So that you can get ready. . . .so that you can get a ride to receive 400.

PF: Yeah, yeah. I have a . . . a truck. . . .a pick-up.

In a subsequent recorded phone conversation from November 2008, Pedro Flores and Olivares discussed a payment that the Flores brothers had recently sent to the Sinaloa Cartel.

PF: Hey, was everything okay with the other check [payment for a past load of cocaine]?

GO: No, it was short fifteen thousand four hundred and twenty [\$15,420].

PF: Really?

GO: Yes, for real. They counted it there; one thousand thirty-five [\$1,035,000]. The four hundred twenty are worthless. Fifteen thousand [\$15,000]. Let them know.

PF: Okay, I'll tell them. It should be one thousand fifty [\$1,050,000]. But I'll ask right now.

GO: Check with the one that brought it [person who transported the money].

PF: Yes. He's the one that brought it down. I don't know because I made a deposit for two thousand one hundred and fifty [\$2,150,000], plus the percentage they were going to charge me. Maybe they took something out.

GO: Check it out well there.

PF: Okay, I'm going to check that. And. . . .and. . . .anyway I'm fixing things even if he doesn't comply [Flores will pay the money even if it is the transporters fault].

5. Flores Brothers' Drug Ledgers

In addition to the testimony of witnesses and the introduction of recorded conversations regarding narcotics supplied by the Sinaloa Cartel to the Flores brothers which were distributed in the United States, the government will also offer into evidence drug ledgers maintained by Pedro

Flores and Margarito Flores during the operative dates of the conspiracy. These ledgers are not complete and do not reflect the entirety of the drug trafficking activities which occurred during the conspiracy; however, the ledgers were created by the Flores brothers at or near the time of the events contained therein and provide an accurate accounting of narcotics received and distributed, as well as cash narcotics proceeds collected from the Flores brothers customers and smuggled to Mexico as payments to the Sinaloa Cartel for drugs received on credit. The coded ledgers reflect the receipt of ton quantities of cocaine from the Sinaloa Cartel and the payment of millions of dollars back to the cartel after the drugs were sold to the Flores brothers' customers.

6. Testimony, Recordings and Seizures Related to November 2008 13-Kilogram and 20-Kilogram Heroin Transactions

In late October 2008, Margarito Flores attended a multi-day meeting with Guzman-Loera, Zambada-Garcia, Zambada-Neibla, Felipe LNU, and other members of the Sinaloa Cartel. Consistent with past meetings, Margarito Flores was flown in a small plane from an airstrip outside Puerto Rico, Sinaloa, Mexico, to a mountaintop compound. Margarito Flores first met with Zambada-Garcia and Zambada-Niebla to discuss future narcotics transactions. Zambada-Garcia and Zambada-Niebla asked Margarito Flores whether the Flores brothers were able to distribute heroin at that time. Zambada-Garcia, Zambada-Niebla, and Margarito Flores discussed the price per kilo at which the Flores brothers could sell heroin. Zambada-Garcia then asked Margarito Flores to work with Zambada-Garcia's associate Felipe LNU to distribute heroin in the United States. Zambada-Garcia and Zambada-Niebla then introduced Margarito Flores to Felipe LNU. Ultimately the Flores brothers agreed to purchase 13 kilograms of heroin from Felipe LNU for a total price of \$715,000.

Following the discussion about heroin, Margarito Flores had a further discussion with Zambada-Niebla, Felipe LNU, and others about marijuana. Although the Flores brothers did not

have an established customer base for marijuana, Zambada-Niebla and the others stated that they wanted to sell the Flores brothers ten to fifteen tons of marijuana per month. However, no marijuana transaction occurred following this discussion.

In November 2008, the Flores brothers received the 13 kilograms of the heroin that they agreed to purchase from Zambada-Garcia, Zambada-Neibla, and Felipe LNU. The Flores brothers informed DEA that the heroin had been received, which resulted in a partial seizure of the load, approximately 8 kilograms. Near the same time, the Flores brothers also received a shipment of 20 kilograms of heroin that originated with Guzman-Loera. That load from Guzman-Loera was also seized by law enforcement. Following the seizures, Pedro Flores and Margarito Flores consensually recorded a series of telephone conversations with co-defendants Alfredo Guzman-Salazar, Juan Guzman-Rocha, Felipe LNU, Zambada-Niebla, and Guzman-Loera. During these calls, the Flores brothers claimed that the heroin that they received from Zambada-Garcia, Zambada-Niebla, and Felipe was of inferior quality to the heroin received from Guzman-Loera. In reality, all of the heroin was approximately 94 percent pure; however, as explained in further detail below, the Flores brothers used the ruse of the quality of the heroin as a predicate to have detailed discussions regarding the shipments of heroin with several co-conspirators.

a. Recorded Conversations and Seizure Related to Alfredo Guzman-Salazar

In a series of recorded conversations with Guzman-Salazar (Guzman-Loera's son), Pedro Flores and Margarito Flores agree to take receipt of 18 kilograms of heroin from Guzman-Salazar and his father. In the same calls, the Flores brothers and Guzman-Salazar exchange information that allowed Guzman-Salazar's courier to deliver the heroin to the Flores brothers' courier. After the heroin was delivered and seized, Pedro Flores informed Guzman-Salazar that the courier had

delivered an extra two kilograms, for a total of 20. On or about November 14, 2008, Pedro Flores recorded a call with Guzman-Salazar during which Flores asked Guzman-Salazar to provide him with a number Flores could use to contact Guzman-Loera.

b. Recorded Conversation with Juan Guzman-Rocha

On or about November 15, 2008, Pedro Flores recorded a conversation with Sinaloa Cartel logistics coordinator Juan Guzman-Rocha regarding the heroin shipments that the Flores brothers received – one from Zambada-Garcia, Zambada-Niebla, Felipe LNU and the other from Guzman-Loera and Guzman-Salazar. Guzman-Rocha informed Flores that members of the Sinaloa Cartel were looking for them to collect payment for the heroin shipments. The Flores brothers stated that they intended to make payment to Zambada-Garcia, Zambada-Niebla, and Felipe, but explained in coded terms that the heroin from the Zambadas was poor quality. Guzman-Rocha clarified who supplied the heroin, stating “No, but I don’t think it was my father [Guzman-Loera]. It was my uncle [Zambada-Garcia]. It was the father of ‘30’ [Zambada-Niebla].” Guzman-Rocha continued, “But how much did my uncle [Zambada-Garcia] give you?” Flores responded, “I think he gave me ten, ten. No, thirteen [13 kilograms of heroin].” Flores continued, “the thing is, the truth, the truth between us, it wasn’t that good. Your father’s [Guzman-Loera’s] were better.” Guzman-Rocha responded, “Oh, my father’s were better?”

Flores and Guzman-Rocha then engaged in the following dialogue regarding the comparative quality between the 20 kilograms of heroin received from Guzman-Loera and the 13 kilograms of heroin from the Zambadas:

PF: No, no, no, but my brother. I...it is...everything is like...he's had the phone number. My brother [Margarito Flores] even told me, look, I spoke to the man the other day, right? He called me, but what I was thinking over here with your father [Guzman-Loera] that...man, the truth is they were really

good. Why am I going to lie to you, right? And I said, man, if, if he does that favor for me and I negotiate something with him [lower the price of the heroin from Guzman-Loera]. Right? I'll pay him out of my pocket. And uhm, and he can send me other ones, right? The same way. Because they gave me twenty.

G-R: Yeah. He gave you a twenty?

PF: Yeah.

GR: But the other ones are really bad?

PF: The truth, the truth, the truth, man. They returned, plus I took out...and the only way that I can arrange them is if I mix them with the twenty. Because the twenty came out really good.

GR: That's why, man. You guys shouldn't feel bad about talking to the lady [Zambada-Garcia].

PF: Mmm.

GR: Because then they're going to keep sending you guys that shit [bad quality heroin], man.

PF: No, no, the thing is, the truth, the truth just like you told me that, next time I was going to tell you, she should send it, but they should send quality. You know what I mean? Because, no, it's not just that...

GR: That's why, so you guys should tell her now, man, right now. You know what? Call her at that moment...

PF: Mm-huh.

GR: ...You know what? That is no good.

PF: Mm-huh.

GR: This is really bad.

PF: Yeah, yeah, I told her because I have a check [payment for the heroin].

GR: At the moment, well, the lady [Zambada-Garcia]...but the lady gets upset because you don't say the truth at the moment. If you guys go and complain later that's what...as long as it's at that moment...

PF: Mmm.

GR: ...You tell her, listen, you know what? This is bad.

Flores informed Guzman-Rocha that he had "about half" of the heroin from the Zambadas remaining. Guzman-Rocha asked Flores what price Guzman-Loera was demanding of Flores, and Flores said, "Uh, the last time he saw me, he gave them to me for 55, right [\$55,000]." Guzman-Rocha responded, "Who, my father [Guzman-Loera]?" Flores said, "yes." Guzman-Rocha then asked, "And the other one, what about my uncle [Zambada-Garcia]? The same [\$55,000 per kilo]?" Flores responded, "The same." Flores then complained that "the truth is, man, that there's a lot of shit. And, so, how can I profit, right? I'm selling it at 55, but I'm making it into two, you know what I mean?" Guzman-Rocha replied, "yyeah, yeah, yeah, yeah. . . .And the other ones, how much are they going for? At 60, at 70, at 80, [heroin of 60, 70, or 80 percent purity] what are they going for?" Flores responded, "I tried to sell them at 55, like she gave them to me. That's the truth. . . .[a]nd they gave them backeverythingthree different people returned it." Flores said he told his workers, "give me some of the other ones instead. The ones that your father had given me the other day [meaning mixing in the kilos from Guzman-Loera and Zambada-Garcia to even out the quality]."

Guzman-Rocha went on at great length to tell Flores that when heroin from the Zambadas is no good, Flores must tell the Zambadas immediately. Guzman-Rocha stated, "I'm going to call 'Thirty' [Zambada-Niebla] right now and I'm going to tell him, 'listen, man, those things are no good.'" Guzman-Rocha continued, "But tell him, man. Tell the lady [Zambada-Garcia], 'This is bad. This is at fifty percent, forty percent [purity]. Tell them, man.'" Flores responded, "Well, you know, I thought this time I'll do them the favor. . . .The thing is, the man said, 'please help my friend

and that' [Zambada-Garcia had personally asked the Flores brothers to receive the heroin from Felipe LNU]." Guzman-Rocha said, "No, I'm going to let her know right now. Because it's not even at forty percent. I'm going to let her know right now, man." Flores responded, "Explain my side to her like that, tell her I tried, right? I mean, 'I'll pay for them, buddy. The problem isn't paying for them."

Guzman-Rocha responded again that he was going to call "30 [Zambada-Niebla]." Flores then said, "Okay, we'll take care of it. That's not going to be a problem. And see if you can take care of, over here, with your father [Guzman-Loera], you know?" Guzman-Rocha replied, "What do you want from my father?" Flores responded, "I wanted to see if he can lower it five pesos [lower the price per kilo of heroin by \$5,000]. So he can call me to see, right? And I'll send the check tomorrow [make payment the following day if the price is lowered]." Guzman-Rocha responded, "But who is giving it to you? Who is calling to give it to you [who provided the contact information to facilitate a conversation between Guzman-Loera and Flores]?" Flores responded, "Alfredillo [Guzman-Loera's son, Guzman-Salazar]." Flores went on to say, "Okay, he asked for it again and I gave it to him again [Flores had provided Guzman-Salazar a number for Guzman-Loera to use to contact Flores]. For that, so we can negotiate the 20 [price for the 20 kilograms of heroin received]." Guzman-Rocha replied, "He's [Guzman-Loera's] not going to call you right now, not until tomorrow."

In a post-script to the call, made contemporaneously on the recording by Flores, Flores stated, "That was a call right now it's 1:49 a.m. November the 15th. Juan [Juan Guzman-Rocha] just called me about some work that Mayo [Zambada-Garcia] had given me that I turned into [DEA Special Agent]. And I just lied and complained about the quality and we were discussing that. And

discussing to see if I can get a phone call with him, with Chapo [Guzman-Loera], to see if we can negotiate the number on the twenty he just gave me [price on the 20 kilos of heroin].”

c. November 15, 2008 Recorded Conversation with Felipe LNU

On or about November 15, 2008, the Flores brothers recorded several conversations with Felipe LNU. In the beginning of the first call, Margarito Flores asked Felipe to “tell the young guy [Zambada-Niebla] I said hi and everyone over there.” Margarito then informed Felipe that “I have there [in Chicago] a little more than half [half of the 13 kilo heroin shipment].” Margarito Flores continued, “The problem we’ve had is that I was trying to cover it up, but no one liked the work [customers disappointed in the quality of the heroin].” Felipe replied, “Really?” Margarito said, “He [the person in possession of the heroin in the United States] says it’s not very strong. The color and all that. What I did was that I had to, not my father [Zambada-Garcia], my uncle over there [Guzman-Loera]. . . .He gave me some, and those were good. So I’ve been mixing them a little, like half and half.” Felipe responded, “Oh well, who knows. Because I’ve been seeing another person and it’s been good.” Margarito Flores said, “I don’t know why.” He said again that he mixed the shipments of heroin together, and “I’m going to move them out without a problem. This way I can send you the check that I have [send payment for the 13 kilos of heroin].” Felipe stated that “they’re all the same. I’m telling you they’re all the same. I’m telling you I’m seeing a person and he hasn’t told me absolutely anything [quality of Guzman-Loera and Zambada heroin was the same].”

Margarito Flores then put Pedro Flores on the phone, who said, “I don’t have a problem doing a favor with something that I can work withyou know what I mean?Because uh, they’re . . . when we’re with the man [Guzman-Loera] that arrived. He sent me some. And those are, they all, everyone asks for that. . . .I thought that they were going to be the same ones. Almost

the same ones. But he [the person in possession of the heroin in the United States] says that only those are strong. He said the other ones aren't strong. It's all about the way it looks and all that is good." Felipe offered the explanation again that others have not complained, and said, "maybe your people are more demanding." Pedro Flores then said that the problem is "I think that they were at forty [40 percent pure heroin]."

Pedro Flores then said, "The problem is not the price. I'm more interested in better quality." Felipe asked, "What number is the quality? What number is it that you are talking about?You're saying that it has a forty. What is a good number?" Pedro Flores responded, "I would say at least an 80, a 60, between 60 and 80." Pedro Flores emphasized, "What I am saying, just send good ones. Don't waste time, just send the best that you can." Felipe responded, "Okay, I understand, I understand." Felipe continued, "What I am going to do is talk to your father [Guzman-Loera] to see the number he is working with. So that I can send it to you the same. . . . They're telling me that is the best. But let me check." Pedro Flores said, "If you have the best and you give the best, I'll continue I can even give you an advance." Felipe responded, "That's perfect. So when should I send for the check [payment for the heroin]." Pedro Flores said, "Whenever you want." Felipe responded, "Just give me a number so that I can get in touch over there [in Chicago] and send for it."

d. November 15, 2008 Recorded Conversations with Joaquin Guzman-Loera

On or about November 15, 2008, Pedro Flores recorded two phone conversations with Guzman-Loera. The first conversation was as follows:

JGL: Hello.

PF: Hello.

JGL: My friend!

PF: What's up, how are you?

JGL: Good, good. Nice talking to you. How's your brother?

PF: Everyone is fine. I's too bad I wasn't able to see you the other day [Pedro was not present at the October 2008 mountaintop meeting attended by Margarito Flores].

JGL: Oh....

PF: It was my brother [Margarito Flores].

JGL: Oh, but I'm here at your service, you know that.

PF: Yes, everything is fine. Nice talking to you. Hey look, I'm bothering you because of what I picked up the other day from over there. I have the check ready, I'm not sure if... I want to ask you for a favor.

JGL: Ask me.

PF: Do you think that we can work something out where you can deduct five pesos [lower the price \$5,000 per kilogram of heroin]?

JGL: What did we agree on?

PF: You're giving them to me for 55 [\$55,000 per kilogram of heroin].

JGL: How much are you going to pay for it?

PF: Well, if you do me the favor I'll pay 50 for them, I have the check ready [if the price is lowered to \$50,000 per kilo, the Flores brothers can make payment immediately].

JGL: Do you have the money?

PF: If you give them to me with a difference of 5, I can pay you right away. And if you want to send me more, well like...

JGL: All right then...how much, how much did they give you?

PF: They gave me 20 [20 kilograms of heroin].

JGL: How much?

PF: 20.

JGL: All right then, I'll pick the money up tomorrow. That's fine.

PF: Yes?

JGL: That price is fine.

PF: Okay then, I really appreciate it. It's because the...the other man had given me something that didn't turn out good and I have to even it out [Zambada-Garcia also provided heroin, which was of poor quality, requiring the Flores brothers to mix the heroin together to improve the quality].

JGL: Hey! Do you have a way of bringing that money over here [make payment in Mexico]?

PF: Over here? Yes, of course.

JGL: Yeah. So you'll give it to me here then?

PF: Yeah, give me... .if you'll give me a couple days and. . . .I have it here. Better yet, I have a check that is coming. If you want as soon as I get it I can advance you something. . . . when I get it. I had like 400 [\$400,000].

JGL: Look, look, hold on. I'm going to talk to someone right now. There might be someone that can pick that money up over there [pick up the money for the heroin in the United States].

PF: Yes.

JGL: I'll call you back. Hold on.

PF: Okay, okay.

JGL: I'll call you.

In a separate phone call a short while later between Pedro Flores and Guzman-Loera, Guzman-Loera handed the phone to an associate who provided Flores with a contact name and number of a person who would take receipt of the payment for the 20 kilograms of heroin. Guzman-

Loera then got back on the phone, leading to the following conversation between Guzman-Loera and Flores:

JGL: My friend.

PF: Excuse me, but I just wanted to ask you. I just have 3 left [3 kilos of heroin remaining from the 20-kilo shipment]. When do you think we can receive again?

JGL: What the fuck? I thought that you can only get rid of a little bit.

PF: The truth is these resulted fucking good. Why should I lie.

JGL: How much can you get rid of in a month?

PF: If, if you want. . . if they are the same, around 40 [the Flores brothers can distribute 40 kilos of heroin per month].

JGL: Oh, that's good. Hey, has anyone else sent you? Because this guy told me that they were going to send you [Zambada-Garcia told Guzman-Loera that he had also sent heroin to the Flores brothers].

PF: Yes, but what they sent was not good. It doesn't compare to what you had [Zambada heroin was of inferior quality to Guzman-Loera heroin].

JGL: All right, I'll send it then [begin supplying the Flores brothers with 40 kilos of heroin per month]. So then uh. . .

PF: But do you think they have like another seven there that they can give me [seven more kilos of heroin available for immediate pickup in Chicago]?

JGL: Uh. . . I'll send you from this week to the next.

PF: Okay, please. Thanks a lot.

JGL: That's fine.

PF: If anything. Okay, that's fine.

e. November 15, 2008 Recorded Conversation with Alfredo Guzman

After the Guzman-Loera calls, Pedro Flores recorded another conversation with Alfredo Guzman-Salazar. Flores stated that “the ones from yesterday came out really good [heroin was of good quality].” Guzman-Salazar asked, “Which ones are you saying?” Flores responded, “The twenty [20 kilos of heroin].” Pedro went on to say, “I was telling your old man [Guzman-Loera] right now that . . . to see if there would be a chance to send another five [five additional kilos of heroin]. I don’t know if you have them. Because I’m going to deposit the check for those tomorrow [pay for the 20 kilos of heroin]. . . . See if you have another five and let me know.”

f. November 22, 2008 Recorded Conversations with Felipe LNU and Law Enforcement \$715,000 Money Delivery

On or about November 22, 2008, Margarito Flores had a series of recorded conversations with Felipe to arrange payment for the 13 kilos of heroin. These conversations led to the law enforcement delivery of approximately \$715,000 (calculated as 13-kilos multiplied by \$55,000 per kilo) to the courier identified by Felipe. Law enforcement surveilled the delivery of the money, but allowed the money and the courier to walk in order to further the investigation. In a recorded conversation following the delivery of the money, Margarito Flores confirmed that his courier had delivered \$715,000 to Felipe’s courier. Margarito Flores called Felipe back a short time later to discuss that fact that Felipe’s courier believed he was followed by law enforcement. Margarito Flores said, “I’m just checking on your guy. You had me worried. Is everything okay?” Felipe responded, “yeah, they say they’re fine at the moment. . . . He said he’s already in his place and he said he saw things he didn’t like at all. . . . Behind him were two vehicles that didn’t seem normal. . . . Those two vehicles didn’t leave the other one, until he had to lose them fucking right

away. . . . Is your guy fine?” Margarito responded, “Yeah, I sent him right now to run other errands.” Felipe concluded, “Well, let’s hope that everything is well.”

g. November 29, 2008 Recorded Call With Vicente Zambada-Niebla

On or about November 29, 2008, Margarito Flores consensually recorded a conversation with Zambada-Niebla, in which the 13-kilo heroin transaction was discussed. As described in further detail below, Flores and Zambada-Niebla further discussed a request made by Guzman-Loera, Zambada-Garcia, and Zambada-Niebla for the Flores brothers to provide military-grade weapons to the Sinaloa Cartel. Prior to this recorded conversation, Margarito Flores spoke to Guzman-Rocha to seek his assistance in getting Zambada-Niebla on the phone. Shortly after this request, Margarito Flores called Guzman-Rocha back, who then put Zambada-Niebla on the phone. The conversation between Flores, Guzman-Rocha, and Zambada-Niebla related to the heroin was as follows:

JGR: Hey!

MF: What’s up? Is that guy [Zambada-Niebla] with you or not? Let me talk to him.

JGR: Yeah.

VZN: Hey!

MF: What’s up? You don’t want to talk to me anymore, or what?

VZN: Well yeah, but what’s going on?

MF: Nothing. I’m calling just to let you know about your friend.

VZN: Which friend?

MF: The guy you introduced me to.

VZN: Fuck. . . .which one, dude?

