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SUBJECT: MEXICO MERIDA INITIATIVE SPOT REPORT #27: Mexico Prepares a

New National Command Center

1. (SBU) Summary: In response to its mission of maintaining law and order as well as responding to civilian emergencies, the SSP will complete a National Command and Control Center, commonly referred to as "The Bunker", in early September 2009. It is a state of the art complex that will serve as a multi-agency coordination center across all levels of government for planning, coordinating and assisting law enforcement in the fight against crime. In addition, it will serve as the operations center for responding to and recovering from large-scale catastrophic disasters for all 31 states and the federal district in Mexico. NAS has provided computer equipment and continues to provide technical support and expertise to sustain the success of the Bunker project for a full operational capability.

REVIEW AUTHORITY: Alan Flanigan, Senior Reviewer

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End
Summary

Background

2. (SBU) The SSP fulfills the dual roles of the Department of Homeland Security (DHS) and National Police in Mexico. The SSP, with a work force of 30,800 preventive police personnel, is one of the largest agencies in Mexico and, indeed, Latin America. The SSP responds to both natural and man-made disasters at all levels of government, including earthquakes, civilian emergencies, breakdowns

in law and order, crime prevention, hazardous material spills, major accidents and incidents involving weapons of mass destruction. The agency operates in the Federal District (DF-SSP), 31 states, and all major cities in Mexico.

3. (SBU) Within the DF, the SSP maintains a rescue squad to respond to medical emergencies 24 hours a day, 365 days a year. The staff consists of 80 medical and EMT professionals, including doctors, rescuers and radio operators. In a typical year, the SSP maintains order and provides medical and emergency support during over 700 major demonstrations involving nearly three million people. In 2005, the SSP responded to a total of 51,806 incidents. These cases included responses to severely sick and injured persons requiring hospitalization, thousands who needed on-scene assistance, 108 childbirth cases, and the rescue of 82 children abandoned along public thoroughfares.

The Bunker

4. (SBU) In order to more effectively coordinate its various day to day missions as well as prepare to respond to major emergencies, disasters, and regional catastrophic incidents in a coordinated fashion, the SSP is currently completing the construction of a facility known as "The Bunker" in Mexico City. The design for the building came from a visit made by senior SSP officials to similar facilities in Europe and North America several months ago. It has been less than six months from ground breaking to completion.

5. (SBU) The physical building structure is a focal point for planning, response, and recovery from natural and man-made catastrophic disasters. It also enhances the SSP's capacity to promote public security across government and regions. It is three

floors underground, meant to withstand any natural disaster, and equipped with state of the art equipment and hardware. In a recent

tour of the bunker, which is nearing completion, NAS Director was shown an impressive structure that will allow all federal and local

entities to work together in protected space with a full flow of information. It looks like a NASA command center with multiple screens and three rows of trained computer operators monitoring data

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and events across the country, all of which can be projected for the group and for decision makers during an emergency.

6. (SBU) The Bunker is adjacent to the SSP's new headquarters complex in Mexico City (Constituyentes) to better support its main functions.

As the physical principal site of Plataforma Mexico, the command center will have the information needed to empower the SSP operations officers to collate intelligence regarding major incidents from many

of its departments and manage them from initial prevention, response, and resumption of normal conditions after an incident. With the implementation of standardized core competencies (similar to DHS, DOJ and FEMA agencies in the U.S.) in incident management and law enforcement, as well as intelligence gathering and other business intelligence functions, the SSP national emergency teams will be using consistent procedures, common incident language, standardized

communication protocols and have common situational awareness for swift and effective crisis response.

U.S. Contribution

7. (SBU) Currently, NAS has delivered and installed over 60 servers

for the project at a cost of approximately \$3.5 million (pipeline funds). We are also providing technical support to define the best

means to enhance the capability of the bunker to fulfill an extremely complex mission. All of this will greatly strengthen Mexico's capability to disseminate timely, accurate and actionable information to decision-makers and the public, as well as provide a means to determine and launch appropriate remedial measures during civil emergencies.

8. (SBU) Comment: The project is part of a growing web of new technologies that Mexico is rolling out to support the fight against

organized crime and to better prepare for natural disasters. It is

also part of the dizzying pace of new construction the SSP is undertaking that includes two hangers, two major operations centers,

a forensics lab, an intelligence facility, a state of the art firing

range, and special operations training facilities, all this at the Iztapalapa and Constituyentes facilities alone. They are evidence of

the 300% increase in the SSP's budget over the past three years.

PASCUAL

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DEPT OF TREASURY WASHINGTON DC,ROUTINE ; DEPT OF JUSTICE WASHINGTON DC,ROUTINE ;
DEPT OF HOMELAND SECURITY WASHINGTON DC,ROUTINE ; EPIC EL PASO TX,ROUTINE ;
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1 Q. Which agencies did you partner with in particular?

2 A. The two agencies that we partnered with were the Mexican
3 Marines and the federal police but a specific unit within the
4 federal police known as the SIU.

5 Q. Why did you need to partner with these agencies?

6 A. Because like in any country that we work in, we have very
7 special or specific people that we work with who we have tried
8 to vet and make sure that we can trust them because of the
9 corruption that we know sometimes exists in those other
10 countries and around the world.

11 Q. And, in fact, you have to partner with these agencies
12 because you're guests in their country; isn't that right?

13 A. That's right. We don't have any independent authority in
14 another country, another sovereign country, to be able to make
15 our own arrests and do things there without the participation
16 of the other country. And usually, they act as the lead in
17 those enforcement operations, so we depend on them to be able
18 to do that with the information we provide them.

19 Q. Now, you mentioned a unit within the federal police called
20 the SIU. Can you describe what that is?

21 A. Yes. Sensitive investigation unit, and this is a unit
22 that we set up with foreign police agencies, usually with like
23 the federal police in that particular country. And it's a
24 group of officers that we train at Quantico, Virginia, at the
25 DEA academy and whom we -- there's a process that we go

1 through to try to ensure that those officers are vetted and
2 their backgrounds are checked and, if possible, try to weed
3 out the people that may be corrupt.

4 Q. Can you describe the nature of the relationship between
5 agents working cases in Mexico as part of the DEA and Mexican
6 SIU members?

7 A. Yes. It's very close because we depend on each other.
8 Our lives literally depend on each other because we're in it
9 against some of the most violent, powerful criminal
10 organizations in the world, and so we need to share
11 information back and forth about these targets.

12 And so we get to know them on a professional level
13 and sometimes even more than that, as friends because we get
14 together for lunch or other things like that. So we get to
15 know each other and work together closely to investigate these
16 groups.

17 Q. Do you have that same type of relationship with non-SIU
18 federal police officers?

19 A. No. We purposely avoid having -- building those closer
20 relationships in order to try to ensure that the cases don't
21 get compromised.

22 Q. So directing your attention to 2015-2016, during that
23 timeframe, as part of your investigative duties in Mexico, did
24 you assist in related grand jury investigations conducted by
25 the U.S. Attorney's Office for the Northern District of

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?

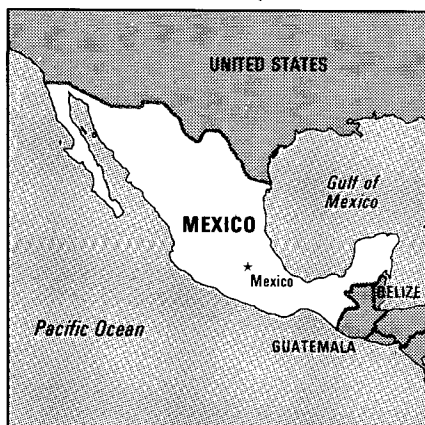
background notes

Mexico



United States Department of State
Bureau of Public Affairs

December 1985



Official Name:
The United Mexican States

PROFILE

People

Nationality: *Noun and adjective*—Mexican(s). **Population** (1985 est.): 78.6 million. **Annual growth rate** (1985 est.): 2.5%. **Ethnic groups:** Indian-Spanish (mestizo) 60%, American Indian 30%, Caucasian 9%, other 1%. **Religions:** Roman Catholic 97%, Protestant 3%. **Language:** Spanish. **Education:** *Years compulsory*—10. **Literacy**—74%. **Health:** *Infant mortality rate*—55.9/1,000. *Life expectancy*—65.4 yrs. **Work force** (21,500,000, 1983): *Agriculture, forestry, hunting, fishing*—26%. *Manufacturing*—12.8%. *Commerce*—13.9%. *Services*—31.4%. *Mining and quarrying*—1.3%. *Construction*—9.5%. *Electricity*—0.3%. *Transportation and communication*—4.8%.

Geography

Area: 1.978 million sq. km. (764,000 sq. mi.); about three times the size of Texas. **Cities:** *Capital*—Mexico City (pop. 18 million, 1985 est.). *Other cities*—Guadalajara (3 million), Monterrey (2.7 million), Ciudad Juarez (1.12 million), Puebla de Zaragoza (1.1 million), Leon (1 million). **Terrain:** Varies from coastal lowlands to high mountains. **Climate:** Varies from tropical to desert.

Government

Type: Federal republic. **Independence:** First proclaimed September 16, 1810; Republic established 1822. **Constitution:** February 5, 1917.

Branches: *Executive*—president (chief of state and head of government). *Legislative*—bicameral. *Judicial*—Supreme Court, local and federal systems.

Political parties: Institutional Revolutionary Party (PRI), National Action Party (PAN), Unified Socialist Party of Mexico (PSUM), Mexican Democratic Party (PDM), Socialist Workers Party (PST), Popular Socialist Party (PPS), the Authentic Party of the Mexican Revolution (PARM), Mexican Workers Party (PMT), Revolutionary Workers Party (PRT). **Suffrage:** Universal over 18.