MF: You know. The one that day that we were there [day of the October 2008 meeting at the mountaintop compound]. The one you asked me to do a favor for.

VZN: Hm. . . .which one, which one, dude?

MF: Do you remember Felipe?

VZN: Felipe. What's up with Felipe?

MF: He kind of got upset because I told him that it wasn't any good [13 kilos of heroin were of poor quality]. Just tell him that I'm on the look. I don't want to look bad to you or the lady [Zambada-Garcia].

VZN: When did you talk to him?

MF: The last time that I. . . .I. . .

VZN: You haven't talk to him?

MF:That I gave him the check [sent payment to Felipe for the heroin]. I tried calling him but he has the devices [phone/radio] turned off.

VZN: He must be out.

MF: I just wanted to let you know.

VZN: But...but... but... did you pay him?

MF: Yes, but it wasn't like I. . . .right. . . .like I wanted. . . .but I told him. . . .

VZN: Uh-huh.

MF:that as soon as it was fixed and to call me as soon as he had something. But I was worried that you would get upset or something. You know what I mean?

VZN: No, not me.

MF: Okay.

VZN: No problem.

7. November 2008 Recorded Conversations with Manuel Fernandez-Navarro

Manuel Fernandez-Navarro, a/k/a “La Puerca,” is an unindicted co-conspirator who acted as a narcotics broker who received and distributed multi-ton quantities of cocaine and heroin from multiple cartels, including the Sinaloa Cartel and the Beltran-Leyva Organization. Fernandez-Navarro was indicted in the Northern District of Illinois in a separate, but related case, *United States v. Arturo Beltran-Leyva*, et al, 09 CR 672. Fernandez-Navarro and the Flores brothers often invested in the same loads of cocaine with both the Sinaloa Cartel and the Beltran-Leyva Organization. In so doing, the Flores brothers and Fernandez-Navarro pooled their money and resources together to purchase larger volumes of cocaine. Similar to transactions in which the Flores brothers received their own shipments from the Sinaloa Cartel and Beltran-Leyva Organization, where the Flores brothers and Fernandez-Navarro worked together narcotics were received on credit and then the Flores brothers and Fernandez-Navarro worked together to repay the load. Fernandez-Navarro directly negotiated the receipt of narcotics with several members of the Sinaloa Cartel, including Joaquin Guzman-Loera.

In or about November 2008, Fernandez-Navarro and the Flores brothers agreed to purchase approximately 1.04 tons of cocaine from Arturo Beltran-Leyva and the Beltran-Leyva Organization.⁸

On or about November 3, 2008, November 13, 2008, and November 17, 2008, Pedro Flores and

⁸Pedro Flores and Margarito Flores provided information to U.S. law enforcement that allowed for this shipment of cocaine to be seized in the Los Angeles, California area. Specifically, on or about November 15, 2008, law enforcement seized approximately 600 kilograms of cocaine; on or about November 21, 2008, law enforcement seized approximately 290 kilograms of cocaine; and on or about November 30, 2008, law enforcement seized approximately 154 kilograms of cocaine, law enforcement also seized approximately \$407,547 in the same residence from which the approximately 154 kilograms of cocaine were recovered.

Margarito Flores consensually recorded a series of telephone conversations with Fernandez-Navarro and a member of the Beltran-Leyva Organization to arrange for the cocaine transaction. During these recordings, the Flores brothers and Fernandez-Navarro also discussed transactions they had done with the Sinaloa Cartel, including the extent of their running debt and the price that they paid per kilo of cocaine. In a recorded conversation between Pedro Flores and Fernandez-Navarro, Pedro Flores informed Fernandez-Navarro of Margarito Flores' October 2008 mountaintop meeting with Guzman-Loera, Zambada-Garcia, Zambada-Niebla, German Olivares, and others. Pedro explained that it is difficult to deal with Zambada lieutenant German Olivares. Specifically, Flores stated that Olivares had placed an unrealistic ban on the Flores brothers using \$1, \$5, and \$10 bills to pay their debt to the Sinaloa Cartel. Pedro Flores explained that if the cartel wanted to receive payment quickly in the United States, the only option was for the Flores brothers to make payment with the money that they received from their own customers, which included small bills. Flores informed Fernandez-Navarro that Zambada-Niebla had instigated the situation by telling Olivares that the Flores brothers had been making fun of Olivares behind his back. Fernandez-Navarro then advised Pedro that he should bypass Olivares and take any problems straight to "the little boy or the father [Zambada-Niebla or Zambada-Garcia]." Flores responded that they cannot because the Flores brothers have been informed that Olivares speaks for Zambada-Garcia and therefore the Flores brothers cannot go over his head.

8. Testimony and Recordings Related to a Plot to Obtain Weapons to Attack a U.S. or Mexican Government or Media Building

On the last day of the October 2008 mountaintop meetings attended by Margarito Flores, Flores was informed that Guzman-Loera had arrived and wished to meet. A short while later, Flores participated in a meeting that also included Guzman-Loera, Ismael Zambada-Garcia, Zambada-

Niebla, and others. During that meeting, Guzman-Loera and Ismael Zambada-Garcia discussed the recent arrest of Zambada-Garcia's brother, Jesus Zambada-Garcia, a/k/a "Rey Zambada," by Mexican authorities.⁹ According to Margarito Flores, Ismael Zambada-Garcia stated, in words or in substance, "This government is letting the gringos [American law enforcement] do whatever they want. All we need is for them to try and extradite him."

Guzman-Loera responded, with words to the effect of "it's too early for that, it's going to take a long time. They are fucking us everywhere. What are we going to do?" Ismael Zambada-Garcia responded, "It will be good to send the gringos a message. Whatever we do, we have to do it in someone else's territory, in the smoke [Mexico City, which at the time was primarily under the control of the Beltran-Leyva Organization]." Guzman-Loera responded, in words or in substance, "Yeah, it would be good to do it in the smoke. At least we'll get something good out of it and Arturo [Beltran-Leyva] will get the heat. Let it be a government building, it doesn't matter whose. An embassy or a consulate, a media outlet or television station [attack a Mexican or U.S. government or media building in Mexico City] ."

At that point in the conversation, Zambada-Niebla turned to Flores and said words to the effect of, "Twin, you know guys coming back from the war. Find somebody who can give you big powerful weapons, American shit. We don't want Middle Eastern or Asian guns, we want big U.S. guns, or RPGs [rocket propelled grenades]." Zambada-Niebla made mention of a particular model of weapon, to which Flores responded that he did not think the weapon named was American. Zambada-Niebla responded in words or in substance, "You know what I'm talking about. We don't

⁹Jesus Zambada-Garcia has been charged in a federal narcotics trafficking case pending in the Eastern District of New York.

need one, we need a lot of them, 20, 30, a lot of them.” Flores responded, “I’ll see what I can do.” Guzman-Loera then said to Flores, “Make it your job;” and Zambada-Garcia said, “See what you can do.”

As Flores was preparing to leave the mountaintop compound, Zambada-Garcia said in words or substance, “Make sure everything we talked about gets done, the rockets, Felipe, and stop sending those bills to Olivares [stop sending small bills as payment to Zambada-Garcia’s lieutenant German Olivares].” Flores then had another conversation with Zambada-Niebla while waiting on an airstrip to depart. Zambada-Niebla stated, “We don’t need that small shit, I want to blow up some buildings. We got a lot of grenades, we got a lot of .50 calibers, we’re tired of AK’s.” Zambada-Niebla continued, “You’re good with me. You want to be really good with me, get me my shit, my guns. Fuck the money, fuck the drugs, I want to blow shit up. I want some bazookas, some grenade launchers.”

After this mountaintop meeting, Flores called a DEA agent and informed him of this plot to obtain military-grade weapons. Flores asked the agent to provide Flores with black market prices for rocket and grenade launchers so that Flores could appear knowledgeable about the topic if asked again by Guzman-Loera, Zambada-Garcia, Zambada-Niebla, or others. Flores had such a conversation during the same November 29, 2008, recorded phone conversation with Zambada-Niebla described above. After discussing the 13-kilogram heroin transaction, Flores and Zambada-Garcia discussed Zambada-Niebla’s request for weapons from American soldiers returning home from war. During the recorded conversation, Zambada-Niebla spoke on behalf of his father, Zambada-Garcia, and told Flores that the Sinaloa Cartel would agree to purchase 20 to 30 weapons from a U.S. soldier who was leaving the service. The conversation was as follows:

MF: Hey, do you remember what we talked about? About those toys [rocket/grenade launchers].

VZN: Yes.

MF: It's fine. I have somebody that just got out of the service [U.S. military] and he said he could hook me up [provide weapons], but they're going to charge twice as much. Is that okay?

VZN: That's fine, just let me know.

MF: Okay, they're the kind that you told me about. He said, I can get twenty, thirty for sure [soldier can provide 20 to 30 of the type of weapons requested by Zambada-Niebla].

VZN: All right.

MF: They're exactly the ones that you told me about he can make them for me. Because he's coming over here to live anyway [soldier moving to Mexico, so willing to sell weapons]. So whatever he gets me will be double [cost will be twice as much].

VZN: All right.

MF: Just tell this guy [Zambada-Garcia] as a favor to me, to accept delivery there [Sinaloa Cartel take receipt of the weapons in the U.S.].

VZN: Yeah, I'll tell him and he'll accept them [Zambada-Garcia will accept delivery of the weapons in the U.S.].

MF: Okay, it's all set then.

VZN: All right.

MF: Okay, we'll talk if anything. Tell everyone I said hi.

VZN: All right.

MF: All right.

In a post script to the conversation, Margarito Flores recorded, "That was a call with Vicente Zambada. It's Mayo Zambada's son."

9. Testimony, Recordings and Text Messages Related to November 2008 574-Kilogram Cocaine Transaction

In or about November 2008, the Flores brothers agreed to purchase from the Sinaloa Cartel a load of approximately 574 kilograms of cocaine. The Flores brothers' primary contact for this load was Juan Guzman-Rocha. The Flores brothers consensually recorded a series of calls with Guzman-Rocha to arrange for the transaction. Specifically, on behalf of the Sinaloa Cartel, Guzman-Rocha agreed to provide the cocaine to the Flores brothers in the Los Angeles area. Once the cocaine arrived in Los Angeles, Pedro Flores and Margarito Flores provided its location and other information to U.S. law enforcement. Based on the information provided by Pedro Flores and Margarito Flores, law enforcement seized 77 kilograms of cocaine on November 14, 2008; 86 kilograms of cocaine on November 15, 2008; 89 kilograms of cocaine on November 18, 2008; and 322 kilograms of cocaine on November 30, 2008. The recordings between the Flores brothers and Guzman-Rocha accurately reflect the quantities of these individual seizures.

In addition to the consensually recorded conversations, the Flores brothers also maintained a series of text messages exchanged with Guzman-Rocha pertinent to the November 2008 cocaine deliveries. Consistent with their agreement with the leadership of the Sinaloa Cartel, the Flores Brothers received this load of cocaine on credit. Following the November 2008 cocaine deliveries, the Flores brothers were ordered by Guzman-Rocha to pay \$5,850,000 to be applied to the running debt they owed to the Sinaloa Cartel. On or about November 29, 2008, Pedro Flores and Guzman-Rocha exchanged text messages discussing the debt owed. Although no money was actually sent, Pedro Flores wrote in a text message that \$5,850,000 was in transit to Guzman-Rocha and the Sinaloa Cartel in 212 individual packages containing various denominations of U.S. currency.

Guzman-Rocha responded with an order that the Flores brothers should stop sending \$1 and \$5 bills to the Sinaloa Cartel, as such small-denomination currency was difficult to exchange in Mexico.

10. Testimony, Recordings and Seizures Related to October and November Heroin Transactions with Arevalo-Renteria

In October and November 2008, the Flores brothers agreed to purchase two separate shipments of heroin from the Sinaloa Cartel. The Flores brothers primary contact for these two shipments was defendant Arevalo-Renteria. In each transaction, the Flores brothers provided information to U.S. law enforcement that allowed the shipments of heroin to be seized. Specifically, based on information from the Flores brothers, law enforcement seized approximately 15 kilograms of heroin in Chicago on October 7, 2008, and approximately 12 kilograms of heroin in Chicago on November 14, 2008.

Pedro Flores also consensually recorded a series of conversations with Arevalo-Renteria regarding these transactions. On or about October 21 and October 22, 2008, Flores recorded two conversations with Arevalo-Renteria regarding payment for the 15-kilos of heroin received. Flores informed Arevalo-Renteria that the Flores brothers had sent more money than they actually owed and asked Arevalo-Renteria to save the extra money for them. On or about November 14, 2008, prior to the second transaction, Flores recorded a conversation during which Arevalo-Renteria passed the phone number and nickname of the courier who would deliver the 12 kilograms of heroin on November 14. Flores provided this name and number to law enforcement. A DEA task force officer acting in an undercover capacity then recorded several conversations with the courier using the number provided by Arevalo-Renteria. These conversations resulted in the courier delivering approximately 12 kilograms of heroin to the undercover officer on or about November 14, 2008.

V. STATEMENTS IN FURTHERANCE OF THE CONSPIRACY

As outlined above, the government has strong evidence that defendants Zambada-Niebla and Arevalo-Renteria participated in a conspiracy to possess with intent to distribute, to distribute, and to import controlled substances. The above proffer of evidence also identifies the declarants (by name or by role) who participated in the conspiracy with the defendants.

The government seeks admission of conversations referenced above, in part, under Fed. R. Evid. 801(d)(2)(E), as statements of coconspirators made during and in furtherance of a conspiracy. The statements made by other individuals who are not coconspirators are admissible to provide context for the statements made by the conspirators. Moreover, the law is clear that a tape-recorded excerpt may be played in its entirety, including the statements of non-conspirators, because their statements are not offered for their truth but merely to place the coconspirator statements in context and make them intelligible for the jury. *United States v. Zizzo*, 120 F.3d 1338, 1348 (7th Cir. 1997); *United States v. Davis*, 890 F.2d 1373, 1380 (7th Cir. 1989).

The statements that the government proposes to offer as coconspirator statements are too voluminous to be listed in their entirety in this proffer, but the nature of the statements are described by category below. These illustrative categories, however, are not intended to be all encompassing, but rather they explain the premise for the admission of representative statements that fall into such categories. All of the statements that the government will offer were made during and in furtherance of the defendants' conspiracies.

A. Statements Made To Execute The Conspiracies and Statements Regarding the Conspiracy's Activities

The first category consists of oral statements made for the purpose of executing the charged conspiracies, and informing others about the joint criminal activity. In general, these statements will include information from cooperating witnesses dating back to the 1990's, as well as recorded and

unrecorded conversations, which reveal the day-to-day operations of the Sinaloa Cartel and its joint criminal activity. Conversations regarding the planning and execution of the charged drug trafficking among the conspirators are clearly designed to further that joint criminal activity. For example, the defendants and their coconspirators made statements to effectuate and maintain the operation of the Sinaloa Cartel, including its organization, structure, roles and objectives.

B. Statements Designed to Inform or Reassure the Listener and Statements Relating to the Progress and Accomplishments of the Conspiracy

As noted above, the Seventh Circuit has routinely held that statements designed to inform and reassure the listener about the participants in the conspiracy and the progress of the conspiracy, are statements made in furtherance of the conspiracy and thus admissible under Fed. R. Evid. 801(d)(2)(E). Given the nature of this joint criminal activity charged in this case in terms of time and number of participants, the need to inform fellow conspirators of past, present, and future accomplishments of the conspirators plays a crucial role in the operation of the ongoing criminal activity. Among other things, the government will introduce the conversations discussing the conspirators' past, present, and future relationships with one another, which demonstrate the nature of the relationship among the conspirators. These conversations will include matters relating to the charged drug trafficking – from conversations about the supply of narcotics from South and Central America to Mexico; to conversations about the storage, safekeeping, and transport of narcotics in Mexico; to conversations about the import of narcotics to the United States and the export of United States Currency from the United States.

C. Statements to Recruit and Encourage Coconspirators

The defendants and their coconspirators recruited and encouraged each other and others to participate in their criminal endeavors. Such statements were designed to enlist and retain people

to participate in the conspirators' criminal endeavors, and thus they were in furtherance of the defendants' conspiracies. Thus, for example, conversations will include matters relating to the negotiation of the purchase and sale of narcotics with others in South America, Central America, and the United States.

D. Statements to Conceal the Criminal Objectives of the Conspiracies

During the charged conspiracies, the defendants and their coconspirators also discussed various methods and actions designed to conceal and protect their criminal activities from others, including informants, rival cartels, and law enforcement. Such statements were in furtherance of the joint criminal conduct because they are designed to afford the conspirators an opportunity to continue in the activities and escape the negative consequences naturally flowing from it.

CONCLUSION

WHEREFORE, based on the foregoing summary of the anticipated evidence to be offered by the government at trial, the government respectfully requests that the Court issue a preliminary ruling that co-conspirator statements may be introduced at the trial of this matter.

Dated: November 10, 2011

Respectfully submitted,


United States Attorney

By:


Assistant United States Attorneys




CERTIFICATE OF SERVICE

The undersigned Assistant United States Attorney hereby certifies that the following document:

**GOVERNMENT'S EVIDENTIARY PROFFER SUPPORTING THE
ADMISSIBILITY OF CO-CONSPIRATOR STATEMENTS**

was served November 10, 2011, in accordance with Fed. R. Crim. P. 49, Fed. R. Civ. P. 5, LR5.5, and the General Order on Electronic Case filing pursuant to the District Court's Electronic Case Filing (ECF) system as to ECF filers.

Respectfully submitted,

[REDACTED]

United States Attorney

By:

[REDACTED]

Assistant United States Attorneys

[REDACTED]

Zambada Niebla - Direct/[REDACTED]

1 MR. [REDACTED]: Yes.

2 MS. [REDACTED]: Thank you, Your Honor.

3 BY MS. [REDACTED]

4 Q I want to pause for a moment and talk about your case,
5 Mr. Zambada.

6 A Yes.

7 Q Where are you currently living?

8 A At a federal prison in the United States.

9 Q When were you arrested?

10 A March 2009.

11 Q Where were you arrested?

12 A In Mexico City, the federal district.

13 Q Why are you in prison right now?

14 A Well, I had two charges because of conspiracy, im --
15 importation and distribution of thousands of kilos of cocaine
16 in the United States.

17 Q You said two cases. Why do you have two cases?

18 MR. [REDACTED] Objection, misstates his testimony.

19 THE COURT: Overruled.

20 A I have a case in the District of Columbia, and I have a
21 case in the District of Illinois.

22 Q Where did you plead guilty to both of those cases?

23 A In the District of Illinois.

24 Q Not to get too in the weeds on this, but why did you plead
25 guilty in Illinois to your case in D.C.?

[REDACTED], CSR -- Official Court Reporter

Lopez Nunez - cross - [REDACTED]

6062

1 document that you signed.

2 A Yes, I do admit it. I signed it.

3 Q And your faction, your group, consisted of hundreds of
4 men who reported to you, right?

5 A I already told you that a moment ago.

6 Q You oversaw the financing of massive cocaine shipments?

7 A Yes, sir.

8 Q You controlled various cities and regions within Mexico
9 for the Sinaloa Cartel?

10 A Yes, sir.

11 Q The cartel, and specifically members of your faction,
12 employed *Sicarios* and hit men who carried out numerous acts of
13 violence, right?

14 A Yes, sir.

15 Q But yet, you still want to say you never killed anybody;
16 you just gave the orders, right?

17 A I never killed anyone.

18 Q Now, your plea agreement itself, Defense Exhibit 489-A --

19 MS. [REDACTED]: It's already evidence.

20 MR. [REDACTED]: I'll move this into evidence, 489-A.

21 THE COURT: That's in.

22 MR. [REDACTED]: Thank you.

23 Q You see this, sir; this is your plea agreement, correct?

24 A Yes, sir.

25 Q And just so we have no mistakes, that is your signature

Valdez Rios - direct - [REDACTED]

6228

1 BY MR. [REDACTED]: (Continuing)

2 Q Did you get assigned to a new job within the organization
3 after that?

4 A Yes, at that time was when I took over security for
5 Mr. Joaquin's sons, Ivan and Alfredo.

6 Q Approximately what year was that?

7 A It was like at the end of 2008 or beginning of 2009
8 approximately.

9 Q I'm showing you what's in evidence already as
10 Government's Exhibit 59-A.

11 Do you recognize that?

12 A Yes.

13 Q Who's that?

14 A That's Alfredo.

15 Q And does he have any nicknames?

16 A Yes. We called him Menor.

17 Q And I'm showing you what's in evidence as Government
18 Exhibit 60. Who's that --

19 A No. I'm sorry. I'm mistaken.

20 Q Go ahead. Fix your statement.

21 A This is Ivan.

22 Q Okay. And does he have any nicknames?

23 A Yes, we called him Mayor.

24 Q And I'm showing you what's in evidence as Government's
25 Exhibit 60 again.

Valdez Rios - direct - [REDACTED]

6229

1 Do you recognize that?

2 A Yes.

3 Q Who's that?

4 A Alfredo.

5 Q And did he have any nicknames that you're aware of?

6 A Yes. We called him Menor.

7 Q And collectively together, did they have a nickname that
8 you would refer to them as?

9 A Yes, they were called Los Menores.

10 Q How long did you work for Los Menores?

11 A Almost a year.

12 Q And after you stopped working for Los Menores, what did
13 you do next?

14 A Well, while I was still working with them, I started to
15 pay my way through flight school.

16 Q And you eventually learned how to fly an airplane?

17 A Within three months, I learned how to fly a plane.

18 Q Did you eventually begin to fly for the defendant's
19 organization?

20 A Yes, sir.

21 Q When was that?

22 A Starting in two thousand -- yes, 2010.

23 Q And what types of flights were you conducting for the
24 defendant's organization initially?

25 A Well, initially I started out by getting on planes as a

ACTION WHA-00

INFO	LOG-00	AID-00	CIAE-00	INL-00	DODE-00	DOEE-00	PERC-00
	DS-00	DHSE-00	OIGO-00	FBIE-00	VCI-00	FRB-00	H-00
	TEDE-00	INR-00	LAB-01	L-00	MOFM-00	MOF-00	VCIE-00
	NSAE-00	ISN-00	NSCE-00	OMB-00	NIMA-00	PA-00	PM-00
	GIWI-00	PRS-00	P-00	ISNE-00	DOHS-00	FMPC-00	SP-00
	SSO-00	SS-00	NCTC-00	BBG-00	R-00	IIP-00	SCRS-00
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DEA HQ WASHDC

DEPT OF JUSTICE WASHINGTON DC

AMCONSUL GUADALAJARA

RELEASE IN PART

1.4(B),B1,1.4(D),B7(C),B7(A)

Classification Extended on : 07/10/2017 ~ Class:
CONFIDENTIAL ~ Authority: DSCG 11-1 ~ Declassify on:
05/22/2033

C O N F I D E N T I A L GUADALAJARA 000236

E.O. 12958: DECL: 5/21/2018

TAGS: SNAR, KJUS, PGOV, MX

SUBJECT: THE CORRUPTION CONTINUUM: PROGRESS AND PERILS IN WESTERN MEXICO

REF: A. A) 07 GUADALAJARA 0609
B. B) 07 GUADALAJARA 0554
C. C) GUADALAJARA 0143
D. D) GUADALAJARA 0136
E. E) DEA 4073
F. F) GUADALAJARA 0026
G. G) MEXICO 1104

CLASSIFIED BY: Edward Ramotowski Executive Office, Consul
General, Executive Office, Department of State.

REASON: 1.4 (b), (d)

CLASSIFIED BY: Edward Ramotowski, Consul General, Executive
Office, Department of State.

REASON: 1.4 (b), (d)

1. (C) Summary: Official corruption remains a serious problem in west-central Mexico, with the judiciary, law enforcement, state and local governments all affected to varying degrees. Government efforts to promote transparency and a freer, more inquisitive media are helping to expose many of the abuses that might have been ignored in earlier times. Several disturbing

REVIEW AUTHORITY: Janina Slattery, Senior Reviewer

A Tale of Two Meth Labs

2. (C) The December 12, 2007 fire at an unremarkable warehouse
in the Guadalajara suburb of Zapopan led [] state and local
police to the largest methamphetamine laboratory yet discovered
in Mexico, complete with an industrial size chemical reactor
vessel (reftel A). While authorities were processing this crime
[] became aware of another major laboratory on the same
street []

1.4(D)
B1

[] This second site was cordoned off
by agents from SIEDO, AFI (Federal Investigation Agency) as well
as Mexican Army troops while SIEDO attempted to obtain a search
warrant. State and local police were kept at a distance. In
addition to finished drugs, [] indicated the building
contained detailed records on the meth production process as
well as the distribution network in the United States.

3. (C) According to [] both labs belonged to narco
kingpin Arturo Beltran Leyva, who took immediate action to
protect his interests. No search warrant was ever issued.
During the night of December 14, several of Beltran's men
penetrated the military cordon, broke into the building, and
removed all of the critical documents and 50 kilograms of
methamphetamine before setting the warehouse on fire,
incinerating any remaining evidence. [] believes that Beltran
exerted influence at high levels in several agencies to block
the search warrant and engineer the "theft" of the documents and
drugs. Media coverage of the entire incident was minimal.

1.4(D)
B1

Deals with the Devil?

4. (C) Another disturbing incident occurred in early March
2008, when state police arrested seven members of the Beltran
Leyva organization at a safe house in a tony Guadalajara
neighborhood. While the suspects were brought downtown for
interrogation, unidentified men in police uniforms swooped in
and kidnapped the two state policemen left to guard the
premises. State Police Director Luis Carlos Najera conducted a
frantic search for his men, fully expecting they would not be

Shortly afterwards, the two policemen were freed in a remote area. Coincidence? Najera vehemently denied any kind of deal with the traffickers, and has engaged in a nasty spat with his counterparts at the State Prosecutors Office (PGE) regarding alleged corruption in each of their agencies.

Odor in the Court: Judicial Corruption

5. (C) The notorious November 2007 vote by an appeals court to overturn the prior conviction of multi-millionaire amcit Thomas White for child molestation in Puerto Vallarta is symptomatic of the problems in the local judiciary. [REDACTED]

1.4(D)
B1
B7(A)
B7(C)

[REDACTED] suspects he may seek to flee to a country lacking an extradition treaty with the U.S. Following the verdict, [REDACTED]

[REDACTED] speculated that White had used part of his fortune to "buy" an acquittal despite more than 60 complaints against him. For the moment, White remains incarcerated on a single Mexican federal charge.

6. (C) One positive factor in the White case is the media coverage, which has been extensive and highly critical of the court's ruling. In addition, Governor Gonzalez and other officials have publicly denounced the decision, further raising the profile of the case. The public exposure lessens, but does not eliminate, the chances for additional corrupt action in this matter. The March 2008 "escape" from the Vallarta jail of the alleged killer of a US tourist through the complicity of judicial and prison officials (reftel C) is another stain on the record of local authorities.

7. (C) These are just a few of the many cases of judicial impunity and corruption that bedevil the justice system at all levels. A 2008 poll found 58 percent of Jalisco residents had no confidence in the courts, with an additional 32 percent indicating only partial trust. The non-transparent, paper-intensive judicial system offers countless opportunities for corruption. Attempts to investigate or punish corrupt judges have often been stymied by the accused's ability to

8. (C) Fear can be just as corrosive as bribery in judicial matters. In one recent example, narco kingpin Joaquin ("El Chapo") Guzman Loera ordered the killing of seven employees of a Guadalajara law firm following the conviction of his son Ivan Guzman on money laundering charges (reftel D). Three weeks after the brazen, broad-daylight massacre, a federal judge ordered the immediate release of Ivan Guzman and absolved him of all charges (reftel E).

Politics I: Financing the State

9. (C) Corruption, or the potential for it, also effects the executive branch and commercial sector. In a frank conversation

1.4(B)
1.4(D)

[redacted] Opposition party leaders have also called for an investigation of the refinancing program and possible government "favoritism" toward certain financial entities.

10. (C) [redacted]
there are many other allegations of improper influence by commercial interests on public officials. [redacted]

1.4(B)
1.4(D)
B1

[redacted] The press, aided by Jalisco's Transparency (Freedom of Information) Office, has closely scrutinized public expenditures - especially the travel vouchers of senior officials, making misuse of official funds somewhat harder to accomplish.

Politics II: Something Rotten in Tonalá

11. (C) The epitome of traditional public corruption has surfaced in the Guadalajara suburb of Tonalá, where Mayor Jorge Vizcarra was removed from office in December 2007 by the State Congress on charges of abetting organized crime, abuse of authority, and conspiracy in the murder of a city official (reftel F). Over the past six months, the media has published

numerous reports on illegal gambling rackets, extortion, and other criminal activities allegedly protected by Tonalá officials. The extensive publicity was so damning that Vizcarra was abandoned by his PAN party colleagues who voted unanimously for his removal. The former mayor is now a fugitive from justice, but the authorities do not seem to be looking overly hard for him, and his family remains in Tonalá.

Comment: Investing for Change

12. (C) As the Embassy noted in its recent report (reftel G), corruption is an endemic problem that is deeply entrenched in all facets of Mexican society. A freer press and more active citizens groups and NGOs have made some progress in reducing the nearly total lack of accountability previously enjoyed by senior officials. But these efforts have not yet reached a critical mass to convince the public that the impunity of the powerful and the privileged has been ended. The drug cartels, with unprecedented firepower and financial resources, continue to corrupt civil society and public institutions at every opportunity. Breaking their power, building up public institutions, and reinforcing the rule of law through programs such as the Merida Initiative is the only way to decisively disrupt this cycle of impunity and change popular attitudes. Given the breadth and depth of the US-Mexico relationship, such an investment is decidedly in the US Government's interest.

RAMOTOWSKI

NNNN

1 Q So to make it easier, I'm going to refer to this Manuel
2 as Sinaloan Manuel.

3 At some point, did you start speaking with
4 Sinaloan Manuel?

5 A Yes, ma'am.

6 Q And, generally, what happened when you first spoke with
7 Sinaloan Manuel?

8 A When I first started talking to him, he, like, he was
9 throwing his voice off. Like oh, talking like that.
10 Putting like a different sound to his voice. He started --
11 we was discussing like numbers and stuff and drugs that I
12 could move.

13 Q Okay. And after you started speaking with Sinaloan
14 Manuel, did you start buying drugs from him?

15 A Yes, ma'am.

16 Q And how did you introduce yourself to him, by the way?

17 A I introduced myself as Jose.

18 Q And how did you speak with Sinaloan Manuel?

19 A Through an app. The first time it was Whats App and
20 then he told me to download an app called Signal.

21 Q Why did you use that?

22 A Because it deletes the call. It doesn't record
23 anything.

24 Q Now, when was it that you first bought drugs from
25 Sinaloan Manuel?

1 A Three days after the first phone call.

2 Q When was this?

3 A April 2019.

4 Q What did you buy?

5 A A kilo of fentanyl.

6 Q How did you get it?

7 A He sent a Dominican guy from the Bronx to bring it to
8 me in Queens.

9 Q How much money did you pay for did?

10 A \$45,000.

11 Q And what did you do with it?

12 A I sold it.

13 Q How much did you sell it for?

14 A 55.

15 Q Why was there such a different between what you paid
16 and what you sold if for?

17 A Because I had to make my profit.

18 Q What was your understanding of how you could sell it
19 for so much more?

20 A Because it was -- going around that time, it was going
21 for like 60, 65. So I made ten points on it and I get rid
22 of it quick and get more.

23 Q So after that first time, did you buy more drugs from
24 Sinaloan Manuel?

25 A Yes. That same day he was not expecting for me to pay

1 for it in cash. He was giving it to me in consignment and
2 he sent me 10,000 pills that same day. But after that, I
3 started getting work.

4 Q When you say work, what are you referring to?

5 A Cocaine, heroin, fentanyl and pills.

6 Q What kinds pills?

7 A M30. Rocks.

8 Q Where did you sell the drugs that you bought from
9 Sinaloan Manuel?

10 A Mainly New York, but also Philadelphia.

11 Q How, over time, did you receive drugs from Sinaloan
12 Manuel?

13 A Tuesdays, Wednesdays, Thursdays, Fridays and Saturdays.
14 Like, those days I can receive through the mail. And one
15 time a week from the truck.

16 Q Okay. Let's start with the mail. How did you get
17 drugs through the mail?

18 A Through the mail, I would provide an address, I give
19 them an address. It had -- I had to provide the address
20 before Monday. That way, Monday they could leave so I can
21 get them on Tuesday overnight. And the one for Wednesday, I
22 had to provide on Tuesday morning so they could leave on
23 Tuesday.

24 Q Would the drugs be concealed in any way in these
25 packages?

1 A Yes. They would come in like a pumpkin. It was like a
2 shaped art thing that was painted gold, the color gold. And
3 they would put fragile on it. Some would be 4, 8, 10 or 12.

4 Q What are you referring to; 4, 8, 10, or 12?

5 A Kilos inside the figure.

6 Q How did you get drugs from a truck?

7 A From the truck, they would text me a time. Then I
8 would drive to New Jersey and they would text me an address
9 or they would send me like a location. And I go and pick it
10 up from the truck.

11 Q When you say they, who are you referring to?

12 A The truck driver.

13 Q How did you get in touch with truck drivers?

14 A Manuel would give them my information and they reach
15 out to me when they was a few hours away so that way I could
16 start heading out.

17 Q And starting let's say in April 2019 through your
18 arrest in December 2019. How frequently were you buying
19 drugs from Sinaloa Manuel?

20 A Oh, every week.

21 Q And on average, during that time period, how much
22 cocaine were you buying per week?

23 A I would say 40. Anywhere between 40 to 50.

24 Q 40 or 50 what?

25 A Kilos of cocaine.

1 Q Did you send money -- how were you sending money to
2 Sinaloa Manuel?

3 A I would tell him the amount that I had ready. Let's
4 say it was \$300,000. I'd say I have \$300,000, then he would
5 get the ticket. He would tell me hold on, gave me the
6 information. Then he would send me a serial number with a
7 number. I would call the number, and once I called number,
8 they either pick up or text me back to say the serial
9 number. Once I say the serial number, they send me a
10 location where to go.

11 Q Just to be clear. Would you be directed to talk to
12 some other people with a serial number? Like, a code?

13 A Yes, ma'am.

14 Q And after you spoke with them, would you bring them
15 money to send to Sinaloa Manuel?

16 A Yes, ma'am.

17 Q And did they charge you any fee for this?

18 A Yes. I started paying seven percent. But since I was
19 doing it so often, I dropped down to five percent.

20 Q Over time, did your relationship with Sinaloa Manuel
21 become close?

22 A Yes, ma'am.

23 Q How often did you speak with him?

24 A Every day, ma'am.

25 Q And what kinds of things did you talk about with

1 Sinaloan Manuel?

2 A We talked about the business, of females, clothes
3 watches, music, and stuff like that.

4 Q And in addition to buying drugs from him, did you ever
5 do other things for him?

6 A I served -- I took drugs to two of his clients. One in
7 Long Island, one in Manhattan. Send him clothes. I would
8 shop clothes for him, and one time I collected money for
9 him.

10 Q Did you ever speak by video call with him?

11 A Yes, ma'am.

12 Q How often did you do that?

13 A Every time he had to show me something or we were just
14 talking and stuff like that.

15 Q At the time of your arrest in December of 2019, did law
16 enforcement seize any phones that belonged to you?

17 A Yes, ma'am.

18 Q Did you have more than one phone at the time of your
19 arrest?

20 A Yes, ma'am. About five phones.

21 Q Why did you have so many phones?

22 A One was a personal phone and the other one was like
23 working phones. I had everything divided.

24 Q What does that mean you had everything divided?

25 A One for like the route, one to speak to Mexico, to

1 speak to Manuel from Mexico, and stuff like that.

2 Q And have you had the opportunity to see the phone that
3 you used to speak to Sinaloa Manuel since your arrest?

4 A Yes, ma'am.

5 Q Have you reviewed messages on it?

6 A Yes, ma'am.

7 Q How about videos?

8 A Yes.

9 Q And how about photos?

10 A Yes, ma'am.

11 MS. REID: And I want to show you just on your
12 screen what's marked for identification as Government
13 Exhibit 1219. And then a few more. 1211A, 1215A --
14 Withdrawn. Not 1219.

15 1215A, 1209A and 1214A. You can take a look at
16 each of those and let me know after you've seen them when
17 you're ready. Let me know if you recognize them.

18 (Exhibit published to the witness.)

19 Q Do you recognize this 1219?

20 A Yes, ma'am.

21 (Continued on the next page.)

22

23

24

25

1 BY MS. REID:

2 Q What about 1215-A?

3 A Yes, ma'am.

4 Q And what about 1201-A?

5 A Yes, ma'am.

6 Q What about 1209-A?

7 A Yes, ma'am.

8 Q What about 1214-A?

9 A Yes, ma'am.

10 Q And what are these?

11 A Those are pictures from my phone.

12 Q Did you review those before testifying today?

13 A Yes, ma'am.

14 Q Are they fair and accurate, or exact pictures of items
15 from your phone?

16 A Yes, ma'am.

17 MS. REID: I ask that Government Exhibits 1219,
18 1215-A, 1201-A, 1209-A and 1214-A be admitted into evidence.

19 MR. MC MANNUS: No objection.

20 THE COURT: Received.

21 (Government Exhibit 1219, 1215-A, 1201-A, 1209-A,
22 1214-A, were received in evidence.)

23 Q Let's start with 1219, looking at page one, who is this?

24 A That's my single counter (ph) for Manuel.

25 Q Does this reflect calls between you and another person?

1 A Yes, ma'am.

2 Q Who are they with?

3 A Manuel.

4 Q How did you save Sinaloa Manuel's number?

5 A Don Manuel, Tio Manuel, things like that.

6 Q Starting on December 4, 2019, does this reflect several
7 calls between you?

8 A Yes, ma'am.

9 Q And I want to go to page two. Does this continue several
10 calls over the next few days?

11 A Yes, ma'am.

12 Q Page three, page four, page five. Let's go to the last
13 page, are these calls between you and Sinaloa Manuel on
14 December 18, 2019?

15 A Yes.

16 Q Is that the same day you were arrested?

17 A Yes, ma'am.

18 Q I want to go to 1214-A. What is this?

19 A That is a kilo of cocaine.

20 Q How did you have this picture in your phone?

21 A Manuel send it to me, so I could see the work I was
22 receiving.

23 Q I want to go to 1209-A. What is this?

24 A That's a picture of me sending him money, I was putting a
25 picture of the money, me showing him that I was putting the

1 money together.

2 Q How would you package the money that you were sending?

3 A 10,000s.

4 Q 10,000-dollar packets?

5 A Yes, ma'am.

6 Q I want to go to 1201-A. What are we looking at here?

7 A This is him showing me what, how much it will come out
8 to.

9 Q Is this like some math that he was doing?

10 A Yes.

11 Q Briefly, can you describe it to us?

12 A It says Compa Jose, that's my name that he knows me as.
13 It's showing you that out of \$90,000, he's taking away the
14 5 percent for me for the sending of the money, how much I will
15 have left to invest. And on the bottom of that, it shows how
16 much that I need for the work for a package, for a package of
17 four.

18 Q I want to start where it says 300 in the bottom left,
19 what is that referring to?

20 A 300 for OG, means cocaine.

21 Q What does this mean?

22 A \$300 for every package, for the person gets paid for
23 packaging. So if I do ten, they get \$3,000, that person
24 that's packaging the work.

25 Q Are you talking about individual bricks?

1 A Yes, ma'am.

2 Q It says 1800 times four. What is that a reference to?

3 A That's if I'm coming in the truck, to come in the truck
4 each kilo will be \$1,800.

5 Q What is the four a reference to?

6 A From Mexico to California is \$2,000, from California to
7 New Jersey will be 1800.

8 Q Is it fair to say that the price changes depending on
9 where you're bringing drugs to?

10 A Yes, ma'am.

11 Q At the top it says under Compa Jose 90,000 minus five
12 percent. What is that a reference to?

13 A That means that out of the 90, they taking the 5 percent
14 for me sending the money.

15 Q Is that for the fee that you had to pay to send the money
16 back to him?

17 A Yes, ma'am.

18 Q Below that 23,500. What is that a reference to?

19 A The price on each kilo.

20 Q What why does it say times four?

21 A Times four is times a kilogram. Each box will come out
22 to \$94,000.

23 Q Is this generally the price that you would have to pay
24 for 4 kilos?

25 A Yes, ma'am.

1 Q I want to also now go to 1215-A, I don't think we've done
2 that yet. Just briefly, what are we looking at here?

3 A Right there is a number that I'm supposed to call them
4 and give them that number and they will send me a location
5 near me. That's a serial number of a dollar.

6 Q Does this relate to the practice you followed that you
7 described earlier for sending money to Sinaloa Manuel?

8 A Yes, ma'am.

9 Q I want to now show you what is marked for identification
10 as Government Exhibit 1205-A. Just for the witness. Do you
11 recognize this?

12 A Yes, ma'am.

13 Q What is this?

14 A That is a video Manuel sent.

15 Q And was this taken from your phone after your arrest?

16 A Yes, ma'am.

17 MS. REID: I'd ask to move Government Exhibit 1205
18 into evidence.

19 MR. MC MANNUS: No objection.

20 THE COURT: Received.

21 (Government Exhibit 1205, was received in evidence.)

22 Q If we can play with sound once it's published for the
23 jury.

24 (Video played)

25 Q What did we just -- first of all, what is that a video

Case No. 07-20508-CR-LENARD(s)(s)

1 of 27

COUNT 1

Beginning in and around October 2003, and continuing through in and around November 2013, the exact dates being unknown to the Grand Jury, in the countries of Colombia, Mexico and elsewhere, the defendants,

JORGE MILTON CIFUENTES-VILLA,
a/k/a "Jota,"
a/k/a "J,"
a/k/a "Penultimo,"
a/k/a "El Colombiano,"
a/k/a "Economista,"
a/k/a "Elken de Jesus Lopez-Salazar,"
a/k/a "Sergio,"
HILDEBRANDO ALEXANDER CIFUENTES-VILLA,
a/k/a "Alex,"
a/k/a "Panchito,"
JOAQUIN ARCHIVALDO GUZMAN LOERA,
a/k/a "El Chapo,"
a/k/a "El Rapido,"
a/k/a "Chapo Guzman,"
a/k/a "Shorty,"
a/k/a "El Senor,"
a/k/a "El Jefe,"
and
OTTO JAVIER GARCIA-GIRON,
a/k/a "Xavier Otto Garcia-Giron,"
a/k/a "Xavier Giron,"
a/k/a "Xavier Garcia,"

did knowingly and willfully combine, conspire, confederate, and agree with each other and others known and unknown to the Grand Jury, to manufacture and distribute a Schedule II controlled substance, knowing that such substance would be unlawfully imported into the United States, in violation of Title 21, United States Code, Section 959(a)(2); all in violation of Title 21, United States Code, Section 963.

With respect to all defendants, the controlled substance involved in the conspiracy attributable to them as a result of their own conduct, and the conduct of other conspirators

reasonably foreseeable to them, is five (5) kilograms or more of a mixture and substance containing a detectable amount of cocaine, in violation of Title 21, United States Code, Section 960(b)(1)(B).