Administrative subdivisions: 31 states and the federal district.

Flag: Green, white, and red vertical bands. An eagle holding a snake in its beak and perching on a cactus is centered.

Economy

GDP (1984): \$185 billion. **Per capita GDP:** \$2,350. **Annual real GDP growth rate** (1984): 3.7%. **Avg. inflation rate** (1984): 59.2%.

Natural resources: Petroleum, silver, copper, gold, lead, zinc, natural gas, timber.

Agriculture (9.5% of 1984 GDP, including fishing and forestry): *Products*—corn, beans, oilseeds, feedgrains, fruit, cotton, coffee, sugarcane, winter vegetables. *Total farmland*—23 million hectares (57.1 million acres).

Industry (1984): *Types*—manufacturing (23.9% of GDP), services (24.7%), commerce (24.0%), transportation and communications (7.6%), petroleum and mining (3.8%).

Trade (1984): *Exports*—\$25.2 billion: petroleum and derivatives (67%), coffee, cotton, fruits, vegetables, manufactures, mining. *Imports*—\$11.3 billion: grains, machinery, equipment, industrial vehicles, intermediate goods. *Major trading partners*—US, EC, Japan.

Official exchange rate (Dec. 1985): 345 pesos=US\$1 (controlled rate); 490 pesos/US\$1 (free market rate).

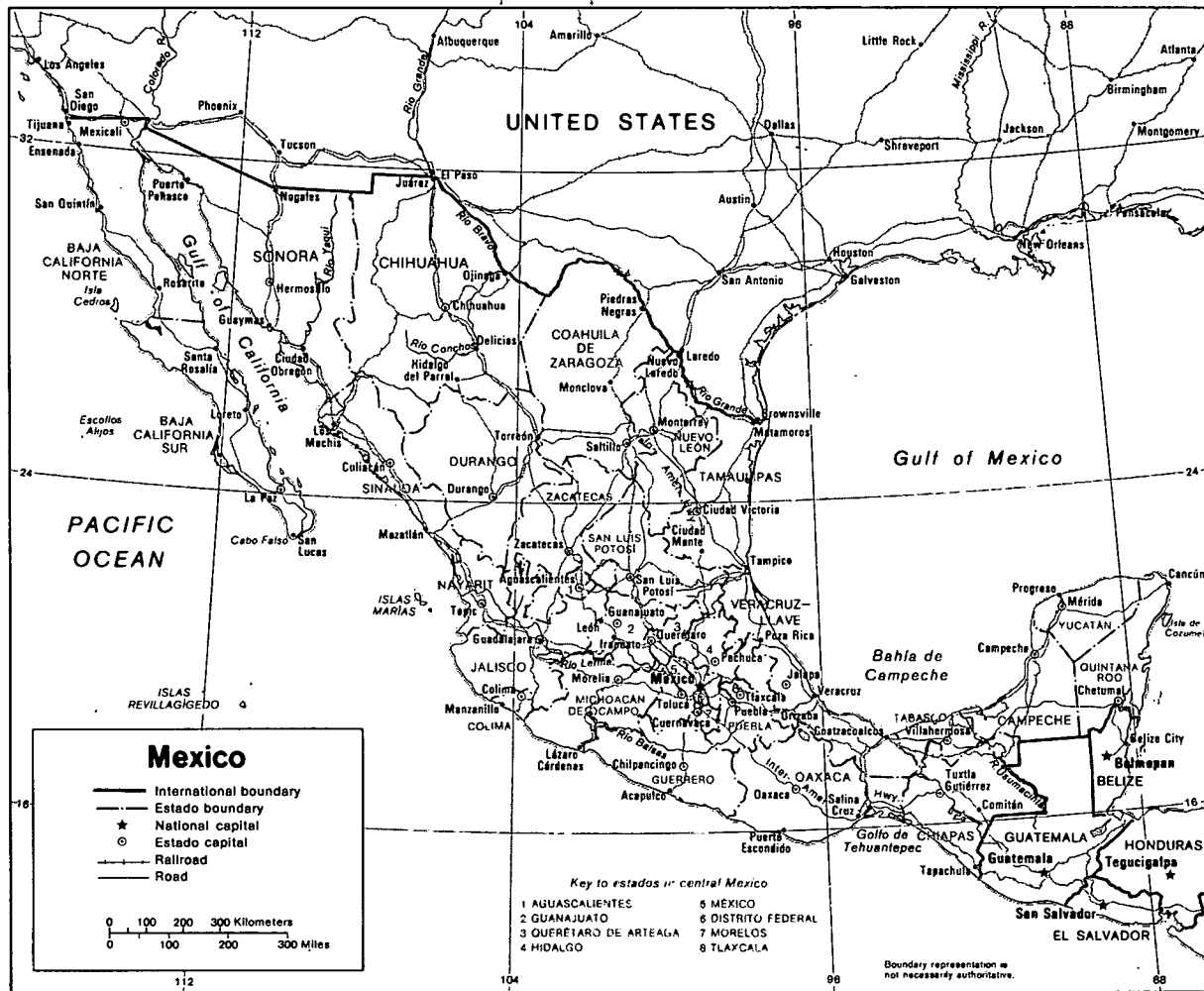
Membership in International Organizations

UN and some of its specialized and related agencies, including the World Bank and the International Monetary Fund (IMF); International Civil Aviation Organization (ICAO); Seabeds Committee; Inter-American Defense Board (IADB); Organization of American States (OAS); Latin American Integration Association (ALADI); INTELSAT; and others.