COUNT 2

On or about January 25, 2004, in the country of Guatemala, Central America, and elsewhere, the defendants,

JORGE MILTON CIFUENTES-VILLA,
a/k/a "Jota,"
a/k/a "J,"
a/k/a "Penultimo,"
a/k/a "El Colombiano,"
a/k/a "Economista,"
a/k/a "Elken de Jesus Lopez-Salazar,"
a/k/a "Sergio,"
JOAQUIN ARCHIVALDO GUZMAN LOERA,
a/k/a "El Chapo,"
a/k/a "El Rapido,"
a/k/a "Chapo Guzman,"
a/k/a "Shorty,"
a/k/a "El Senor,"
a/k/a "El Jefe,"
and
OTTO JAVIER GARCIA-GIRON,
a/k/a "Xavier Otto Garcia-Giron,"
a/k/a "Xavier Giron,"
a/k/a "Xavier Garcia,"

did knowingly and intentionally manufacture and distribute a Schedule II controlled substance, knowing that such substance would be unlawfully imported into the United States, in violation of Title 21, United States Code, Section 959(a)(2) and Title 18, United States Code, Section 2.

Pursuant to Title 21, United States Code, Section 960(b)(1)(B), it is further alleged that this violation involved five (5) kilograms or more of a mixture and substance containing a detectable amount of cocaine.

COUNT 3

On or about February 3, 2006, in the country of Colombia, South America, and elsewhere,
the defendants,

JORGE MILTON CIFUENTES-VILLA,
a/k/a "Jota,"
a/k/a "J,"
a/k/a "Penultimo,"
a/k/a "El Colombiano,"
a/k/a "Economista,"
a/k/a "Elken de Jesus Lopez-Salazar,"
a/k/a "Sergio,"
JOAQUIN ARCHIVALDO GUZMAN LOERA,
a/k/a "El Chapo,"
a/k/a "El Rapido,"
a/k/a "Chapo Guzman,"
a/k/a "Shorty,"
a/k/a "El Senor,"
a/k/a "El Jefe,"
and
OTTO JAVIER GARCIA-GIRON,
a/k/a "Xavier Otto Garcia-Giron,"
a/k/a "Xavier Giron,"
a/k/a "Xavier Garcia,"

did knowingly and intentionally manufacture and distribute a Schedule II controlled substance,
knowing that such substance would be unlawfully imported into the United States, in violation of
Title 21, United States Code, Section 959(a)(2) and Title 18, United States Code, Section 2.

Pursuant to Title 21, United States Code, Section 960(b)(1)(B), it is further alleged that this
violation involved five (5) kilograms or more of a mixture and substance containing a detectable
amount of cocaine.

COUNT 4

On or about April 30, 2007, in the country of Guatemala, Central America, and elsewhere,
the defendants,

JORGE MILTON CIFUENTES-VILLA,
a/k/a "Jota,"
a/k/a "J,"
a/k/a "Penultimo,"
a/k/a "El Colombiano,"
a/k/a "Economista,"
a/k/a "Elken de Jesus Lopez-Salazar,"
a/k/a "Sergio,"
JOAQUIN ARCHIVALDO GUZMAN LOERA,
a/k/a "El Chapo,"
a/k/a "El Rapido,"
a/k/a "Chapo Guzman,"
a/k/a "Shorty,"
a/k/a "El Senor,"
a/k/a "El Jefe,"
and
OTTO JAVIER GARCIA-GIRON,
a/k/a "Xavier Otto Garcia-Giron,"
a/k/a "Xavier Giron,"
a/k/a "Xavier Garcia,"

did knowingly and intentionally manufacture and distribute a Schedule II controlled substance, knowing that such substance would be unlawfully imported into the United States, in violation of Title 21, United States Code, Section 959(a)(2) and Title 18, United States Code, Section 2.

Pursuant to Title 21, United States Code, Section 960(b)(1)(B), it is further alleged that this violation involved five (5) kilograms or more of a mixture and substance containing a detectable amount of cocaine.

COUNT 5

In and around December 2008, in the country of Colombia, South America, and elsewhere, the defendants,

JORGE MILTON CIFUENTES-VILLA,
a/k/a "Jota,"
a/k/a "J,"
a/k/a "Penultimo,"
a/k/a "El Colombiano,"
a/k/a "Economista,"

**a/k/a "Elken de Jesus Lopez-Salazar,"
a/k/a "Sergio,"
HILDEBRANDO ALEXANDER CIFUENTES-VILLA,
a/k/a "Alex,"
a/k/a "Panchito,"
JOAQUIN ARCHIVALDO GUZMAN LOERA,
a/k/a "El Chapo,"
a/k/a "El Rapido,"
a/k/a "Chapo Guzman,"
a/k/a "Shorty,"
a/k/a "El Senor,"
a/k/a "El Jefe,"
and
OTTO JAVIER GARCIA-GIRON,
a/k/a "Xavier Otto Garcia-Giron,"
a/k/a "Xavier Giron,"
a/k/a "Xavier Garcia,"**

did knowingly and intentionally manufacture and distribute a Schedule II controlled substance, knowing that such substance would be unlawfully imported into the United States, in violation of Title 21, United States Code, Section 959(a)(2) and Title 18, United States Code, Section 2.

Pursuant to Title 21, United States Code, Section 960(b)(1)(B), it is further alleged that this violation involved five (5) kilograms or more of a mixture and substance containing a detectable amount of cocaine.

COUNT 6

Beginning in and around October 2003, and continuing through in and around June 2007, the exact dates being unknown to the Grand Jury, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendants,

**JORGE MILTON CIFUENTES-VILLA,
a/k/a "Jota,"
a/k/a "J,"
a/k/a "Penultimo,"
a/k/a "El Colombiano,"
a/k/a "Economista,"
a/k/a "Elken de Jesus Lopez-Salazar,"
a/k/a "Sergio,"**

and
OTTO JAVIER GARCIA-GIRON,
a/k/a "Xavier Otto Garcia-Giron,"
a/k/a "Xavier Giron,"
a/k/a "Xavier Garcia,"

did knowingly and willfully combine, conspire, confederate, and agree with other persons, both known and unknown to the Grand Jury, to commit certain offenses against the United States, in violation of Title 18, United States Code, Section 1956, that is:

(a) to knowingly conduct financial transactions affecting interstate and foreign commerce, which transactions involved the proceeds of specified unlawful activity, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, with the intent to promote the carrying on of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i);

(b) to knowingly conduct financial transactions affecting interstate and foreign commerce, which transactions involved the proceeds of specified unlawful activity, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i); and

(c) to knowingly transport, transmit and transfer a monetary instrument and funds to a place in the United States from and through a place outside the United States, with the intent to promote the carrying on of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(2)(A).

It is further alleged that the specified unlawful activity is the felonious importation, receiving, concealment, buying, selling, and otherwise dealing in a controlled substance, punishable under the laws of the United States.

All in violation of Title 18, United States Code, Section 1956(h).

COUNTS 7 - 49

On or about the dates specified as to each count below, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendants, specified as to each count below, did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, as described in each count below, involving the proceeds of specified unlawful activity, with the intent to promote the carrying on of specified unlawful activity:

COUNT	DEFENDANT	APPROXIMATE DATE	DESCRIPTION OF FINANCIAL TRANSACTION
7	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$81,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
8	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$73,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
9	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$57,900 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
10	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$47,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

11	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$45,100 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
12	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$200,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
13	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$130,900 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
14	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$50,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
15	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$45,100 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
16	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$42,750 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
17	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$31,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
18	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$81,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
19	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$73,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
20	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$57,900 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

21	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$47,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
22	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$45,100 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
23	OTTO JAVIER GARCIA-GIRON	10/24/2003	A wire transfer of approximately \$38,605 from an account at Nafin Sn C. Fid Fdo De FOM in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
24	OTTO JAVIER GARCIA-GIRON	10/24/2003	A wire transfer of approximately \$23,344 from an account at Fondo De Fomento Asesoria in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
25	OTTO JAVIER GARCIA-GIRON	10/27/2003	A wire transfer of approximately \$36,612 from an account at Euaro Finanzas SA De Cv in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
26	OTTO JAVIER GARCIA-GIRON	10/29/2003	A wire transfer of approximately \$91,000 from an account at Casa De Cambio Plus, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
27	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/06/2006	A wire transfer of approximately \$129,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
28	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/07/2006	A wire transfer of approximately \$99,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
29	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/13/2006	A wire transfer of approximately \$99,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
30	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/16/2006	A wire transfer of approximately \$35,000 from an account at Casa De Cambio Interam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

31	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$105,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
32	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$40,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
33	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$80,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
34	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$125,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
35	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$139,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
36	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	6/21/2006	A wire transfer of approximately \$65,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
37	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$85,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
38	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$63,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

39	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$127,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
40	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$99,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
41	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/22/2006	A wire transfer of approximately \$144,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
42	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/03/2007	Wire transfer of approximately \$100,000 from the bank account of Construcciones Cibeles SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
43	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/11/2007	Wire transfer of approximately \$101,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. In Naples, Florida.
44	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/12/2007	Wire transfer of approximately \$101,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
45	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/16/2007	Wire transfer of approximately \$124,000 from the bank account of Ferre Martin SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
46	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/17/2007	Wire transfer of approximately \$30,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
47	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/17/2007	Wire transfer of approximately \$40,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.

48	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/17/2007	Wire transfer of approximately \$45,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
49	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/19/2007	Wire transfer of approximately \$59,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.

It is further alleged that the specified unlawful activity is the felonious importation, receiving, concealment, buying, selling, and otherwise dealing in a controlled substance, punishable under the laws of the United States.

In violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

COUNTS 50 - 92

On or about the dates specified as to each count below, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendants, as described in each count below, did knowingly transport, transmit, and transfer a monetary instrument and funds to a place in the United States from a place outside of the United States with the intent to promote the carrying on of specified unlawful activity:

COUNT	DEFENDANT	APPROXIMATE DATE	DESCRIPTION OF FINANCIAL TRANSACTION
50	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$81,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
51	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$73,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

52	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$57,900 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
53	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$47,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
54	OTTO JAVIER GARCIA-GIRON	10/21/2003	A wire transfer of approximately \$45,100 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
55	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$200,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
56	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$130,900 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
57	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$50,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
58	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$45,100 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
59	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$42,750 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

60	OTTO JAVIER GARCIA-GIRON	10/22/2003	A wire transfer of approximately \$31,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
61	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$81,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
62	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$73,000 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
63	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$57,900 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
64	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$47,250 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
65	OTTO JAVIER GARCIA-GIRON	10/23/2003	A wire transfer of approximately \$45,100 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
66	OTTO JAVIER GARCIA-GIRON	10/24/2003	A wire transfer of approximately \$38,605 from an account at Nafin Sn C. Fid Fdo De FOM in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
67	OTTO JAVIER GARCIA-GIRON	10/24/2003	A wire transfer of approximately \$23,344 from an account at Fondo De Fomento Asesoría in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

68	OTTO JAVIER GARCIA-GIRON	10/27/2003	A wire transfer of approximately \$36,612 from an account at Euaro Finanzas SA De Cv in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
69	OTTO JAVIER GARCIA-GIRON	10/29/2003	A wire transfer of approximately \$91,000 from an account at Casa De Cambio Plus, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
70	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/06/2006	A wire transfer of approximately \$129,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
71	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/07/2006	A wire transfer of approximately \$99,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
72	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/13/2006	A wire transfer of approximately \$99,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
73	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/16/2006	A wire transfer of approximately \$35,000 from an account at Casa De Cambio Intercom in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
74	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$105,000 from an account at Casa De Cambio Intercom in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
75	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$40,000 from an account at Casa De Cambio Intercom in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

76	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$80,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
77	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$125,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
78	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/20/2006	A wire transfer of approximately \$139,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
79	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	6/21/2006	A wire transfer of approximately \$65,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
80	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$85,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
81	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$63,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
82	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$127,000 from an account at Casa De Cambio Intercam in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
83	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/21/2006	A wire transfer of approximately \$99,980 from an account at HSBC Mexico SA / HSBC Bank USA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.

84	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	06/22/2006	A wire transfer of approximately \$144,980 from an account at Casa De Cambio Puebla Reforma, SA in Mexico through Miami, Florida to an account at Bank of America in Oklahoma City, Oklahoma.
85	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/03/2007	Wire transfer of approximately \$100,000 from the bank account of Construcciones Cibeles SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
86	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/11/2007	Wire transfer of approximately \$101,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
87	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/12/2007	Wire transfer of approximately \$101,000 from B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
88	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/16/2007	Wire transfer of approximately \$124,000 from the bank account of Ferre Martin SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
89	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/17/2007	Wire transfer of approximately \$30,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
90	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/17/2007	Wire transfer of approximately \$40,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
91	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/17/2007	Wire transfer of approximately \$45,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.

92	JORGE MILTON CIFUENTES-VILLA and OTTO JAVIER GARCIA-GIRON	04/19/2007	Wire transfer of approximately \$59,000 from the bank account of B.O. Conservacion y Servicios Industriales SA de CV in Mexico to the bank account of Advanced Aviation Sales, Inc. in Naples, Florida.
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It is further alleged that the specified unlawful activity is the felonious importation, receiving, concealment, buying, selling, and otherwise dealing in a controlled substance, punishable under the laws of the United States.

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

ASSET FORFEITURE ALLEGATIONS

1. The allegations of Counts 1 through 92 of this Second Superseding Indictment are re-alleged and incorporated herein for the purpose of alleging forfeiture to the United States of America of property in which the defendants have an interest.

2. Upon conviction of any violation of Title 21, United States Code, Section 959 and 963, the defendants shall forfeit to the United States any property constituting or derived from any proceeds obtained, directly or indirectly, as the result of such violations, and any property which the defendants used or intended to be used in any manner or part to commit or to facilitate the commission of such violations, pursuant to Title 21, United States Code, Section 853(a)(1) and (2).

3. Upon conviction of any violation of Title 18, United States Code, Section 1956, the defendants shall forfeit to the United States any property, real or personal, involved in such offense, or any property traceable to such property, pursuant to Title 18, United States Code, Section 982(a)(1).

4. Pursuant to Title 21 United States Code, Section 853(p), as incorporated by reference by Title 18, United States Code, Section 982(b), if any of the forfeitable property, or any portion thereof, as a result of any act or omission of any defendant:

- (A) cannot be located upon the exercise of due diligence;
- (B) has been transferred, or sold to, or deposited with a third party;
- (C) has been placed beyond the jurisdiction of the Court;
- (D) has been substantially diminished in value; or
- (E) has been commingled with other property which cannot be subdivided without difficulty;

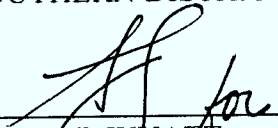
it is the intent of the United States to seek the forfeiture of other property of the defendants up to the value of the above-described forfeitable property.


All pursuant to Title 21, United States Code, Section 853(a)(1) and (2), and Title 18,
United States Code, Section 982(a)(1).

A TRUE BILL


FOREPERSON


WIFREDO A. FERRER
UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF FLORIDA


ARTHUR WYATT
CHIEF, NARCOTIC & DANGEROUS DRUGS
SECTION, CRIMINAL DIVISION
U.S. DEPARTMENT OF JUSTICE


KURT K. LUNKENHEIMER
ASSISTANT UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA

CASE NO. 07-20508-CR-LENARD(s)(s)

vs.

CERTIFICATE OF TRIAL ATTORNEY*

JORGE MILTON CIFUENTES-VILLA, et al.,

Defendants.

Superseding Case Information:

Court Division: (Select One)

X Miami Key West
 FTL WPB FTP

New Defendant(s) Yes No X
Number of New Defendants
Total number of counts 92

I do hereby certify that:

1. I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.
2. I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. Section 3161.
3. Interpreter: (Yes or No) YES
List language and/or dialect SPANISH
4. This case will take 10 days for the parties to try.
5. Please check appropriate category and type of offense listed below:

(Check only one)

(Check only one)

- I 0 to 5 days
II 6 to 10 days
III 11 to 20 days
IV 21 to 60 days
V 61 days and over

X

Petty
Minor
Misdem.
Felony X

6. Has this case been previously filed in this District Court? (Yes or No) YES

If yes:

Judge: Joan A. Lenard

Case No. 07-20508-CR-JAL(s)

(Attach copy of dispositive order)

Has a complaint been filed in this matter? (Yes or No)

If yes:

Magistrate Case No.

Related Miscellaneous numbers:

Defendant(s) in federal custody as of

Defendant(s) in state custody as of

Rule 20 from the

District of

Is this a potential death penalty case? (Yes or No) No

7. Does this case originate from a matter pending in the Northern Region of the U.S. Attorney's Office prior to October 14, 2003? Yes X No

8. Does this case originate from a matter pending in the Central Region of the U.S. Attorney's Office prior to September 1, 2007? Yes X No


KURT K. LUNKENHEIMER
ASSISTANT UNITED STATES ATTORNEY
Court No. A5501535

*Penalty Sheet(s) attached

REV
4/8/08

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: JORGE MILTON CIFUENTES-VILLA, a/k/a

"Jota," "J," "Penultimo," "El Colombiano," "Economista,"

"Elken de Jesus Lopez-Salazar," and "Sergio"

Case No: 07-20508-CR-LENARD(s)(s)

Count #: 1

Conspiracy to manufacture and distribute cocaine intending that it will be imported into

the United States

Title 21, United States Code, Section 963

*Max. Penalty: Life Imprisonment

Counts #: 2-5

Manufacture and distribution of cocaine intending that it will be imported into the

United States

Title 21, United States Code, Section 959(a)(2)

*Max. Penalty: Life Imprisonment

Count #: 6

Conspiracy to launder monetary instruments

Title 18, United States Code, Section 1956(h)

*Max. Penalty: Twenty Years Imprisonment

Counts #: 27-49

Laundering monetary instruments

Title 18, United States Code, Section 1956(a)

*Max. Penalty: Twenty Years Imprisonment

Defendant's Name: JORGE MILTON CIFUENTES-VILLA, a/ka/

Case No: 07-20508-CR-LENARD(s)(s)

Counts #: 70-92

Money Laundering

Title 18, United States Code, Section 1956(a)(2)(A)

***Max. Penalty:** Twenty Years Imprisonment

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: HILDEBRANDO ALEXANDER CIFUENTES-VILLA, a/k/a
"Alex," and "Panchito"

Case No: 07-20508-CR-LENARD(s)(s)

Count #: 1

Conspiracy to manufacture and distribute cocaine intending that it will be imported into
the United States

Title 21, United States Code, Section 963

*Max. Penalty: Life Imprisonment

Count #: 5

Manufacture and distribution of cocaine intending that it will be imported into the
United States

Title 21, United States Code, Section 959(a)(2)

*Max. Penalty: Life Imprisonment

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: JOAQUIN ARCHIVALDO GUZMAN LOERA, a/k/a

"El Chapo," "El Rapidop," "Chapo Guzman,"

"Shorty," "El Senor," and "El Jefe"

Case No: 07-20508-CR-LENARD(s)(s)

Count #: 1

Conspiracy to manufacture and distribute cocaine intending that it will be imported into

the United States

Title 21, United States Code, Section 963

*Max. Penalty: Life Imprisonment

Counts #: 2-5

Manufacture and distribution of cocaine intending that it will be imported into the

United States

Title 21, United States Code, Section 959(a)(2)

*Max. Penalty: Life Imprisonment

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: OTTO JAVIER GARCIA-GIRON, a/k/a

"Xavier Otto Garcia-Giron," "Xavier Giron,"
and "Xavier Garcis"

Case No: 07-20508-CR-LENARD(s)(s)

Count #: 1

Conspiracy to manufacture and distribute cocaine intending that it will be imported into
the United States

Title 21, United States Code, Section 963

*Max. Penalty: Life Imprisonment

Counts #: 2-5

Manufacture and distribution of cocaine intending that it will be imported into the
United States

Title 21, United States Code, Section 959(a)(2)

*Max. Penalty: Life Imprisonment

Count #: 6

Conspiracy to launder monetary instruments

Title 18, United States Code, Section 1956(h)

*Max. Penalty: Twenty Years Imprisonment

Counts #: 7-92

Laundering monetary instruments

Title 18, United States Code, Section 1956(a)

*Max. Penalty: Twenty Years Imprisonment

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

Lopez Nunez - cross - [REDACTED]

6043

1 recollection that he didn't tell the agents.

2 THE COURT: What is the significance as to whether
3 he told the agents or not?

4 MR. [REDACTED]: I'll move on.

5 Q So, you didn't tell the agents that day when you met with
6 them that it was Chapo who was your boss, right?

7 A I don't remember.

8 Does the document have my signature on it?

9 Q I don't know. I can't show you.

10 THE COURT: You have to allow counsel to ask the
11 questions.

12 THE WITNESS: Thank you.

13 Q Given that you were with Chapo and that sort of made you
14 a big person, you were considered -- you would consider
15 yourself a high level drug trafficker, correct?

16 A A high level drug trafficker is he who traffics drugs in
17 a big scale. I didn't do that.

18 Q Never?

19 A Those quantities, large scale, no.

20 I did it in low quantities.

21 Q Did you ever have hundreds of men reporting directly to
22 you?

23 A Yes, sir, in 2016.

24 Q And, in fact, out of these hundreds of men who were
25 reporting directly to you, you had sicarios and pistoleros; is

Lopez Nunez - cross - [REDACTED]

6044

1 that correct?

2 A That's correct.

3 Q And you needed these guys, these pistoleros and sicarios
4 these hitmen because they were basically your private little
5 army; is that correct?

6 A I needed them in 2016, when my compadre's sons was
7 seeking out me and my family to kill us.

8 Q I'm not talking about the compadre's sons, I'm talking
9 about you right now.

10 A I had to mention my compadre's sons to give you the
11 example.

12 Q Thanks for the example, but Chapo was not the one who was
13 trying to kill you in 2016, was he?

14 A But it was my compadre's sons. I trust my compadre.

15 Q Does he trust you?

16 A Not his sons.

17 Q Does he trust you?

18 A I don't know. Ask him.

19 Q I have.

20 A What has he told you?

21 Q Should he trust you?

22 THE COURT: Let's have a question, please.

23 Q Should he trust you?

24 MS. [REDACTED] Objection, asked and answered.

25 THE COURT: It hasn't been answered.

Lopez - cross - [REDACTED]

6050

1 Q Let me guess, Chapo?

2 A You are a magician.

3 Q They also told you that they had information that you
4 were involved in the murder of a journalist by the name of
5 Javier Valdez Cardenas; correct?