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Popocateptl Volcano—view from Tlamananco, State of Mexico.



GEOGRAPHY

The topography of Mexico ranges from low desert plains and jungle-like coastal strips to high plateaus and rugged mountains. Beginning at the Isthmus of Tehuantepec in southern Mexico, an extension of a South American mountain range runs north almost to Mexico City, where it divides to form the coastal Occidental (west) and Oriental (east) Ranges of the Sierra Madre. Between these ranges lies the great central plateau, a rugged tableland 2,400 kilometers (1,500 mi.) long and as much as 800 kilometers (500 mi.) wide. From a low desert plain in the north, it rises to 2,400 meters (8,000 ft.) above sea level near Mexico City.

Mexico's climate is generally more closely related to altitude and rainfall than to latitude. Most of Mexico is dry; only about 12% of the total area receives adequate rainfall in all seasons, while about one-half is deficient in moisture throughout the year. Temperatures range from tropical in the coastal lowlands to cool in the higher elevations.

PEOPLE

Mexico is the most populous Spanish-speaking country in the world and the second most populous country in Latin America (after Brazil). More than one-half of the people live in central Mexico. Many Mexicans emigrate from areas lacking in job opportunities—such as in the underdeveloped southern states and the crowded central plateau—to the industrializing urban centers and the developing border areas of the northern states. According to 1985 estimates, the urban population of Mexico City may have grown to 18 million, which would make greater Mexico City the largest urban concentration in the world. The northwestern region also had a sharp rise. Guadalajara, Monterrey, and other urban areas also showed large increases.

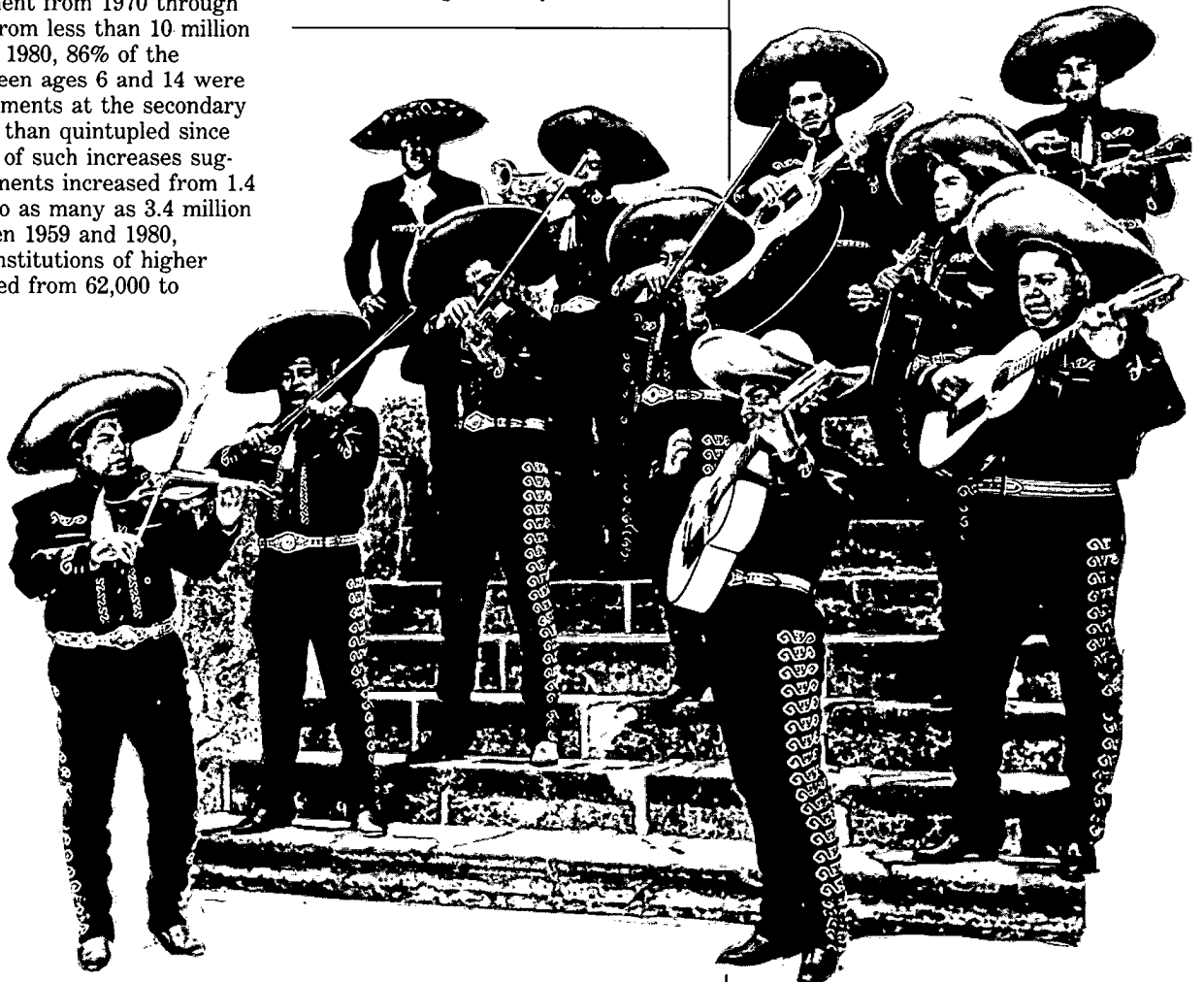
Education in Mexico is being decentralized and expanded. A major attempt is underway to promote educational activity in rural areas, and the increase in school enrollments during the past two decades has been dramatic. Education is mandatory from ages 6 through 14 or until primary education is completed. Primary enrollment from 1970 through 1980 increased from less than 10 million to 16 million. In 1980, 86% of the population between ages 6 and 14 were in school. Enrollments at the secondary level have more than quintupled since 1955. Estimates of such increases suggest that enrollments increased from 1.4 million in 1972 to as many as 3.4 million by 1981. Between 1959 and 1980, enrollments in institutions of higher learning increased from 62,000 to 770,000.



Artisan working with clay molds.

At the heart of its cultural expression are Mexico's history and quest for national identity. Contemporary artists, architects, writers, musicians, and dancers continue to draw inspiration from a rich history of Indian civilization, colonial influence, revolution, and the development of the modern Mexican state. Artists and intellectuals alike emphasize the problems of social relations in a context of national and revolutionary traditions.

Popular Mariachis folk music performed here by Mariachis a la entrada del fuerte de Loreto, Puebla.



HISTORY

An advanced Indian civilization existed in Mexico before the Spanish conquest. Major Indian cultures included the Olmec, the Maya, the Toltec, and the Aztec. Hernan Cortes conquered Mexico in 1519-21 and founded a Spanish colony that lasted nearly 300 years. Independence from Spain was proclaimed by Father Miguel Hidalgo on September 16, 1810, and the republic was established on December 6, 1822. Prominent in the War for Independence were Father Jose Maria Morelos; Gen. Augustin de Iturbide, who defeated the Spaniards and ruled as emperor for a short period; and Gen. Antonio Lopez de Santa Ana, who controlled Mexican politics from 1833 to 1855.

Santa Ana was Mexico's leader during the conflict with Texas, which declared itself independent from Mexico in 1836, and during the war with the United States (1846-48). The presidential terms of Benito Juarez (1858-71) were interrupted by the period of the empire. Archduke Maximilian of Austria, who was established as emperor of Mexico in 1864 by Napoleon III of France, was deposed by Juarez and executed in 1867. Gen. Porfirio Diaz was president during most of the period between 1877 and 1910.

Mexico's drastic social and economic problems erupted in the revolution of 1910. Prominent leaders in this revolution—some were rivals for power—were Francisco I. Madero, Venustiano Carranza, Pancho Villa, Alvaro Obregon, and Emiliano Zapata.

The Institutional Revolutionary Party, under various names and after a number of reorganizations (now known as the *Partido Revolucionario Institucional*—PRI), continues to be the most important political force in the nation.

On September 19, 1985, Mexico suffered the worst earthquake in its recorded history. The earthquake, which was centered off of Mexico's Pacific coast, caused at least 10,000 deaths and approximately \$5 billion dollars in damage, mostly in Mexico City. Nevertheless, most of Mexico's citizens and buildings escaped harm. As of late 1985, the Mexican Government was completing its long-term plans for earthquake reconstruction.

GOVERNMENT

The constitution of 1917 provides for a federal republic with a separation of powers into independent executive, legislative, and judicial branches of government.