6 A Yes, a very well-known and famous journalist from
7 Sinaloa.

8 Q And this well-known, famous journalist from Sinaloa was a
9 famous founder of a newspaper called Rio Doce; correct?

10 A I don't know if he was the founder but he did write for
11 that paper.

12 Q Right. And let me show you defense Exhibit 497-B. What
13 do you recognize that to be, sir?

14 A A magazine with a cover and the picture of a person.

15 Q You don't recognize that to be the Rio Doce newspaper,
16 the cover?

17 A Yes, sir.

18 Q And you don't recognize Mr. Valdez?

19 A It could be him, but I never met him in person.

20 Q Well, and of course you didn't have anything to do with
21 his murder; correct?

22 A You are correct.

23 Q Well, isn't it true that his newspaper published at least
24 an article that was very critical of your son, Mini Lic?

25 A Under the orders of my compadre's sons, yes, they did do

Lopez - cross - [REDACTED]

6051

1 that.

2 Q Order of who?

3 A Ivan, Alfredo.

4 Q So let me get this right, the newspaper published an
5 article critical of your son on the orders of Chapo's sons; is
6 that correct?

7 A You are completely right.

8 Q So when I asked you earlier today about newspapers
9 publishing stories, now this is a different version of what
10 you said earlier?

11 A No. You asked me if I gave money to the journalists.

12 Q One of the things that the newspaper published about your
13 son was basically that he was useless, right; that he was,
14 like, a pathetic trafficker want-to-be; correct?

15 A I was in jail at the time, sir. I didn't see that paper.

16 Q And your son didn't have anything to do with that murder
17 either, I assume?

18 A You are assuming correctly, sir.

19 Q Have you talked to your son about it?

20 A He's in jail.

21 Q Have you talked to your son about it?

22 A No, sir.

23 Q So how can you sit there and testify under oath that I'm
24 assuming correct if you haven't even talked to him about it?

25 A Well, the thing is that my compadre's sons found out that

Lopez - cross - [REDACTED]

6052

1 I had given an interview by phone with this man here and --

2 Q And did --

3 THE COURT: Excuse me, sir, you asked him an
4 open-ended question. He can finish it.

5 MR. [REDACTED] Fine.

6 A And explaining the motives as to why the man, **Ciro Coma**
7 **Leyva**, a very well-known journalist in Mexico was mentioning
8 me where he would say in this news program that I had ambushed
9 my compadre's sons and that one of my compadre's sons had been
10 seriously injured and that Mayo had also been injured and
11 since that was absolutely false, when the journalist
12 approached me I saw that as an opportunity for the truth to be
13 known. But the only thing was that my compadre's sons didn't
14 think that what I thought was right wasn't actually right for
15 them. And if you ask around in Culiacan they're going to tell
16 you that my compadre's sons threatened the editorial house of
17 the -- the journalist in Culiacan and that they forced them to
18 publish some news article just like they wanted it to be
19 published.

20 And they forced this man not to publish the
21 interview that I had given him. But he was a good journalist,
22 he was very ethical and he did publish the article. He
23 disobeyed the threatening orders that my compadre's sons had
24 actually given him and that's why he got killed. And just
25 because my compadre's sons were colluding with the Government

Lopez - cross - [REDACTED]

6053

1 it wasn't difficult for them to point to other people who were
2 allegedly responsible for that. My son and I are innocent of
3 this man's murder.

4 Q Are you done?

5 A Yes, sir.

6 Q Innocent of the murder; right?

7 A I'm telling the truth.

8 Q Did you --

9 A I have sworn to tell the truth and I'm abiding by my
10 oath.

11 Q Did you see Chapo's sons pull the trigger, or however he
12 died? Did you see that? Yes or no? Yes or no?

13 A No, I did -- no, I did not see that. I was in jail.

14 Q Did you hear them give an order to kill him like you
15 heard all of these other things? Yes or no?

16 A No.

17 Q Were you there when the man was killed? Yes or no?

18 A I was in jail.

19 Q So the answer is no?

20 A No.

21 Q And you haven't talked to your son about it because he's
22 locked up too; right?

23 A Yes, sir.

24 Q So you have no problems here testifying for about five
25 minutes about things that you know nothing about?

FLORES - DIRECT - [REDACTED]

1 mistake.

2 Q Do you know what happened?

3 A No.

4 Q Moving on. You were talking about receiving kilos of
5 cocaine from Juancho and Olivares. You talked about receiving
6 that first load of 500-some odd kilos that first day, was that
7 first shipment successful?

8 A Yes.

9 Q How do you know?

10 A Because I distributed to my workers and paid them back
11 for it.

12 Q You distributed it to your workers?

13 A I mean to my customers.

14 Q Approximately how much did you make on that first
15 shipment?

16 A After that first meeting I ended up paying a thousand
17 dollars cheaper than I paid before. So I easily made over a
18 million-and-a-half dollars that first shipment.

19 Q Just on that first shipment alone?

20 A Yes.

21 Q Over the next few years did you receive other cocaine
22 shipments from Chapo and Mayo through these two gentlemen,
23 Juancho and German Olivares?

24 A I continued to receive cocaine from them routinely.

25 Q With whom did you coordinate from period from May 2005

FLORES - DIRECT - [REDACTED]

1 until you turned yourself in in November 2008 to receive Chapo
2 Guzman's and Mayo Zambada's cocaine loads?

3 A With different people including Juancho and German,
4 Vicente Zambada, Alfredo Vasquez, Damaso.

5 Q What about heroin? Did you have someone who distributed
6 heroin on behalf of Mayo Zambada an individual that you met?

7 A Yes, Felipe and Alfredillo.

8 Q Who is Alfredillo?

9 A Chapo's son.

10 Q Do you know his -- do you know any other names for him?

11 A Alfredo Guzman and Salazar.

12 MR. [REDACTED]: I'll show you Government's Exhibit 16,
13 move into evidence, your Honor.

14 THE COURT: You're moving it or it's in?

15 MR. [REDACTED]: No objection.

16 THE COURT: Received.

17 (Government Exhibit 16, was received in evidence.)

18 Q Who is this individual Government's Exhibit 60?

19 A That's Alfredillo.

20 Q You said he's the son of Chapo Guzman?

21 A Yes.

22 Q You mentioned someone else, another name, Damaso?

23 A Yes.

24 Q Who did you meet Damaso with?

25 A With Alfredillo.

FLORES - DIRECT - [REDACTED]

1 A Yes.

2 Q Again, same questions with the transcript, you were asked
3 to do something with these transcripts?

4 A Yes.

5 Q What's that?

6 A To review them, make any corrections.

7 Q And you did that, sir?

8 A Yes.

9 MR. [REDACTED] Why don't we play, it's a short call,
10 609A-1T.

11 (Audiotape played.)

12 (Audiotape stopped.)

13 BY MR. [REDACTED]

14 Q You hear that beeping, do you recognize that beep sound?

15 A Yes.

16 Q What is that?

17 A That's the Nextel radio, the chirp.

18 Q Who are we listening to in this call?

19 A That's my brother J. and Alfredillo.

20 Q Alfredillo, El Chapo's son?

21 A Yes.

22 Q Let's continue on, please.

23 (Audiotape played.)

24 MR. [REDACTED]: Objection, Judge.

25 MR. [REDACTED] Objection pending.

FLORES - DIRECT - [REDACTED]

1 THE COURT: I'm sorry, I didn't even hear a word.

2 MR. [REDACTED] I apologize.

3 THE COURT: Let me see.

4 MR. [REDACTED]: I think we can stop it there.

5 THE COURT: Well, I'm not sure of the objection.

6 It's in evidence, right?

7 MR. [REDACTED]: I'll withdraw the objection if there
8 is no further question.

9 THE COURT: Is there no further question?

10 MR. [REDACTED]: There is not a question about what the --
11 the end of this and we don't have to play the rest.

12 THE COURT: Okay, go ahead.

13 BY MR. [REDACTED]

14 Q You mentioned that this is your brother's and
15 Alfredillo's call, now how do you know you were present for
16 this call, sir?

17 A I remember that day, you know, I could hear my phone
18 ringing in the background.

19 Q There was like a little melody there, that was your
20 phone?

21 A Yes, I remember that ringtone.

22 Q What was that ringtone?

23 A That was my DEA handler at the time calling me.

24 Q So he's calling you in the midst of your brother
25 recording this call with Chapo's son?

FLORES - DIRECT - [REDACTED]

1 A Yes.

2 Q Now, your brother on line 6 page 2 says, All right, here
3 goes, ready. It's (333)136-1113. What is that?

4 A My brother was giving him a cell phone number.

5 Q For what purpose, sir?

6 A Where Chapo was supposed to call us on.

7 Q Was this a phone number -- did you have a phone that was
8 assigned to that (333)136-1113 number?

9 A Yes, I did.

10 Q And when you surrendered to the DEA less than a month
11 after making this call, did you turn anything in to the DEA?

12 A Yes, I turned over I believe a couple of dozen phones.

13 Q Sir, I'll actually put this down here. Showing --

14 MR. [REDACTED] Oh, Your Honor, may I approach?

15 THE COURT: Yes.

16 BY MR. [REDACTED]

17 Q Showing you what's been marked as Government's
18 Exhibit 606F. Sir, is that bag sealed.

19 A Yes.

20 Q Let's see what's inside.

21 MR. [REDACTED]: May I approach again, Your Honor?

22 THE COURT: You may. You have standing permission.

23 MR. [REDACTED] Thank you.

24 Q Sir, did you just observe me opening up that sealed bag?

25 A Yes.

PROCEEDINGS

1 (In open court; jury not present.)

2 THE COURTROOM DEPUTY: All rise.

3 THE COURT: Good morning. Let's have the jury,
4 please.

5 MR. [REDACTED] Your Honor, the jury is coming in,
6 when Mr. [REDACTED] finished, if he finishes perhaps before the
7 break can I get five minutes to set up as well?

8 THE COURT: Probably. It's a little difficult with
9 this witness because I have to send the jury out, but I'll
10 try.

11 MR. [REDACTED]: Thank you.

12 (Jury enters courtroom.)

13 THE COURT: Everyone be seated. Good morning,
14 ladies and gentlemen.

15 THE JURY: Good morning.

16 THE COURT: We'll continue with direct examination.
17 Mr. Fels.

18 MR. [REDACTED] Thank you, Your Honor.

19 PEDRO FLORES, resumed as a witness, having been previously
20 duly sworn/affirmed, was examined and testified further as
21 follows:

22 DIRECT EXAMINATION (Continued)

23 BY MR. [REDACTED]

24 Q Before we go back into these calls that you recorded,
25 Mr. Flores, I just wanted to ask you some questions about why

FLORES - DIRECT - [REDACTED]

1 you're testifying here today.

2 Sir, are you hoping to receive some sort of
3 reduction in your sentence?

4 A Yes, I'm hoping.

5 Q Has anyone promised that you'll get one?

6 A No.

7 Q Again, how many years left do you have on your prison
8 term?

9 A Two years.

10 Q What's your understanding of what you would need to do
11 just to be eligible for any additional reduction?

12 A To testify about the truth.

13 Q And what do you believe would happen if you didn't
14 testify truthfully, would you spend another two years in jail?

15 A No. I mean --

16 Q What do you think would happen?

17 A That my plea agreement would be revoked and I would spend
18 the rest of my life in prison.

19 Q Now, we talked about some of the benefits that you and
20 your family received financially. You're able to keep, I
21 think you testified, between you and your brother you were
22 able to keep \$300,000 of the debt, drug debts that you'd
23 collected; is that correct?

24 A That's correct.

25 Q What other benefits has your family received because of

FLORES - DIRECT - [REDACTED]

1 your cooperation?

2 A Protection from the government.

3 Q You're currently in some sort of a special prison
4 program; is that correct?

5 A Yes.

6 Q And has the government spent some thousands of dollars in
7 expenses to move your family?

8 A Yes.

9 Q What about any sort of immigration benefits that family
10 members have received?

11 A Yes. My brother and father have received temporary
12 visas.

13 Q A temporary visas to do what?

14 A To live here in the United States.

15 Q And that's because of your cooperation?

16 A Yes, sir.

17 Q Let's go back to those recordings. I believe where we
18 left off you had identified Government Exhibit 609F as one of
19 the cell phones you used; is that correct?

20 A That's correct.

21 Q That was the one referenced in the call that we heard
22 with the (333)131-1113 number, correct?

23 A Yes.

24 Q I want to introduce -- I don't believe with any
25 objection, Your Honor -- Government's Exhibit 609J-1, 2, 3 and

FLORES - DIRECT - [REDACTED]

1 4, which are all essentially printouts of what was already in
2 evidence as Government's Exhibit 609J.

3 THE COURT: Those are received.

4 (Government Exhibit 609J-1, 2, 3, 4, were received
5 in evidence.)

6 Q Sir, have you seen this document before today?

7 A Yes.

8 Q And this relates to your -- to the 609F cell phone that
9 you had in your hands yesterday. Do you recognize what this
10 is?

11 A Yes. It's the phone book in the phone.

12 Q So how many contacts did you have in this phone?

13 A Just two.

14 Q So that first one, in Government's Exhibit 609J-1, who is
15 that?

16 A That's the number of that phone I would just -- for me
17 just to remember, I couldn't remember all the numbers so...

18 Q Okay. And then you see there entry two with mobile
19 number (631)318-7735. Who is that assigned to?

20 A That's the man's number.

21 Q And again the man?

22 A I'm sorry, Chapo Guzman.

23 Q And I want to go through -- we'll go through the rest of
24 these calls a little bit later, but I want to go through some
25 of the dialed numbers here.

FLORES - DIRECT - [REDACTED]

3577

1 In Government's Exhibit 609J-3 you see there is a
2 call at 10/31 5:43 p.m., column number 12 it says, Me?

3 A Yes.

4 Q It's a call to yourself?

5 A Yes, I think it was part of setting up the phone.

6 Q And there are a bunch of these numbers all right after
7 that, but then on November 12th through the 14th you have
8 these calls just a couple of seconds each to 1-312-588 --

9 A I can't see it.

10 Q I'm sorry. 588-2300. What is that?

11 A That's the number for Empire Carpeting.

12 Q Why are you calling Empire Carpet?

13 A It's just a habit I picked up. I call a neutral number
14 to make sure the phone is working and I used to always dial
15 that number.

16 Q All right. So let's talk about the additional calls,
17 we'll get back to these entries in just a little bit.

18 If everyone can turn to their binders, going back to
19 the same call we were looking at before the break which was
20 609A-1T, page 3.

21 Now, again, there are some letters on the left part
22 of the transcript. If you can see there is an AG and MF. Do
23 you understand what those are codes for?

24 A Yes.

25 Q Who is AG?

FLORES - DIRECT - [REDACTED]

1 A Alfredo Guzman.

2 Q That's the man you were referring to as Alfredillo?

3 A Yes.

4 Q Then MF is?

5 A My brother, Margarito.

6 Q So on line 10 on page 3, your brother, Margarito, says,
7 Hey, how are we going to do this now? Should I tell Sucio to
8 call this guy back?

9 Who or what is Sucio?

10 A Sucio is just a name we had given to the courier at that
11 time.

12 Q So what is it that your brother is explaining to
13 Alfredillo Guzman?

14 A He's trying to set up for us to pick up the 18 kilos he
15 had -- we were supposed to receive.

16 Q Eighteen kilos of what again?

17 A Of heroin.

18 Q From whom?

19 A From Alfredillo and the man. I'm sorry, Chapo.

20 Q So explain to the jury, how did this work? You have
21 couriers, so explain the process. Does each side have
22 couriers, does one side have couriers, how does the process
23 work?

24 A Yes, both sides have couriers so what they'll do is
25 either we give each other a number and a name and usually give

FLORES - DIRECT - [REDACTED]

1 a name on who your calling on behalf of, so that's like the
2 code name, you know. So on this occasion my courier's name
3 was Sucio.

4 Q Do you know what Alfredillo and Chapo Guzman's courier's
5 name is at this point?

6 A No.

7 Q You don't know?

8 A Not yet, no.

9 Q So let's move on to the next call, which is Government's
10 Exhibit 609A-2T. I'll ask you the same questions that I asked
11 you before, did you review this call prior to today?

12 A Yes.

13 Q Is it a true and correct copy of the call?

14 A Yes.

15 Q Has it been altered in any way?

16 A No.

17 Q It's exactly how it was when you first heard it occur on
18 November 12th, 2008?

19 A Yes.

20 Q Now, again, we have a transcript, were you given an
21 opportunity to make changes if you heard something different
22 in the transcript that initially was transcribed?

23 A Yes.

24 Q To make sure that it was accurate, correct?

25 A Right.

FLORES - DIRECT - [REDACTED]

1 Q Let's play this call. And it starts right at the
2 beginning.

3 (Audiotape played.)

4 MR. [REDACTED] Pause there for a second. Pausing it at
5 1:11 or actually 1:12 in the call.

6 (Audiotape stopped.)

7 Q So who is talking, who can you hear in that exchange?

8 A I can hear Alfredillo, my brother Margarito, and I can
9 hear myself a little bit too in the background.

10 Q So you're present during -- while your brother is talking
11 to Alfredillo on the Nextel?

12 A Yes.

13 Q And Alfredillo says on line 3, Yeah, well, yeah, then
14 have them pick it up, after all he can pick it up there and
15 we'll wait there. See if he can pick it up tomorrow because,
16 as you know, it's been a while and they're waiting and they're
17 desperate.

18 What did you understand him to mean they're waiting
19 and they're desperate, desperate for what?

20 A They were desperate for us to pick up the heroin. Like I
21 testified yesterday, that this issue with the DEA not wanting
22 to pick up any more kilos of heroin so we can try to push it
23 off as much as we could, but as you can see he was getting a
24 little upset.

25 Q And why would he be upset that you hadn't acted quicker

FLORES - DIRECT - [REDACTED]

1 to pick up his heroin?

2 A Because my brother J. had given him his word that we
3 would pick them up. So a couple of -- I believe a week had
4 passed or something like that and they were wondering what was
5 going on.

6 Q Was that unusual, a week delay?

7 A Yeah, whenever they told us to pick up work we
8 immediately picked it up.

9 Q So let's see what your brother responds, the next page,
10 page 3, line 5.

11 (Audiotape played.)

12 MR. FELS: Pause there at 1:54.

13 (Audiotape stopped.)

14 Q Getting back to line 5. Your brother Margarito says,
15 Okay, man, I'm sorry, okay, I'm sorry -- no, okay, okay, what
16 if I try for tomorrow? I can tell these guys maybe they might
17 not be as busy tomorrow with receiving a car or something.
18 That's why I was saying until Thursday, but, ah, is it still
19 18 like you had said?

20 Eighteen. What is your brother talking about, 18
21 what?

22 A Eighteen kilos of heroin.

23 Q And Alfredillo responds: Yes, yes, they are there. If
24 you want, give me a number so this can be handled tomorrow for
25 sure.

1 What is Alfredillo explaining to your brother?

2 A Yeah, he's confirming that there is 18 kilos of heroin
3 and he's just asking us to give us -- give him the number for
4 our couriers so they could pick up the heroin.

5 Q Okay. I'm sorry, pardon?

6 A So he could pass the number along to his couriers and set
7 up the pickup.

8 Q So we'll continue on line 10.

9 (Audiotape played.)

10 MR. [REDACTED] Pause it there at 2:23.

11 (Audiotape stopped.)

12 Q Now your brother is saying, Hey, my guy doesn't like to
13 talk on the phone so can you just give me his name and I'll
14 tell him, hey, or I'll tell him, yeah, I'm calling on behalf
15 of Sucio. What's going on there?

16 A Yeah, so the norm would be for us to give the couriers
17 numbers so they could speak to each other. My brother and I
18 tried to put up a wall between our couriers and their
19 couriers.

20 Q Why is that?

21 A So if they were ever being recorded or their couriers
22 were working for the DEA or something they would not have any
23 conversation with my courier, you know. So we called them
24 ourselves from Mexico and I would usually set up the pickup
25 and the drop.

FLORES - DIRECT - [REDACTED]

1 Q So, in other words, were you instructed by your handlers
2 in the DEA to say, hey, have him talk to us, have his courier
3 talk to us?

4 A Yes.

5 Q Just to preview for the jury a little bit, did
6 Alfredillo's and Chapo Guzman's courier ultimately talk to
7 you?

8 A No. Wait a minute, yes. I'm sorry. I did talk to them.

9 Q We'll get to that call in just a moment.

10 Let's continue on with, I think we're at line 14.

11 (Audiotape played.)

12 (Audiotape stopped.)

13 Q Alfredillo is saying, Okay, see if you can get that
14 handled.

15 What is he saying?

16 A Essentially he's saying, you know, so pick up this load
17 already, these kilos of heroin, pick them up.

18 Q Why don't we continue on -- okay, let me just take a step
19 back. On line 5, just skip ahead here. Line 5. So on line 5
20 if you take a look your brother says, Margarito, hey, yeah, so
21 I can -- I can give it to you tomorrow for sure, man. Hey,
22 what was I going to tell you, um, about the device, the one I
23 gave you? I thought El Senor was the friend that was
24 already -- was going to call me and I've been carrying it with
25 me. I've had that one in my pant pocket every day, but he

FLORES - DIRECT - [REDACTED]

1 hasn't called me.

2 What's going on?

3 A That's page 5, right?

4 Q Yes, page 5, line 19.

5 A Yes, oh, he's saying the number we had passed along where
6 Chapo was supposed to call us on, that's what he was referring
7 to.

8 Q He's saying he hadn't gotten the call yet?

9 A Yeah, he hadn't gotten the call yet.

10 Q And Alfredillo says, Oh, maybe he forgot. I will give --
11 remind him that you asked me.

12 What's he mean by that?

13 A Maybe Chapo forgot to call us and that he was going to
14 remind his father to call us.

15 Q Let's skip ahead. The rest of transcript is in evidence
16 as is rest of the call. So let's play the next clip.

17 Hold on, I think this is page 8. Page 8, it should
18 be line 43. Let's continue on.

19 (Audiotape played.)

20 (Audiotape stopped.)

21 Q Why don't we pause it at one. Going back to line 43 on
22 page 8, who is this speaking, that clip that we heard at the
23 top?

24 A That's me.

25 Q And you're telling Alfredillo, My brother did ask you

FLORES - DIRECT - [REDACTED]

1 about whether El Senor can call us?

2 A Yes.

3 Q Again, El Senor?

4 A Chapo.

5 Q And you say: I wanted to talk to him to see if we could
6 come to some sort of an agreement about that because I wanted
7 to tell him if -- if I pay for him, you know, a little in
8 advance or something similar, if I pay for them right away
9 whether he can give me a break on the price.

10 What are you doing there?

11 A I was just trying to find a way to get Chapo on the
12 phone, so I was telling him that we can negotiate the price of
13 the kilos or I could even pay for some upfront.

14 Q And then you continue on: Because, you know, a lot of
15 people have been arriving with that here and they're all at
16 the same number, you know.

17 What do you mean arriving with what?

18 A With heroin. There was a lot of people bringing heroin
19 to Chicago at the time.

20 Q So it's harder to compete right now. What's most
21 important to us is the quality, I mean for them to be good but
22 we'll have to see what El Senor has to say.

23 Again, explain to the jury what are you explaining
24 to Alfredillo?

25 A I'm asking him I do want a cheaper price but I don't want

FLORES - DIRECT - [REDACTED]

1 a cheaper quality, so unless they bring something with better
2 quality then I'm happy to pay the same price.

3 Q And Alfredillo on line 45 says, Of course the number and
4 then we can, and we'll skip ahead to line 50, you pass along
5 that same number again (333)136-1113, right? And that's --

6 A Right.

7 Q -- again the same phone number as in the first call?

8 A Yes.

9 Q Why are you passing along that number again?

10 A Again, so I could have the man call me, Chapo call me.

11 Q Do you remember, what did you agree to pay Chapo for
12 these 18 kilos, what was the agreement?

13 A 55,000 a kilo.

14 Q So by saying I wanted to renegotiate, you wanted to get a
15 cheaper price; is that correct?

16 A Yes.

17 Q Now you testified earlier that you ultimately did get in
18 touch with Chapo and Alfredillo's courier; is that correct?

19 A Yes.

20 Q We're going to skip ahead to call number 609A-3T.

21 Did you review this call prior to today?

22 A Yes.

23 Q Is this call a true and accurate copy of the recording
24 that you made?

25 A Yes.

FLORES - DIRECT - [REDACTED]

3587

1 Q And is it a true and accurate representation of the call
2 that you had with the courier?

3 A Yes.

4 Q Has it been altered in any way?

5 A No.

6 Q And, again, you were participating in making whatever
7 necessary corrections to the transcription?

8 A Yes.

9 Q Why don't we play this call, start with this call.

10 (Audiotape played.)

11 MR. [REDACTED] Pause it at 15.

12 (Audiotape stopped.)

13 Q That was the same ringtone that we heard before, wasn't
14 it?

15 A Yes.

16 Q Who is it that you were talking to in English?

17 A To my DEA handler.

18 Q Again, this at the same time you're making a call with
19 another phone, correct?

20 A Yes.

21 Q Let's continue on with the call.

22 (Audiotape played.)

23 (Audiotape stopped.)

24 Q Why don't we pause there at 1:11.

25 Do you know who you're talking to at this point?

FLORES - DIRECT - [REDACTED]

1 A No.

2 Q You never identified this individual --

3 A No.

4 Q So you don't know where the name Gerardo Baez-Leyva comes
5 from?

6 A I do remember him, I believe he was indicted in my case
7 as well, yeah.

8 Q But you don't --

9 A I don't know him.

10 Q You didn't identify him?

11 A No.

12 Q Let's move on. But who is this individual, BL, who is
13 this talking or what's his role?

14 A He's just a courier.

15 Q And again whose courier is this?

16 A Chapo's and Alfredillo's.

17 Q So you say on line 5 on page 2, that you're on behalf of
18 Sucio. What are you doing there?

19 A That was the name I had given him, so I'm letting him
20 know that I'm calling on his behalf so they know what I'm
21 talking about. They're expecting my call.

22 Q And you say on line 11, I'm going to send the guys. You
23 tell me because I'm down here, you tell me where I -- I should
24 send them now so that they can get going -- going over there.

25 Let's talk about the "here" and "over there." I'm

1 going to send the guys because I'm down here. What does that
2 mean?

3 A I'm telling them that I was in Mexico and --

4 Q And you say: You tell me where I should send them now so
5 they can get going -- going over there.

6 Where is over there?

7 A In the pickup spot, whatever spot he was going to choose.

8 Q In which city?

9 A In Chicago.

10 Q And he responds: Tell them they should start heading
11 towards -- over towards Noa Noa. What is Noa Noa?

12 A It's a nightclub in Chicago.

13 Q And you talk about Mannheim and Lake. What is Mannheim
14 and Lake?

15 A It's a streets in Chicago, right outside the airport.

16 Q Which airport?

17 A O'Hare Airport.

18 Q And then on line 17 you say: Over -- over by Mannheim
19 and Lake. If you want, I can call you when the guys are there
20 and I can call you when they are 15 to 20 minutes from there,
21 we can make the final plans, okay?

22 What are you suggesting to Chapo and Alfredillo's
23 courier there?

24 A That once my courier gets in that area I was going to
25 call him back so we can make the final arrangements.

1 Q Why don't we continue on with the call, please.

2 (Audiotape played.)

3 (Audiotape stopped.)

4 Q What's going on in that portion of the transcript or that
5 portion of the call I should say?

6 A Well, the courier asked me, um, if my workers didn't have
7 a cell numbers themselves so he can communicate with them.

8 Q And you say: No, the thing is I just go ahead and call
9 because I don't like for them to be calling people.

10 A Yeah.

11 Q What are you doing there?

12 A Again, I'm putting up a wall between the couriers, my
13 couriers and his couriers. And on this occasion my courier
14 was going to be a undercover agent.

15 Q So why was it important for you to say, Hey, let me go
16 ahead and call because I don't like for them to be calling
17 people?

18 A I didn't know the agent that was going, I had no
19 communication with him at the time so I didn't want nothing to
20 go wrong.

21 Q Okay. And then you arrange, look, when they are about 15
22 to 20 minutes away I'll call you so that you're ready, you say
23 on line 27, page 4.

24 Sir, what did you do immediately after this call?

25 A I called the agent.

ALEX CIFUENTES - DIRECT - MS. [REDACTED]

1 Q Have you ever heard of something called the Sinaloa
2 Cartel?

3 A Yes.

4 Q Did you have a relationship with the Sinaloa Cartel?

5 A Yes.

6 Q What was your relationship?

7 A I worked for Mr. Joaquin Guzman Loera.

8 Q What did you do for Joaquin Guzman Loera?

9 A I would buy drugs for him, and then I would sell them for
10 him later on.

11 Q Which drugs did you buy and sell for Joaquin Guzman?

12 A I helped him buy cocaine, ephedrin, and I helped him sell
13 cocaine, heroin, and ice.

14 Q During what period of time did you work for Joaquin
15 Guzman Loera?

16 A I worked since mid 2007 up until the day I was arrested.

17 Q When were you arrested?

18 A I was arrested in November 2013.

19 Q Did you ever hear the defendant describe what you did for
20 him?

21 A Yes.

22 Q How did he describe your role?

23 A He would describe me as his secretary, his right-hand
24 man, and his left-hand man.

25 Q When you worked for Joaquin Guzman, what name did you use

Valdez Rios - direct - [REDACTED]

6164

1 them. Afterwards, he sent me to be in charge of security for
2 his sons, Ivan and Alfredo. And lastly, I became a pilot.

3 Q During the time that you worked for the defendant, did he
4 or any of the people that worked for him have any nicknames
5 for you?

6 A Yes, they called me Memin or Memo.

7 Q Okay. I want to discuss with you the charges against
8 you. How long, first of all, have you been in a prison
9 facility in the United States?

10 A Four years and 10 months.

11 Q Do you remember the date you were arrested?

12 A It was March 24, 2014.

13 Q And do you remember where you were arrested?

14 A Yes, at the airport in Bogota, Colombia, El Dorado.

15 MR. [REDACTED]: Just for the witness only.

16 Q Showing you what's been marked as Government Exhibit 96.

17 MR. [REDACTED] No objection, Your Honor.

18 MR. [REDACTED] Your Honor, at this time, I would ask
19 that be received in evidence.

20 THE COURT: Received.

21 (So marked.)

22 Q Who is that?

23 A Me.

24 Q How did you get here to the United States?

25 A Well, as I said before, I was arrested in Bogota,

Valdez Rios - direct - [REDACTED]

6167

1 A Yes, that's right.

2 Q Outside of that, has the government provided any benefits
3 to any members of your family in exchange for your
4 cooperation?

5 A Yes, that's right. They took them out of Mexico and they
6 put -- they located them in a safe place.

7 Q In preparing to testify here in court today, have you met
8 with the government to discuss your testimony?

9 A Yes, sir.

10 Q Have you also met with the government to just discuss
11 information that you had generally?

12 A Yes, sir.

13 Q If you can estimate, how many times do you think you've
14 met with the government?

15 A Some 25 or 30 times approximately.

16 Q Okay. You testified earlier you started working for the
17 defendant in 2004. What role did you start working for the
18 defendant in?

19 A In his security circle in the mountains.

20 Q What were your job duties as a member of the defendant's
21 security circle?

22 A To provide security to Mr. Joaquin, Chapo Guzman. If the
23 use of weapons was needed, we would use them against a
24 possible attack from the enemies or the government.

25 Q Did you have any prior experience that qualified you to

Valdez Rios - direct - [REDACTED]

6168

1 work in this type of capacity?

2 A Yes. I had belonged to the army, to the special forces.

3 Q A moment ago, you said you might have to protect the
4 defendant from his enemies. Who are his enemies?

5 A Members of other cartels.

6 Q Before you began working for the defendant, did you know
7 that it was him specifically you would be working for when you
8 accepted this job?

9 A Not initially.

10 Q So did you believe you were going to be working for some
11 legitimate business or company in security?

12 A No, I knew it was illegal but I did not know it was for
13 him.

14 Q So tell us, where did you go to report on your first day
15 of work for the defendant?

16 A Okay. The first day, I received a phone call from a
17 person named or nicknamed Fantasma. He told me to get ready
18 and that the time had come for me to go to the mountains.
19 They came to pick me up in my house. I was driven to a
20 landing strip in the outskirts of Culiacan in Sinaloa. We
21 were Fantasma, two other people and me together.

22 Q Go ahead. Where did you go from there?

23 A A Cessna, a small plane was waiting for us. We got on
24 the Cessna plane and we flew towards the mountains.

25 Q I'm going to show you what's in evidence as Government

1 another person. And I'd like to show you what's marked as
2 Government Exhibit 10 for identification.

3 (Exhibit published to the witness.)

4 Q Do you recognize this person?

5 A Yes.

6 Q Who is that?

7 A Conejo.

8 Q Do you know what person's full name?

9 A Yes.

10 Q What is that?

11 A Harold Poveda. He's Colombian.

12 MR. [REDACTED] No objection.

13 THE COURT: Received.

14 (Government's Exhibit 10 received in evidence.)

15 Q Who is Harold Poveda or Conejo, as you described him?

16 A A friend and a very important partner of Arturo
17 Beltran.

18 Q What kinds of things did he do with Arturo Beltran?

19 A They trafficked cocaine.

20 Q Now during this period of internal fighting between the
21 Beltran Leyva side and the Chapo Mayo side, what, if
22 anything, happened with Conejo?

23 A He stayed on the Arturo Beltran's side.

24 Q And were there ever any attempts to arrest him?

25 A Yes.

1 A When I started growing, they started to send me
2 quantities of 100 to 200 kilos, up to 1,000 kilos.

3 Q At this point, were you working for a cartel or were you
4 working independently?

5 A No, I worked independently.

6 Q In the entire amount of time when you were working by
7 yourself prior to working with the Sinaloa Cartel, how much
8 money did you make from selling cocaine?

9 A I earned around 10 -- 10 million to 15. I don't
10 remember.

11 Q Is that in US dollars or in pesos?

12 A No, in dollars.

13 Q How did you begin working with the Sinaloa Cartel?

14 A I started working for the Sinaloa Cartel because I was
15 independent -- independent at that time and then
16 Arturo Beltran Leyva realized that I was working
17 independently, that it was just me by myself. So he orders me
18 killed at that time. I'm being looked for so they can kill
19 me.

20 Q Why did Arturo Beltran want to kill you?

21 A Because I was working independently and I was also
22 bringing down cocaine on fast boats to the coast of
23 Acapulco Guerrero.

24 Q Was that a problem for Arturo Beltran Leyva that you were
25 bringing those fast boats?

1 A Yes, because he was the one who controlled that plaza in
2 Acapulco and had control over that entire coast from Huatulco
3 to Ixtapa to Zihuatanejo, practically.

4 Q Had you sought his permission to bring your fast boats
5 into that area?

6 A No, I didn't -- I didn't have the contacts to approach
7 him, but I did know that he controlled the area, we still did
8 it several times and then he realize we were doing it.

9 Q So how did you avoid being killed by Arturo Beltran?

10 A I contacted a friend that I knew who was close -- was
11 close to Mayo Zambada and I explained the situation to him. I
12 told him Arturo is going to kill me. So I wanted him to help
13 me with Mayo so we could solve this situation.

14 Q How did you solve the situation?

15 A My friend spoke to Mayo and explained the situation to
16 him that I was asking for this favor. So Mayo authorized for
17 me to attend a meeting. We go to the meeting with Mayo.
18 While I was there with Mayo, Hector Beltran was there, as
19 well. I explained this to Mayo and he was -- you know, he had
20 a really good vibe, we were on very good terms. Hector was
21 upset. You could see how angry he was.

22 At the meeting, I told Mayo that I wanted to report
23 the work that I was doing that if he gave me a chance, I had
24 these cargos, these shipments coming in, and that if he wanted
25 to, I could send those shipments to him.

1 Q So did you begin working for Mario Pineda Villa?

2 A Yes, that's when I started working with Mayo Zambada, and
3 by that very same day, we started talking about some
4 shipments, some business, some deals that were coming in,
5 fishing boats.

6 MR. [REDACTED]: I'd like to show the witness what's
7 already in evidence as Government Exhibit 5.

8 Q Do you see a photograph on your screen?

9 A Yes.

10 Q Who is that?

11 A That's Mayo Zambada.

12 Q Did you begin doing shipments for Mayo after this
13 meeting?

14 A Yes, we started sending him ships with 9 tons of cocaine.

15 Q How long did you do shipments with Mayo Zambada for?

16 A It was about maybe a year because then I left. I asked
17 Mayo for a favor. I was still scared of Hector, I was scared
18 he would hurt me, so I asked Mayo as a favor if I could go to
19 Colombia and he helped me go to Colombia so I could work from
20 Colombia and send -- and continue to send him things.

21 Q Can you remind us who Hector is?

22 A He was -- Hector Beltran, AKA Elegante, he was the
23 brother -- I don't know, younger, he was younger than Arturo.
24 He was his trusted brother. There were three of them, Arturo,
25 Hector, and Alfredo.

1 A Yes, that's correct. So, Arturo would tell Mayo well,
2 send me some for 500 kilos, or he would tell Chapo, well, send
3 me some for 1,000 kilos, and that's how he would have everyone
4 participate.

5 Q At this time when you started working for Arturo Beltran,
6 how is the relationship between Arturo Beltran and Chapo and
7 Mayo?

8 A Well, it was excellent. It was quite a unique union.
9 They would help each other, they would do favors for each
10 other, they would invite each other to meetings. It was
11 wonderful.

12 Q What was your role, specifically, in these shipments of
13 cocaine from Colombia to Mexico?

14 A Well, my role was, like, to liaise between the top
15 Colombian narcos with the top Mexican narcos. So I was sort
16 of conditioned to speak to the Colombians and I would tell
17 them, hey, why don't you invest, like, on a 5-ton load, and
18 then they would ask the others to invest another 5 tons, and
19 that's how we would prepare the large loads.

20 (Continued on the following page.)
21
22
23
24
25

1 A Well, the house at the Desierto de los Leones, that was
2 seized. But other houses I had, the Feds, the one that they
3 made me show them on the screen with Google, those were
4 rented, but they went and looted everything that was in there.

5 Actually, this is something I've never said before
6 and it's about the Desierto de los Leones house. I haven't
7 even told the Government, the prosecutors about this, and that
8 is at that house, Bayardo, right when they had family members
9 and workers in custody there, they beat them, tortured them,
10 kept them for two days, Bayardo said to my father are you the
11 father of that son of a bitch Cornejo.

12 MR. [REDACTED]: Judge, can I interrupt? Can I try
13 to ask you to answer the question that I am asking?

14 THE COURT: Yes. It is very important, sir, that
15 when you are asked a question that calls for a yes-or-no
16 answer, you only answer yes or no if you can.

17 If you can't, then you just say I can't answer yes
18 or no.

19 THE WITNESS: Okay, Your Honor.

20 MR. [REDACTED] I just have a few questions before
21 we are going to take a break. It shouldn't be too
22 controversial here.

23 Q You have lots of money to spend because you made a lot of
24 money drug dealing; right?

25 THE INTERPRETER: Counsel, can you repeat the

1 A Yes, sir.

2 Q And you were various cartels sort of Colombian contact,
3 right?

4 A Yes, sir.

5 Q You're the ones with the contacts to the Colombia
6 suppliers?

7 A Yes, sir.

8 Q And you specialized in getting cocaine to Mexico without
9 getting it seized, right?

10 A No, no, we're not understanding each other there.

11 Q Well, you were really good at your job. Your cocaine
12 didn't get seized very often, right?

13 A Yeah, there were seizures but we were able to get there
14 more than was seized.

15 Q All right. So that's why you shipped successfully more
16 than one-million kilos of cocaine to this country?

17 A Yes, I mean, that's what I pled guilty to, to more than
18 one-million kilos.

19 Q Probably a lot more than that, isn't it?

20 A Could be, yes.

21 Q And you were very proud of how good you were, right?

22 A We can say so.

23 Q And your nickname, Conejo, that means rabbit in English,
24 right?

25 A Yes, yes.

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 THE COURT: Everyone be seated. Continue with
2 direct examination.

3 [REDACTED]: Thank you, your Honor.

4 BY [REDACTED]

5 Q Mr. Lopez, before the break we were talking about you
6 coordinating loads with the Colombians. Do you remember that?

7 A Yes.

8 Q How were these loads being transported from Colombia?

9 A Some of them took place by submarine, boats, and planes.

10 Q Did you ever talk to the defendant about whether there
11 was anyone else coordinating loads for him?

12 A Yes.

13 Q Who did he say was also coordinating loads for him?

14 A Juancho, one of my Compadre's cousins.

15 Q What did Juancho do for the defendant?

16 A He coordinated with Mr. Zambada, Julio Beltran, Nacho
17 Coronel, Nene Jaramillo, and Vicente Zambada.

18 Q Showing what you what is in evidence as Government's
19 Exhibit 58, who is this?

20 A Juan.

21 Q What is his full name?

22 A Juan Guzman Rocha.

23 Q What nicknames do you know him by?

24 A Virgo and Juancho.

25 Q You mentioned that you were coordinating loads that came

Valdez - direct - [REDACTED]

6176

1 usually be military people around us. So if the military were
2 coming closer to where we were -- and at the time the
3 assistants, well, they had communication radios. And all
4 throughout the mountains, the different towns, everyone had,
5 like, CB radios. And they were actually telling you
6 constantly, hey, the guachos, the military people, are on the
7 way and there were people who would actually let us know
8 they're on their way, they're coming closer to where you're
9 at. So we would just simply step aside so that they would go
10 by and then we would go back to that original location.

11 Q Were you aware of any individuals who regularly provided
12 information about incoming government operations?

13 A Yes.

14 Q How were you aware of those individuals?

15 A Well, that came afterwards once I became assistant to
16 Mr. Joaquin Chapo Guzman and it was later on, you know, when I
17 was the assistant that I found out who would be providing
18 information about direct government operations against
19 Mr. Joaquin.

20 Q Who provided direct information about government
21 operations against the defendant?

22 A Well, it was Licenciado Damaso. And Ismael Mayo Zambada
23 through Virgo.

24 Q Okay. Let's take a look first at Government Exhibit
25 11-A. Do you recognize this?

Valdez - direct - [REDACTED]

6177

1 A Yes.

2 Q Who is that?

3 A That's Licenciado Damaso.

4 Q To your understanding, what was Licenciado Damaso's role
5 in the organization?

6 A He was a right-hand man -- actually, the right-hand man
7 of Mr. Joaquin Chapo Guzman.

8 Q Okay. I'm going to show you what's in evidence as
9 Government Exhibit 58. Do you recognize that?

10 A Yes.

11 Q Who is that?

12 A Virgo.

13 Q Did you know Virgo by any other names?

14 A Yes, we would call him Juancho.

15 Q And what was Juancho's role within the organization?

16 A Well, when Mr. Joaquin Chapo Guzman needed to get in
17 touch with Mr. Mayo Zambada, the communication was first
18 through Virgo.

19 Q You described for us a minute ago the first encampment
20 you went to was called El Cielo?

21 A Yes.

22 Q Were there other encampments?

23 A Yes, there were others. One that was called Bastantita.
24 Another town -- I mean, I just remember the areas around it.
25 It's called Coluta, but I don't remember the exact name.

1 MR. [REDACTED]: There are two clarifications, just so
2 we don't make -- so I don't make a mistake.

3 THE COURT: Well, I'm in favor of you not making a
4 mistake.

5 MR. [REDACTED]: You know, I don't really intend to
6 make mistakes, but sometimes they happen.

7 THE COURT: They do. I have had that experience
8 myself.

9 MR. [REDACTED]: It's a condition of humanity.

10 So one of the things that happened back in '09 was
11 the disclosure by the defendant -- it's identified in the
12 communications that you saw, Your Honor of DEA agents in
13 country -- in the country, and it was -- I expect that

15 getting information from a Mexican intelligence official and
16 that -- or that Edgar Valdez became aware of that because a
17 Mexican intelligence official -- or Mexican officials I
18 should say, corrupt officials, released that information to
19 the cartels: Photographs, names. Real names, not their
20 undercover names.