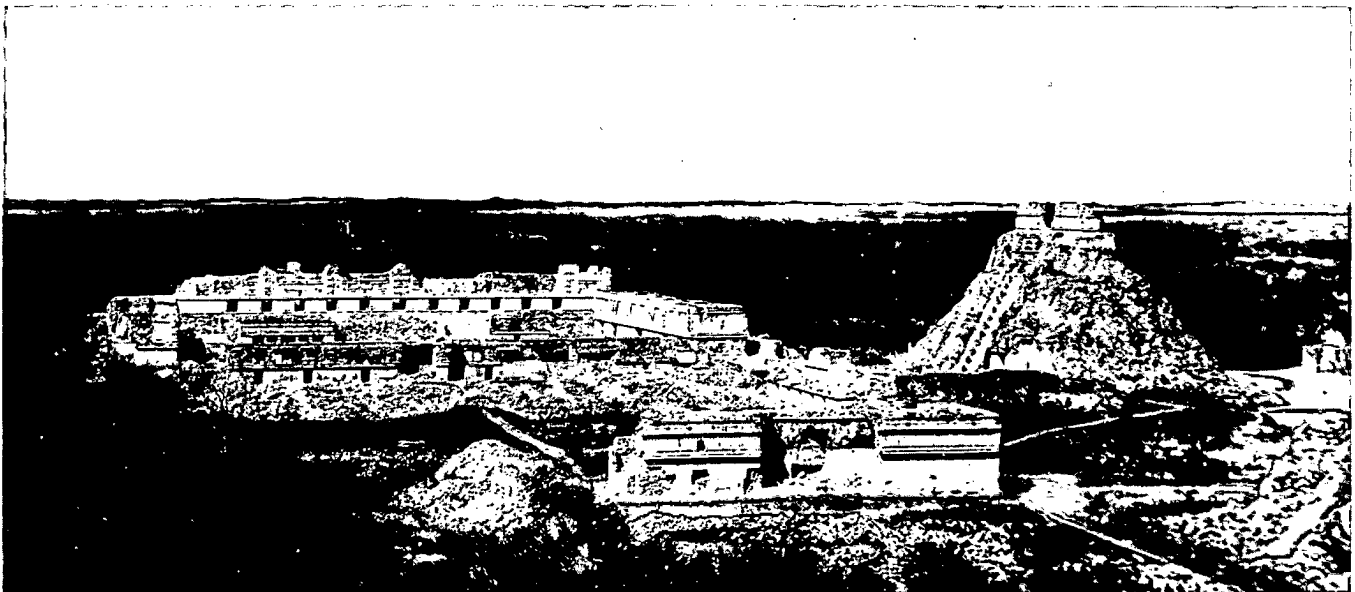
The executive branch is dominant. Executive power is vested in the president, who promulgates and executes the laws of the Congress. The president also legislates by executive decree in certain economic and financial fields, using powers delegated from the Congress. The president is elected by universal adult suffrage a 6-year term and may not hold office a second time. There is no vice president; in case of the removal or death of the president, a provisional president is elected by the Congress.

Congress is composed of a Senate



The giant stone warrior of Tula.

The Yucatan, Las Monjas, Uxmal.





Mexico City's National Cathedral in Zocalo.

and a Chamber of Deputies. Consecutive reelection to the Congress is prohibited. Sixty-four senators (two from each state and the federal district) are elected to 6-year terms.

Under constitutional and legislative reforms adopted in 1977, the Chamber of Deputies was enlarged in the 1979 elections (from the former 237 members) to allow 300 deputies to be elected in single-member districts by a plurality system and 100 deputies to be elected by proportional representation from the minority parties. This reform is intended to provide minority parties with greater representation in the Chamber of Deputies. Deputies serve 3-year terms. The Mexican Congress is empowered to legislate on all matters pertaining to the national government.

The judicial system consists of local and federal courts and a Supreme Court. Supreme Court justices are appointed by the president and approved by the Senate.

Mexico has 31 states and a federal district. Each state is headed by an elected governor. Powers not expressly vested in the federal government are reserved to the states.

Mexico's armed forces in 1985 numbered about 125,000 officers and troops. The army makes up about three-fourths of the total. One year of limited training is required of all males reaching age 18. A paramilitary force of communal landholders is maintained in the countryside. Principal military roles include maintenance of public order and civic action assignments, such as road-building and disaster relief. Military expenditures constituted 1.4% of the central government budget for the year ending December 31, 1985.

Principal Government Officials

President—Miguel de la Madrid Hurtado

Ministers

Government (Interior)—Manuel **Bartlett** Diaz

Foreign Relations—Bernardo **Sepulveda** Amor

National Defense—Gen. Juan **Arevalo** Gardoqui

Navy—Adm. Miguel Angel **Gomez** Ortega

Finance—Jesus **Silva Herzog** Flores

Programming and Budget—Carlos **Salinas** de Gortari

Energy, Mines, and Parastate

Industry—Francisco **Labastida** Ochoa

Commerce and Industrial Development—Hector **Hernandez** Cervantes

Agriculture and Water Resources—Eduardo **Pesqueira** Olea

Communications and Transportation—Daniel **Diaz** Diaz

Urban Development and Ecology—Guillermo **Carrillo** Arena

Public Education—Miguel **Gonzalez** Avelar

Health and Public Assistance—Guillermo **Soberon** Acevedo

Labor and Social Welfare—Arsenio **Farrell** Cubillas

Agrarian Reform—Luis **Martinez** Villicana

Tourism—Antonio **Enriquez** Savignac

Fisheries—Pedro **Ojeda** Paullada

Federal District—Ramon **Aquirre** Velasquez

Attorney General—Sergio **Garcia** Ramirez

Attorney General for the Federal District—Victoria Adato de **Ibarra**
Comptroller General—Francisco **Rojas**