21 And that was something that was transmitted
22 who then transmitted it to the government. It wasn't
23 something used as a negotiating tool. It was done for all
24 the right reasons, I would argue and will argue, to save
25 lives and to disclose.

CIFUENTES VILLA - DIRECT - [REDACTED]

1 A So I was a supervisor for Don Efrain Hernandez for the
2 North Valley Cartel for the shipment of cocaine by airplane.

3 Q What was your special responsibility back in 1988?

4 A Well, I had to verify that the air strip was the correct
5 size, that the fuel was ready with the gas pumps there ready
6 to refuel the planes, food for pilots. And make sure the
7 Mexicans weren't drunk.

8 Q What part of Mexico were you working in 1988?

9 A In Culiacan, Sinaloa.

10 Q Did there come a time in 1988 that you met a man who
11 later became a high-ranking leader of the Sinaloa Cartel?

12 A Yes, sir.

13 Q Who was that?

14 A Ismael Zambada.

15 Q How did you come to meet Ismael Zambada?

16 A The first time I met him was at air strip in Culiacan
17 when we were receiving some airplanes with cocaine from
18 Colombia.

19 Q Does Ismael Zambada have a nickname?

20 A Mayo.

21 Q Who was he, Mr. Mayo Zambada, working with at that time?

22 A With Balthazar Diaz.

23 Q So did you meet Mr. Mayo Zambada one time or many times?

24 A A lot of times.

25 Q Showing you what is already in evidence which is

CIFUENTES VILLA - DIRECT - [REDACTED]

1 Government's Exhibit 2A, who is depicted in Government's
2 Exhibit 2A?

3 A Ismael Zambada, El Mayo Zambada.

4 Q What did you wind up doing with Mayo Zambada in 1988?

5 A I received planes with cocaine that trafficked drugs.

6 Q Tell the jury, was there an incident that caused you to
7 become close with Mayo Zambada?

8 A So on one occasion we were done off loading planes. We
9 were getting ready to leave the air strip area that was in the
10 area of Sonora Navojoa, and we ran into an army road block on
11 the road. We were in a truck with three seats. Mayo was
12 driving, I was in the middle, and a compadre of his was next
13 to that.

14 And right getting to the road block, Mayo turned
15 around and started trying to flee. So the army starts
16 shooting. And I dived towards the passenger's feet. And he
17 keeps driving for like more than half an hour. And I was
18 still hiding down by the passenger's feet.

19 And he said, Jorge, you can come up. It's all done.
20 And he thought that was very funny so he would tell all his
21 friends and compadres about it because I was such a coward.

22 Q Did you wind up meeting someone in Mexico with whom you
23 developed, someone else in Mexico, who you developed a close
24 relationship?

25 A Yes, sir.

CIFUENTES VILLA - DIRECT - [REDACTED]

1 THE WITNESS: Jorge Milton Cifuentes Villa.

2 J-O-R-G-E, M-I-L-T-O-N, C-I-F-U-E-N-T-E-S, V-I-L-L-A.

3 COURTROOM DEPUTY: You may be seated.

4 THE WITNESS: Thank you.

5 THE COURT: You may inquire.

6 MR. [REDACTED]: Thank you, your Honor.

7 DIRECT EXAMINATION

8 BY MR. [REDACTED]:

9 Q Mr. Cifuentes, where were you born?

10 A In Medellin, Colombia.

11 Q How old are you, sir?

12 A Fifty-two years old.

13 Q What is your highest level of education?

14 A High school.

15 Q What languages do you speak?

16 A I speak Spanish and a little bit of English, I'm
17 learning.

18 Q Do you feel more comfortable continuing this examination
19 in Spanish, sir?

20 A Yes, sir, please.

21 Q Sir, are you currently in custody?

22 A Yes, sir.

23 Q When were you arrested, sir?

24 A I was arrested November 8, 2012, in Venezuela.

25 Q How did you come to be here today?

CIFUENTES VILLA - DIRECT - [REDACTED]

1 Q Please explain.

2 A It became a problem, because the para-militaries decided
3 they wanted me to continue being their weapons provider.

4 Q So why did that become a problem?

5 A Well, because in reality the para-militaries were not
6 fighting the guerrilla, they were just control of certain
7 areas for the cocaine trafficking. They wanted me to continue
8 to provide them with weapons.

9 Q So what did you decide to do for your safety at that
10 point?

11 A To go back to Mexico.

12 Q What kind of business did you want to do in Mexico?

13 A Drug trafficking.

14 Q What did you need to do to get reestablished in Mexico
15 now several years later?

16 A Well, I needed to recover the infrastructure, especially
17 the tuna fishing boats that I had left to Humberto Ojeda's
18 widow.

19 Q What were these tuna fishing boats for?

20 A In order to be able to pick up the cocaine down south,
21 right across from Colombia.

22 Q You mentioned that they were left with Humberto Ojeda
23 with his widow; is that correct?

24 A She wasn't really in charge of the tuna fishing boats,
25 but actually I delivered that to her as the inheritance

SIDEBAR CONFERENCE

1 known for was the fact that he had all the connections to
2 corrupt officers in the Colombian military and law
3 enforcement?

4 A Yes, sir.

5 Q And you benefited from this as well because you were
6 part -- you were dealing drugs with Pacho?

7 A Yes, sir, that's correct.

8 Q And you yourself -- sorry. You, yourself, bribed any
9 number of high ranking military officers in Colombia?

10 A No, sir, not as far as I remember.

11 Q You didn't bribe any one in the military in Colombia?

12 A Not as far as I remember. I got those documents from the
13 prison and stuff, but those weren't military people, no. In
14 Ecuador I did.

15 Q Excuse me. I apologize. You bribed military men in
16 Ecuador?

17 A Yes, sir.

18 Q And you had bribed attorney generals in Colombia?

19 A In Mexico.

20 Q I apologize, thank you.

21 You bribed an attorney general, a prosecutor in
22 Mexico, correct?

23 A Yes, sir.

24 Q And you bribed the police?

25 A Whenever it was needed, yes, sir.

Cifuentes Villa - cross - [REDACTED]

3198

1 A Yes, sir, that's correct.

2 Q And didn't you tell the Government that Flaco had Mexican
3 federal police on his payroll?

4 A Yes, sir. Seventy federal officers.

5 Q He had 70 federal officers, Mexican federal officers, on
6 his payroll?

7 A Yes, sir, at his order as his service, and I paid the
8 payroll.

9 Q So you paid for his 70 Mexican federales that answered to
10 him?

11 A Yes, sir. The federals did not know that they worked for
12 me.

13 Q He sent those federals to kill you; isn't that true?

14 A That's correct, yes, sir.

15 Q But you turned the tables on Flaco, didn't you?

16 A That's correct.

17 Q You paid those same Mexican federal police \$500,000 to
18 bring Flaco to you, correct?

19 A Yes, sir, that's correct.

20 Q And he turned over -- and he was brought back to you in
21 Monterrey, Mexico?

22 A That's correct, yes, sir.

23 Q And he turned over property to you to make up for the
24 cocaine that he stole from you, correct?

25 A No, sir. That's another small mistake that the notes

Cifuentes Villa - cross - [REDACTED]

3199

1 have. Can I correct it, or --

2 Q The notes that are based on your debriefings?

3 MR. [REDACTED] Objection, Your Honor.

4 THE COURT: Sustained.

5 BY MR. [REDACTED]

6 Q You didn't order him killed, you claim.

7 A No, sir. We organized our accounting and I owed money to
8 him. The properties that he turned over to me were the
9 warehouses and the things that he was in charge of.

10 Q One of your brother's men named Lulu stabbed him to
11 death, didn't he?

12 A Yes, sir, that's correct, and besides two more people
13 that were with him.

14 Q So three people got stabbed to death?

15 A No. Three people stabbed Juan de Dios Rodriguez.

16 Q Three people that worked for Fernando, your brother, who
17 you had no control over?

18 A These people were working for me at this time.

19 Q They weren't working for Fernando?

20 A They were workers for Fernando.

21 Q And you felt bad about this because you promised his
22 father -- Flaco's father -- on his death bed that you would
23 take care of Flaco, correct?

24 A That's correct, yes, sir.

25 Q Does the murder of Flaco still weigh heavily on your

Cifuentes Villa - cross - [REDACTED]

3200

1 conscience today?

2 A And every murder that I have committed, too, yes, sir.

3 Q Do you recall that in 2010 you had a colonel in the
4 Colombian National Police who provided security for you?

5 A Yes, sir. That's correct.

6 Q And you used officers from that man's unit to provide
7 security for you, correct?

8 A Yes, sir, that's correct.

9 Q And that colonel in the Colombia National Police also had
10 an armored car, one of the official armored cars used for your
11 security?

12 A No, sir. The car was mine.

13 Q The car was yours?

14 A Yes, sir, that's correct.

15 Q Can I refresh your recollection that you told the
16 Government that it was an armored car from the national police
17 that was used for your security?

18 MR. [REDACTED] Objection, Your Honor.

19 THE COURT: Sustained.

20 BY MR. [REDACTED]

21 Q This colonel, the Colombian National Police, he
22 introduced you to an officer in the Colombian Air Force,
23 correct?

24 A That's correct, yes, sir.

25 Q And this Colombian Air Force officer offered to fly you

Cifuentes Villa - cross - [REDACTED]

3202

1 Government, and the Colombian Air Force provides the service.

2 Q Was this mining business fueled by drug proceeds?

3 A No, sir.

4 Q Completely legitimate business?

5 A The mining one, yes. It was mining with indigenous
6 people, but all of my money is from drug trafficking.

7 Q So the money that you used to start up your mining
8 business came from drug trafficking, correct?

9 A Yes, sir, that's correct.

10 Q And that mining business ended up on the OFAC list, if
11 you recall?

12 A Yes, sir, that's correct.

13 Q And it was seized by the Colombian Government, wasn't it?

14 A Yes, sir, that's correct.

15 Q So can we agree that it was not a legitimate business?

16 A I don't know, sir.

17 Q So you think that maybe the Colombian Government made a
18 mistake when they acted under OFAC to take that business from
19 you?

20 A No. No, sir.

21 Q They didn't make a mistake?

22 A No, sir.

23 Q Do you recall in 2008 you were negotiating with someone
24 who you thought was a high-ranking airport commander in
25 Ecuador, correct?

Cifuentes Villa - cross - [REDACTED]

3203

1 A Yes, sir, that's correct.

2 Q Do you remember the man's name?

3 A No, sir.

4 Q Was it Joselito Peralta?

5 A Yes, sir, that's correct.

6 Q And you were negotiating with this man to reach a deal to
7 allow you to use the Ecuador airport to safely move your
8 cocaine in and out of that airport, correct?

9 A Yes, sir, that's correct.

10 Q Was that legal at the time in Ecuador?

11 A No, sir.

12 Q And you were introduced to this airport official by
13 someone you knew as El Paisano?

14 A Yes, sir, that's correct.

15 Q Do you know El Paisano's real name?

16 A No, sir.

17 Q Now, you came to learn that, in fact, you were being
18 defrauded by this supposed Ecuadorian airport official,
19 correct?

20 A Yes, sir, that's correct.

21 Q He was not who he claimed to be, correct?

22 A Correct.

23 Q So you sent a picture of this man's mug shot to
24 El Paisano?

25 A No, sir.

Cifuentes Villa - cross - [REDACTED]

3204

1 Q You didn't send a picture with the man's criminal case
2 number on it and documents with his arrest charge to help
3 El Paisano?

4 A It was shown to him on the screen -- on the computer
5 screen with his inmate name -- number. The guy who supposedly
6 was a colonel in -- at Quito Airport.

7 Q So you sent that picture to El Paisano, correct?

8 A To Milton Martinez who then showed it to Paisano, yes,
9 sir.

10 Q Did you send that picture to Milton Martinez?

11 A Yes, sir, that's correct.

12 Q So, again, long story short, you sent the picture of the
13 man's mug shot to El Paisano through Milton Martinez, correct?

14 A Yes, sir, that's correct.

15 Q And you did it to challenge the man's claim that he was
16 indeed an airport official, correct?

17 A Yes. Yes, sir, that's correct.

18 Q And you know who Raul Jimenez is, correct?

19 A Yes, sir.

20 Q He had a plane in Bogota?

21 A He owned a catering business that provided services at
22 El Dorado Airport in Bogota.

23 Q He had experiences with planes to move drugs, didn't he?

24 A Yes. With Don Joaquin, yes, sir.

25 Q He had a lot of experience with planes to move drugs,

Cifuentes Villa - cross - [REDACTED]

3205

1 correct? I'll ask that again.

2 A Yes, sir, that's correct.

3 Q Tell me something --

4 THE COURT: Wait. Wait. Okay. Now go.

5 BY MR. [REDACTED]

6 Q When I ask you a question, a "yes" or "no" question, do
7 you think it helps your cause to throw in Joaquin Guzman's
8 name at the end when I ask you a "yes" or "no" question?

9 MR. [REDACTED] Objection.

10 THE COURT: Sustained. Sustained.

11 Don't answer.

12 BY MR. [REDACTED]:

13 Q Now, Raul Jiminez also had DEA connections who gave him
14 information, correct?

15 A Yes, sir, that's correct.

16 Q Which you used as well.

17 A No, sir.

18 Q You didn't use any of his DEA information?

19 A The mug shot of the guy -- of the guy from the airport,
20 yes, sir. Raul Jiminez told me that that was given to him by
21 DEA. I don't know whether that is true or not.

22 Q So, again, you used his DEA connections, correct?

23 A No, sir.

24 Q Did you use the mug shot that Jiminez claimed he got from
25 the DEA?

Cifuentes Villa - cross - [REDACTED]

3206

1 A Yes, sir.

2 Q So I will ask you for the third time. Did you, in fact,
3 use his DEA connections?

4 MR. [REDACTED] Objection. Asked and answered.

5 THE COURT: You may answer.

6 A No, sir.

7 Q Did you take the -- I will move on because we'll be here
8 all day.

9 El Paisano received a mug shot, if you know?

10 A He saw it on the screen, sir.

11 Q He saw it because Milton Martinez showed it to him?

12 A Yes, sir, that's correct.

13 Q And Martinez was loyal to you?

14 A Yes, sir, that's correct.

15 Q And he, in fact, introduced you to the mother of one of
16 your children?

17 A No, sir.

18 Q You're sure about that?

19 A I am, sir.

20 Q You didn't tell the Government that?

21 A No, sir.

22 Q As a result of you sending the picture of the airport
23 fraudster, if I can call him that, El Paisano killed him,
24 correct?

25 A Yes, sir, El Paisano killed him.

Cifuentes Villa - cross - [REDACTED]

3207

1 Q And El Paisano took a video of the killing, correct?

2 A He tortured him, yes, sir. And he was on audio
3 recording, not a video.

4 Q Did he send it to you?

5 A Yes, sir, that's correct.

6 Q Did you listen to it?

7 A Yes, sir.

8 Q And you were responsible for that murder, weren't you?

9 A No, sir.

10 Q You don't consider yourself responsible?

11 A No, because --

12 Q Sir, this is a "yes" or "no" question.

13 Did you feel responsible for the fact --

14 MR. [REDACTED] Objection.

15 THE COURT: Overruled.

16 Q -- that El Paisano killed this fake airport official
17 because you had sent a mug shot of him to El Paisano?

18 A No, sir.

19 Q Now, Milton Martinez described to you the reaction on
20 El Paisano's face when he saw the mug shot of the supposed
21 Ecuadorian airport official, correct?

22 A Yes, sir, that's correct.

23 Q And you learned that he had the look of a guilty man,
24 correct?

25 A Yes, sir, that's correct.

Cifuentes Villa - Cross - [REDACTED]

3266

1 Q And you recall speaking to Alex -- excuse me.

2 You were asked to review some intercepted
3 Blackberry messages that you sent your brother?

4 A That's correct, yes, sir.

5 Q You knew someone named Poncho?

6 A Yes, sir.

7 Q And Poncho told you that he had a family member inside
8 the DEA?

9 A Yes, sir, a cousin.

10 Q Who was leaking information?

11 A Yes, sir.

12 Q And because of this, in Blackberry exchanges you warned
13 Alex to be careful speaking to your mother because the DEA
14 was listening in?

15 A Yes, sir.

16 Q And you witnessed your brother, Pacho, paying off the
17 DEA agents in Colombia, didn't you?

18 A No, sir.

19 Q You don't recall DEA agents receiving cash in cardboard
20 boxes?

21 A No, sir.

22 Q Dolly, your sister, put you in touch with who you
23 thought was an American prosecutor; do you recall that?

24 A Yes, sir, that is correct.

25 Q And you met with someone named Reina? Am I pronouncing

1 A Yes.

2 Q Who is that?

3 A Hector Beltran Leyva.

4 MR. [REDACTED] No objection.

5 THE COURT: Received.

6 (Government Exhibit 7, was received in evidence.)

7 Q I want to show what you is marked as Government Exhibit
8 26 for identification?

9 THE COURT: Can I suggest that you're moving too
10 quickly from one picture to the another. Let the jury see it,
11 then after the five seconds go to the next one.

12 MS. [REDACTED] If I may publish those to the jury, I'll
13 just come up to the board.

14 THE COURT: Go ahead.

15 BY MS. [REDACTED]

16 Q What, if any, relationship was there between Arturo
17 Beltran and Hector Beltran?

18 A They were brothers.

19 Q Did Hector Beltran Leyva have any nicknames?

20 A Yes.

21 Q What were those?

22 A H or Elegante.

23 Q I want to show you what is marked for identification as
24 Government Exhibit 26. Do you recognize this?

25 A Yes.

1 Q Who is that?

2 A Alfredo Beltran Leyva.

3 MR. [REDACTED]: No objection.

4 THE COURT: Received.

5 (Government Exhibit 26, was received in evidence.)

6 BY MS. [REDACTED]:

7 Q Did Alfredo Beltran Leyva have any relationship with
8 Arturo and Hector?

9 A Yes, they were brothers.

10 Q Did Alfredo Beltran Leyva have any nicknames?

11 A Yes.

12 Q What was that or were those?

13 A Mochomo or Seven.

14 Q I want to show you now what is marked as Government
15 Exhibit 5 for identification. Do you recognize this?

16 A Yes.

17 Q Who is that?

18 A Ismael Zambada Mayo.

19 MR. [REDACTED]: No objection.

20 THE COURT: Received.

21 (Government Exhibit 5, was received in evidence.)

22 Q Is Mayo a nickname for Ismael Zambada?

23 A Yes, Mayo.

24 Q Briefly, what was Ismael Zambada or Mayo Zambada's role
25 within the Sinaloa cartel?

1 MR. [REDACTED]: No objection.

2 THE COURT: Received.

3 (Government Exhibit 44 received in evidence.)

4 Q And where was Commander Vigueras placed at your request?

5 A He went to different plazas, Coahuila, Durango, Sinaloa.
6 And I don't remember the others.

7 Q I think you also mentioned someone named Eloy; is that
8 right?

9 A Yes.

10 Q Who is that?

11 A He was the regional commander for AFI in the state of
12 Sonora.

13 Q Did you ever speak directly with Commander Eloy for any
14 reason?

15 A Yes.

16 Q Can you tell us about that?

17 A In those years, there was a seizure of drugs that
18 belonged to Alfredo Beltran, Mochomo, in the state of Sonora.

19 Q And sorry, before you continue, can you just remind us
20 who Alfredo Beltran, also known as Mochomo, was?

21 A He was Arturo Beltran's brother, one of the leaders of
22 the Sinaloa Cartel, which was under the Beltran Leyva faction.

23 Q You can continue.

24 What happened when this seizure happened in Sonora?

25 A The AFI people from Sonora had seized, meaning they had

Zambada Garcia - direct - [REDACTED]

968

1 Q Approximately when did these other submarine shipments
2 that you just described arrive in Mexico?

3 A Four or five days later. The first one arrived and the
4 others arrived, like, a week later.

5 Q And was that still in September 2008?

6 A Yes, it was that same time period.

7 Q What was your understanding of where this cocaine was
8 destined to go?

9 A To the United States.

10 Q I'm going to turn your attention back to the war with the
11 Beltran Leyvas in 2008. During this part of the war, was
12 anyone in the Beltran Leyva organization outside of Mexico
13 City targeted by the cartel?

14 A That's a question I don't have clear. On the Beltran
15 Leyva side?

16 Q On the Beltran Leyva side.

17 A In Sinaloa?

18 Q Yes.

19 A Any Beltran Leyva who lived in Sinaloa was a main target
20 or Beltran.

21 Q Now, you testified earlier that the beginning of the full
22 blown war was after Alfredo Beltran Leyva was arrested at the
23 beginning of 2008.

24 A That's right.

25 Q Did you learn about what happened on the first day of the

1 A No.

2 Q Why not?

3 A I started to work.

4 Q What did you do?

5 A I started working for the state judicial police.

6 Q Approximately what year did you start working as a police
7 officer?

8 A In around the 90s approximately, 1990.

9 Q Briefly, what is the state judicial police?

10 A Well, so that police agency is responsible for -- each
11 state has one, and this police body has responsibility for
12 common civil crimes for each state.

13 Q At some point did you change positions?

14 A Yes.

15 Q When was that about?

16 A In approximately mid '92.

17 Q What did you do?

18 A So the office of the Attorney General held competition
19 exams and made that known to all of the state agencies, the
20 prosecutor agencies, and this was to train and to have agents
21 join the federal police office.

22 Q Did you train to join the federal police?

23 A Yes.

24 Q Did you take a training course for that?

25 A Yes.

1 Q What was your standing in that course at the end?

2 A I finished as Agent A at that time.

3 Q What does that mean?

4 A Two levels lower -- sorry, two levels above just an
5 agent.

6 Q After your training, were you assigned somewhere?

7 A Yes.

8 Q Where was that?

9 A Ciudad Juarez Chihuahua.

10 Q What were you assigned to do there?

11 A I was assigned to a shift as a check point on a highway.

12 Q What was your role at that check point?

13 A I was responsible for the shift and this was in
14 Samalayuca, Chihuahua.

15 Q What kind of things was the check point set up for?

16 A It was set up to detect drugs, weapon, people without
17 identity papers, at the time there were a few of those.

18 Q What happened after you started working at the check
19 point?

20 A We started work normally, conducting a few seizures.

21 Q Did anything significant happen shortly after you began
22 your work there?

23 A Yes.

24 Q What happened?

25 A Some SUVs pulled up to the check point one day. And

1 people who were wearing uniforms just like ours and who were
2 armed, got out. It was Amado Carrillo.

3 Q Who was Amado Carrillo?

4 A The leader of the Juarez cartel.

5 Q What is that?

6 A It was a cartel, which at the time during those years,
7 was the most powerful cartel in Mexico.

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9 (Continued on the next page.)

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1 DIRECT EXAMINATION

2 BY [REDACTED]: (Continuing)

3 Q And just to be clear, the people who were wearing Federal
4 Judicial Police uniforms with Amado, did they work for the
5 Federal Judicial Police?

6 A No.

7 Q Who did they work for?

8 A For the Juarez Cartel.

9 Q So what happened when they came to your checkpoint?

10 A They pointed their guns at us. And then Amado Carrillo
11 introduced himself to us and said, well, you either ally
12 yourself with us or you get out of here.

13 Q And what did you say?

14 A We all said yes.

15 Q And what happened next?

16 A We started working with the Juarez Cartel. I did so in a
17 more direct way.

18 Q When you started working for the Juarez Cartel, did you
19 continue your work with the Federal Judicial Police?

20 A Yes.

21 Q Were you paid by the Juarez Cartel?

22 A Yes.

23 Q And can you describe for us what things you did for the
24 Juarez Cartel?

25 A I would help receive planes that were loaded with

1 cocaine, refuel them so they could take off again. And I
2 would go around with the person responsible for the Juarez
3 Cartel at the time, just to go around the city with him. And
4 that was during my free time after I left the checkpoint.

5 Q And who did you work closely with or accompany that you
6 referred to?

7 A Arturo Hernandez, a/k/a Chaky.

8 Q And is Chaky a nickname?

9 A Yes, it's a nickname. It was his nickname.

10 Q How many years did you work for Amado Carrillo and the
11 Juarez Cartel?

12 A Until I retired -- I got out of the Federal Judicial
13 Police.

14 Q And when was that?

15 A In approximately 1997.

16 Q And why did you get out of the Federal Judicial Police?

17 A There was a change in top person of the Federal Judicial
18 Police, a general came into office, General Alvarez. And he
19 started investigating people, those of us who were close to
20 Amado Carrillo. Among them was me.

21 Q And what did you do?

22 A I quit.

23 Q And why did you stop working with the Juarez Cartel after
24 you quit the Federal Judicial Police?

25 A I was no good to them anymore.

1 Q Did there come a time when you started working for
2 another drug trafficker?

3 A Yes.

4 Q Who was that?

5 A Arturo Beltran.

6 Q And approximately what year was that?

7 A In approximately 2001.

8 Q And what did Arturo Beltran do at that time?

9 A He was the person in charge or represented the Sinaloa
10 Cartel in Monterrey, Nuevo Leon; Miguel Aleman, Tamaulipas.

11 Q I want to talk about that in more detail, but just
12 briefly, how did you begin working for Arturo Beltran?

13 A So in approximately 2000, the Gulf group arrived in
14 Nuevo Laredo, which is where I was living. They wanted to
15 extort me. I did not fall for their tricks. They took my
16 businesses. And then the final blow of all was that they
17 killed my brother-in-law, which was when I sought out Arturo
18 to talk to him.

19 Q And who was the Gulf group?

20 A It was the group headed by Osiel Cardenas-Guillen.

21 Q Was that another drug cartel in Mexico?

22 A Yes.

23 Q And why did you reach out to Arturo Beltran for help?

24 A I knew Arturo had held an important level in the Sinaloa
25 Cartel, so my intention was, he was friends with Osiel, I

1 BY MS. [REDACTED]

2 Q Mr. Villarreal Barragan, just briefly, for what purpose
3 did you meet with the defendant Genaro Garcia Luna?

4 A It was in order to pay bribes on behalf of the Sinaloa
5 cartel.

6 Q Are you familiar with the Sinaloa cartel?

7 A Yes.

8 Q How are you familiar with it?

9 A I was part of the Sinaloa cartel. I was a high-ranking
10 person within it.

11 Q For approximately how long were you part of that cartel?

12 A From 2001 when I first joined them until it broke apart
13 with the Beltran Leyvas.

14 Q Are you referring to a separation within the Sinaloa
15 cartel?

16 A Yes.

17 Q After that separation, did you continue to work for
18 members of the cartel?

19 A Yes.

20 Q For about how long?

21 A Until the day I was arrested.

22 Q What year were you arrested?

23 A 2010.

24 Q Briefly, what is the Sinaloa cartel?

25 A It's an organization in Mexico made up of top-level

1 bosses who are engaged in drug trafficking.

2 Q During your time in the cartel, what roles did you play?

3 A Well, I started out, I had different roles. I designed,
4 I came up with operations to be carried out against enemies of
5 the cartel. And then after that, per instructions by Arturo
6 Beltran, I came up with a route, a drug trafficking route,
7 from the south of the country to the center. And I was
8 responsible for paying bribes at different levels.

9 Q Over time, did your responsibilities grow within the
10 Sinaloa cartel?

11 A Yes.

12 Q At the end of your time with the cartel, what was your
13 role?

14 A One of the main leaders of the cartel.

15 Q You mentioned someone named Arturo Beltran, who is that?

16 A He was a friend of mine, a very good friend, a compadre,
17 leader of the Beltran Leyva faction.

18 Q Was that a group within the Sinaloa cartel?

19 A Yes.

20 Q During your time within the cartel, did you come to know
21 other leaders of the cartel?

22 A Yes.

23 Q Who were some the leaders of the Sinaloa cartel?

24 A Ismael Mayo Zambada, Juan Jose Esparragoza, Nacho
25 Coronel, the Valencias, and all of the Beltrons, also Vicente

1 (The following occurred at sidebar.)

2 THE COURT: Is this the witness where I'm currently
3 contemplating a 11(c)(1)(C)?

4 MS. [REDACTED]: No, no. He may have had plastic
5 surgery, but it's not that one.

6 Judge, I will just -- I don't have a specific ask
7 yet, but on the issue that we discussed earlier as a group, I
8 think our -- the missing piece for the previous witness is
9 that we know that he is testifying under a pseudonym and the
10 jury doesn't know that and that could explain the puzzle of
11 why he thinks he can go back, thought he could go back, wants
12 to still go back but is still afraid today because the
13 testimony is so detailed, we have to wait and see the fallout
14 is.

15 THE COURT: I was surprised you didn't bring it out
16 on direct. That is where we should have had the argument
17 about it.

18 MS. [REDACTED] Okay.

19 THE COURT: Once he said I'm coming back out of the
20 goodness of my heart, and on cross as well, I also want to be
21 able to stay in this country, that pretty much is a complete
22 picture. I mean, it's not the fully accurate picture, but
23 there's no gaps in the story.

24 MS. [REDACTED] I understand. I think what we
25 were struggling with, and we will seek to bring this out

1 A Yes.

2 Q And are you currently serving a sentence in connection
3 with those?

4 A That's right.

5 Q Are you familiar with the Sinaloa Cartel?

6 A Yes. I worked for them.

7 Q In what years, approximately, did you work for the
8 Sinaloa Cartel?

9 A From 2005 to 2008.

10 Q And after 2008, did you continue to work for individuals
11 who had been associated with the Sinaloa Cartel?

12 A Yes, that's right. For the Beltrán Leyvas.

13 Q For about how long did you do that?

14 A Until before my arrest, until 2012.

15 Q And what year were you arrested?

16 A 2012.

17 Q During your time with the Sinaloa Cartel, did you work
18 closely with anyone?

19 A Yes. I worked closely for the Pineda Villas and for the
20 Beltrán Leyvas.

21 Q And just briefly, what are the Pineda Villas?

22 A The Pineda Villas were brothers who were in charge of
23 Guerrero and Morelos. They were in charge of that area for
24 the cartel?

25 Q And what were those names?

1 DIRECT EXAMINATION

2 BY MS. [REDACTED]: (Continuing)

3 Q Who are you referring to when you say "they"?

4 A The Pineda Villas.

5 Q Did Arturo Beltran Leyva ever use radios?

6 A Yes, the same radios. The cartel used the same type of
7 radio.

8 Q After you started working for the Pineda Villa brothers,
9 I believe you mentioned you did some ledgers or accounts for
10 him -- for them?

11 A Yes, I helped them to create ledgers on an Excel
12 spreadsheet since they used accounting books, regular
13 accounting books, and where they could manage everything in a
14 way that would be much clearer for them.

15 Q During what period of time did you help with these
16 ledgers?

17 A From 2006 to 2007.

18 Q And during that time period, what kinds of drugs was
19 Mario Pineda Villa trafficking for the Sinaloa Cartel?

20 A Cocaine, mainly, as well as heroin, China white,
21 marijuana, and crystal meth.

22 Q And talking just about cocaine, how much cocaine was
23 Mario Pineda Villa trafficking for the cartel when you started
24 working for him?

25 A Tons.

1 Q And that it was your job at times to bring the people who
2 were going to be tortured or killed to the safe houses where
3 that was going to take place; right?

4 A Yes.

5 Q You rented houses or apartments specifically for the
6 purpose of people being brought there to be tortured or
7 killed; right?

8 A Yes.

9 Q So, in other words, you were not just the guy at the
10 cartel who rented houses and performed other logistics; right?

11 A I would do what I was asked by them to do.

12 Q Well, you assisted cartel members in kidnappings,
13 torturing, and killing; correct?

14 A Correct.

15 Q And you also personally assaulted several people who owed
16 drug debts; correct?

17 A Correct.

18 Q You assaulted a federal judicial police officer because
19 he was believed to be cooperating with the DEA; right?

20 A Federal judicial, I don't remember that being a federal.
21 But state judicial, yes.

22 Q Okay. State judicial police officer then.

23 You remember assaulting a state judicial police
24 officer?

25 A Yes.

1 Q And after you finished beating him your friend, compadre,
2 Francisco Camacho murdered him by hanging him; right?

3 A He strangled him.

4 Q Killing him?

5 A Yes.

6 Q You were also the person who was sent by the cartel to
7 investigate certain losses of drugs; correct?

8 A Yes.

9 Q So, for example, the situation that led to your arrest in
10 -- ultimately in Chicago, that was related to this; right?

11 A That was different there. It was to help their family
12 members so that they would not be arrested.

13 Q Isn't it true that you were sent to Chicago specifically
14 to investigate why workers in Chicago had lost 20 kilos of
15 heroin?

16 A I'll repeat again. It was not only for that purpose; it
17 was also so that these guys' family members would not be
18 arrested.

19 Q But that was one of the purposes you went there for,
20 right, to figure out what happened to those 20 kilos?

21 A Yes.

22 Q And when you were arrested, that was ultimately based on
23 your connection to that case; right?

24 A Yes.

25 Q And you were present at your sentencing; right?

1 A I was not the only person sent to Chicago. There were
2 three of us.

3 Q I'm going to ask you to just answer the question that I
4 ask you. Okay?

5 I didn't ask you if there were three people sent. I
6 asked you whether when you got to Chicago you personally
7 believed that those people were scared of you because you were
8 coming from the cartel.

9 A No.

10 Q All right. Now, you were arrested in Texas at the end of
11 2012; correct?

12 A At the beginning of December 2012, December 2012.

13 Q That's the end of 2012; right?

14 A Yes.

15 Q And initially for a couple of years almost, you fought
16 the case? You didn't plead guilty; right?

17 A Correct.

18 Q But then you realized that the prosecutors had real
19 evidence against you; right?

20 A No. It wasn't because of that; it was really because I
21 wanted to have the case be over.

22 Q Well, you realize that the Government had thousands of
23 e-mails and financial records that they could prove the case
24 against you --

25 MS. [REDACTED]: Objection.

1 Q. And just for future purposes, can I ask the interpreter to
2 provide the Court a translation of the nickname "El Judio"?

3 A. "The Jew."

4 THE COURT: I know what it is.

5 MS. [REDACTED]: Just for the record.

6 THE COURT: All right.

7 BY MS. [REDACTED]

8 Q. And based on your observations, did Ismael Corone1
9 Sica1ros know La Reina?

10 A. That's correct.

11 Q. And now in approximately December of 2009, was Arturo
12 Beltran Leyva also killed?

13 A. That's correct.

14 Q. And who took over the leadership following -- of the
15 Beltran Leyva organization following Arturo's death?

16 A. Hector Beltran Leyva.

17 Q. Around that time, was there an individual who Hector
18 perceived as a threat to the leader -- to his leadership of
19 the Beltran Leyvas?

20 A. That's correct.

21 Q. And who was that?

22 A. Edgar Valdez Villareal, alias La Barbie.

23 Q. Mr. Villarreal, are you aware of what ultimately happened
24 to La Barbie, to Edgar Valdez?

25 A. That's correct. He fought with Hector Beltran, and he

1 ended up arrested by the federal police.

2 Q. Was there a particular federal police --

3 THE COURT: Wait a second.

4 MS. [REDACTED]: I'm sorry.

5 THE COURT: La Barbie was the one that was arrested
6 by the federal police? Okay.

7 MS. [REDACTED]: Yes, your Honor.

8 BY MS. [REDACTED]:

9 Q. And Mr. Villarreal, are you aware of whether or not any
10 members of the federal police received payment for their
11 participation in that arrest?

12 A. That's correct.

13 Q. Who was that?

14 A. La Reina.

15 Q. Was it La Reina's group that conducted the operation that
16 resulted in the arrest of Edgar Valdez?

17 A. That's correct.

18 Q. And how much was paid by the Beltran Leyva organization to
19 the federal police including La Reina?

20 A. Could you please repeat the question for me?

21 Q. How much did the Beltran Leyva organization pay to the
22 members of the federal police including La Reina?

23 A. 500 -- \$500,000.

24 Q. How do you know that?

25 A. Because I was with The Judio to make that payment.

1 Q. And was there a specific issue that was discussed at the
2 time the payment was made about a dissatisfaction on behalf of
3 the Beltran Leyvas?

4 A. That's correct.

5 Q. And what was that?

6 A. El Judio was complaining to La Reina that the deal that
7 they had made said that they were going to kill La Barbie, and
8 they had arrested him.

9 Q. And did La Reina give an explanation of why that happened?

10 A. That's correct.

11 Q. And what was that?

12 A. He said that he had shot at La Barbie on one occasion and
13 that La Barbie didn't respond to the aggression and for that
14 reason, they had to arrest him.

15 Q. Are you familiar with an individual who went by the
16 nickname Macho Prieto?

17 A. That's correct.

18 Q. Who was he?

19 A. It was a lieutenant of Chapo Guzman and Mayo Zambada that
20 was operating in the states of Sonora and Sinaloa.

21 Q. So in the time period following Arturo Beltran Leyva's
22 death, would Macho Prieto have been an ally of the Beltran
23 Leyvas or a rival?

24 A. A rival of the Beltran Leyvas.

25 Q. Now, based on your observations in your time working for

1 Q What currency did you pay him in?

2 A In U.S. dollars.

3 Q Where did you get this money?

4 A We got it through trafficking of cocaine and other drugs
5 that we would traffic to the United States and to other
6 countries.

7 MS. [REDACTED]: Ms. [REDACTED], you can take the exhibit
8 down, please.

9 Q Sir, where did you grow up?

10 A I was born in Michoacán, and I grew up in Guadalajara,
11 Jalisco.

12 Q How far did you get in school?

13 A Fourth semester in high school.

14 Q How old were you when you started trafficking drugs?

15 A About 16 years old.

16 Q What type of drugs were you trafficking at that age?

17 A First, we started with marijuana, with growing it; and
18 then moving marijuana.

19 Q Did you start trafficking cocaine?

20 A Yes. After marijuana, then we started trafficking in
21 cocaine.

22 Q Approximately, when did you start trafficking cocaine?

23 A In the year 1996.

24 Q Are you familiar with the Milenio cartel?

25 A Yes. Yes, I do.

1 Q How are you familiar with it?

2 THE INTERPRETER: Can I clarify, Your Honor, if I
3 may?

4 THE COURT: Sure.

5 A Yes, because I was a part of the Milenio cartel, in 1999
6 when it came out that we were -- we started to become
7 recognize from the Valencia family that we were the cartel.

8 Q What year were you arrested?

9 A I was arrested in 2009.

10 Q At the time of your arrest in 2009, what was your
11 position in the Milenio cartel?

12 A I was -- I become the leader of the Milenio cartel.

13 Q When did you become the leader of the Milenio cartel?

14 A After what happened with Armando Valencia in 2004, I had
15 to step up and take that position.

16 Q What happened with Armando Valencia?

17 A He was arrested, and part of his collaborators were
18 arrested, too.

19 Q Where were you based when you led the Milenio cartel?

20 A Where was I what? I'm sorry.

21 Q Where did you spend most of your time?

22 A I would spent time in Jalisco and Michoacán and Mexico,
23 and we would go out to other countries.

24 Q Apart from you, who were some other leaders of the
25 Milenio cartel?

1 Q I wanted to go back to something that you said on direct
2 examination because I wasn't sure I heard you correctly.

3 Did you say that you were personally responsible for
4 the murder of more than a hundred people?

5 A Yes, I did. I did make some bad decisions in my life,
6 yes.

7 Q Ordering the murder of more than a hundred people, you
8 would call that a bad decision?

9 A Yes. Besides that, we were living through a conflict,
10 through a war, that's what was happening.

11 Q The war you are talking about is the war you had with the
12 Familia Michoacana, right?

13 A That's correct.

14 Q And isn't it true that you were, in fact, responsible for
15 closer to a thousand people dying in that war?

16 A Responsible for more than a thousand people?

17 Q Up to a thousand people.

18 A I don't know how far that whole war actually led to, that
19 entire situation, what it led to.

20 Q The truth is, you don't actually know how many people
21 died at your orders; correct?

22 A Yes. You could say that, yes.

23 Q Not only did you order the murder of maybe hundreds of
24 human beings, you also ordered the torture of people; correct?

25 A Yes, for some people that decision had to be made, yes.

1 DIRECT EXAMINATION

2 BY MS. [REDACTED] (Continuing.)

3 Q When did you first hear about the defendant, Genaro
4 Garcia Luna?

5 A In 2001.

6 Q And in what context did you hear about him?

7 A Well, when people were starting to be sent to Laredo over
8 into that area, a was commander sent over there to help them,
9 the war they had over in Laredo.

10 Q And what would you hear?

11 A Well, I heard about the cooperation that the people from
12 AFI --

13 MR. [REDACTED]: Objection.

14 THE COURT: Sustained.

15 Q What was Garcia Luna's position in 2006?

16 A Secretary of public security.

17 THE COURT: Can I ask the reporters, I'm getting
18 symbols, not words.

19 Q What did you understand Garcia Luna's role to be of
20 secretary of public security?

21 A He was a high level officer that was in charge of the
22 federal police and other agencies.

23 Q Are you aware of any government officials that worked
24 closely with Garcia Luna?

25 A Yes.

1 A He was the director of AFI; and then he became the
2 secretary of the Secretaria de Seguridad Publica.

3 Q Have you met him in person?

4 A Yes.

5 Q How many times?

6 A Twice.

7 Q Briefly, why did you meet the defendant Genaro Garcia
8 Luna?

9 A The first time was because of a problem in Manzanillo, in
10 the Port of Manzanillo.

11 I met him through Arturo Beltran. That was the
12 first time, and the second time was to come to an agreement
13 with him.

14 Q Did Garcia Luna assist you?

15 A Yes.

16 Q How did he assist you?

17 A Passing along information and trying to help, you know,
18 recover the -- the problem we had in Manzanillo.

19 Q What did you give the defendant Genaro Garcia Luna in
20 exchange for his assistance?

21 A I'm sorry.

22 Q What did you give him in exchange for his assistance?

23 A I gave him money and cash.

24 Q In total, how much money did you give Genaro Garcia Luna?

25 A It was more than \$10 million.

1 Q So why did you need to pay Garcia Luna?

2 A To have more control in other areas that we did not
3 control. And, so, that we would get some help because at that
4 time we were fighting the Familia Michoacana.

5 Q What did you get as a result of this payment?

6 A Well, we were able to send groups to Michoacán and other
7 states to fight other rivalries.

8 (Continued on next page.)

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1 (Continuing)

2 Q Who did he mention specifically?

3 A Well, he specifically mentioned an Garcia Luna, Luis
4 Cardenas Palomino, Ramon Pequeno.

5 Q About Chapo Guzman ever tell you about his relationships
6 with Government officials?

7 A Yes, he did talk about that.

8 Q Who did he mention specifically?

9 A He also mentioned Genaro Garcia Luna.

10 Q Did Mayo Zambada ever speak to you about his relationship
11 with Government officials?

12 A Yes, he did so too.

13 Q Who specifically did he mention?

14 A Genaro Garcia Luna.

15 Q How did Arturo Beltran Leyva refer to Garcia Luna?

16 A Decenario, Campa, señor, sir.

17 Q Did he also refer to him by name?

18 A Yes. Genaro.

19 Q What, if any, sort of assistance did Arturo Beltran say
20 Garcia Luna give him?

21 A Well, yes. We had greater security when working in
22 airports and we had the opportunity to get information in
23 order to attack our rival groups.

24 Q What did Arturo Beltran give Garcia Luna in exchange for
25 his assistance?