Ambassador to the Organization of American States (OAS)—Rafael de la **Colina**

Ambassador to the United Nations—Mario **Moya** Palencia

Ambassador to the United States—Jorge **Espinosa** de los Reyes

Mexico maintains an embassy in the United States at 2829 - 16th Street NW., Washington, D.C. 20009 (tel. 202-234-6000). Consular offices are located at 1019 - 19th Street NW. (tel. 202-293-1710). Consulates general are located at Chicago, El Paso, Los Angeles, New Orleans, New York, San Francisco, and San Antonio, and consulates (partial listing) at Boston, Dallas, Detroit, Miami, Philadelphia, and St. Louis.

POLITICAL CONDITIONS

President Miguel de la Madrid Hurtado began his 6-year term in 1982. De la Madrid, a lawyer, has been a university professor, finance director for PEMEX, Director General for Credit at the Treasury, Undersecretary of the Treasury, and the Secretary of Programming and Budget.

The *Partido Revolucionario Institucional* (PRI)—Institutional Revolutionary Party—has been the dominant political force in Mexico since 1929; not only all of its presidential candidates but almost all of its candidates for congressional and state offices have been elected. PRI membership is taken from labor, agrarian, and popular groups, from which candidates for elective office are selected. The PRI faces several opposition parties. In July 1985 nationwide congressional elections, vote percentages were distributed as follows: PRI (64.85%), PAN (15.5%), PSUM (3.22%), PDM (2.73%), PST (2.46%), PPS (1.95%), PARM (1.65%), PMT (1.55%), PRT (1.26%), other and annulled votes (4.83%).

Significant political themes of the De la Madrid administration have included an emphasis on economic austerity, a drive against corruption in government, and reorganization of all police forces.

ECONOMY

Mexico's economy is experiencing a slow and trying recovery from its 1982 crisis. Nineteen eighty-five is the third year of a 3-year extended fund facility arrangement with the International Monetary Fund (IMF). Since Mexico began the arrangement, inflation has dropped from 100% in 1982 to 80% in 1983, to 59.2% in 1984. For the first half of 1985, however, inflation grew at about the same rate as in 1984. The financial deficit as a percentage of gross domestic product (GDP) decreased from 17.6% in 1982 to 8.5% in 1983, to 7.4% in 1984. Mexico's trade balance turned from a negative \$4.5 billion in 1981 to a positive \$6.8 billion in 1982, a positive \$13.8 billion in 1983, and a positive \$12.8 billion in 1984. Mexico's foreign debt has grown to almost \$100 billion, and annual public sector interest payments amount to about \$10 billion.

Earthquakes in September 1985 will have a significant impact on the Mexican economy. The costs of cleaning and reconstruction will run into the billions of dollars. Most of the funds will go into building construction and the repairing of telecommunications and water supply systems.

During the 1970s, the economy experienced difficulties largely as a result of an ambitious public expenditure program that could not be financed by domestic savings, causing the government to borrow substantial funds from

abroad. These policies led to burgeoning public sector deficits, accelerating inflation, and an increase in the Mexican public sector's external debt from \$4 billion (12% of GDP) in 1970, to \$59 billion (36% of GDP) in 1982, to \$97 billion (54% of GDP) in mid-1985.

When President de la Madrid took office in December 1982, the economy was plagued by rising inflation, capital flight, and falling output and employment. Foreign exchange reserves were not sufficient to meet even the country's short-term external liabilities. The new President's inauguration followed by only 4 months the events of August 1982, when the Mexican economic crisis came to a head. At that time, the country was forced to seek emergency assistance to avoid running out of foreign exchange and to begin planning in earnest an economic adjustment program to bring about major structural changes in the economy.

In 1984, the Mexican economy surpassed its growth targets with real GDP growth of 3.5% following real declines of 5.3% in 1983 and 0.5% in 1982. The growth came primarily from non-petroleum exports, steel, chemicals, in-bond industries, and automobiles.

Petroleum production in 1984 was slightly above that in 1983 even with a temporary production cutback in November. Petroleum exports at \$16.6 billion in 1984 accounted for 69% of all of Mexico's merchandise exports. The trade surplus for 1984 was almost \$13 billion, and the current account surplus was about \$4 billion. Nonpetroleum exports were up by about 26%. Imports were up 18% in dollar terms but remained well below 1982 and 1981 levels.

The international petroleum market and interest rates have had considerable influence on Mexico's economy in 1985. Petroleum prices have already been adjusted downward three times without an increase in volume, causing a decline in export revenues. Lower world interest rates have brought about savings in debt-servicing costs on foreign loans, but higher domestic interest rates have offset some of the consequent budget savings.

During the first half of 1985, foreign exchange reserves contracted as exports decreased and imports increased. Capital flight also contributed to the decline in foreign exchange reserves. The exchange rate has been under pressure since the 1982 crisis, sliding from 26 pesos per dollar at the start of 1982 to 148 pesos per dollar at the end of 1982. The government adopted a dual exchange rate system in December

Further Information

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse unofficial publications.

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Colorful street markets where shoppers can buy food, baskets, and art objects.

1982. The official market rate of exchange for the peso declined to 210 at the end of 1984. In December 1985, the official controlled rate for international trade and debt payments was around 345 pesos to the dollar, while the market rate was around 490.

International Trade

Petroleum constitutes about 69% of Mexico's total exports. Manufactures, including chemicals, transport equipment, textiles, shoes, iron, steel, and electric and electronic products make up about 20% of Mexico's exports. Other leading exports include coffee and winter vegetables. Imports are largely of capital and intermediate goods and grains.

Mexico signed a subsidies agreement with the United States in March 1985, which gave Mexico the injury test in

countervailing duty cases but called for a progressive elimination of all export subsidies.

The United States purchases about 60% of Mexico's exports and supplies around 65% of its imports. Tourism and in-bond industries are important foreign exchange earners for Mexico, bringing in a total of \$2.5 billion in 1984.

Agriculture

Mexico's agrarian reform program was begun more than 50 years ago, and almost all available land has been distributed. Raising the productivity and living standards of subsistence farmers has been slow, however. Self-sufficiency in basic crops such as corn and beans is being stressed by the government, but emphasis is also given to export crops such as coffee, tomatoes, and winter vegetables. Mexico's agriculture suffers a drought in 4 years out of every 10. In 1980, Mexico began importing large quantities of corn, other feedgrains, and oilseeds to meet domestic needs. In 1984, Mexico was again a net importer of agricultural products as imports of \$2.3 billion outpaced exports of \$1.7 billion.

Mineral and Energy Resources

Mexico is rich in mineral and energy resources, and mineral exports are an important element in foreign trade. A leading producer of silver, sulfur, lead, and zinc, Mexico also produces gold, copper, manganese, coal, and iron ore. The discovery of extensive new oil fields in the coastal regions along the Gulf of Mexico in 1974 enabled Mexico to become self-sufficient in crude oil and to export increasing amounts of petroleum. Recent estimates put the country's potential petroleum reserves as the fourth largest in the world. It also is now the fourth largest oil producer and exporter in the world.

Manufacturing and Foreign Investment

Mexico's manufacturing sector now accounts for about one-fifth of the GDP. Important gains have been made in the production of cement, aluminum, artificial fibers, chemicals, fertilizers, petrochemicals, and paper. A growing automobile industry has become one of Mexico's most important industrial and export sectors.

International Boundary and Water Commission



Preceded by several short-term commissions to survey and mark the boundary after its creation in 1848 and modification in 1853, the International Boundary Commission was established as a permanent, joint commission by treaty in 1889. The Water Treaty of 1944 extended its authority to the land boundary, and added to its responsibilities the boundary water problems, then becoming very important. The 1944 treaty renamed the body The International Boundary and Water Commission (IBWC). It also required that the U.S.

and Mexican commissioners be engineers.

The IBWC has a wide range of responsibilities and specific programs for solution of U.S.-Mexican water and boundary problems. These include distribution between the two countries of the waters of the Colorado River and the Rio Grande; joint operation of international dams on the Rio Grande to control floods, conserve waters, and to generate electricity; other joint flood control works along boundary rivers; solution of border water quality control problems; and stabilization of the river boundaries. These responsibilities and programs are carried out in accordance with various treaties and agreements.

The IBWC has successfully resolved many difficult and longstanding problems. For example, the Chamizal Settlement of 1963 resolved a 100-year-old dispute at El Paso/Ciudad Juarez by exchange of territory and rechanneling the Rio Grande. A permanent solution to the international problem related to the salinity of the Colorado River was reached in 1973. In the 1980s, the IBWC has focused on troublesome border sanitation problems and has been studying groundwater resources along the boundary.

The 1973 law governing direct foreign investment in Mexico requires majority Mexican ownership in all new investments except those deemed to be in the national interest by a commission established by the law. In general, the law codifies the existing laws, decrees, and regulations that previously governed the role of foreign direct investment in Mexico.

The De la Madrid administration has said publicly that it welcomes foreign investment on a selective basis and that it will be flexible in applying the law. Foreign investments most likely to be approved are those which complement domestic investment, bring needed technology, help increase exports or reduce imports, or are labor intensive. Flexibility has been seen in the recent approval of a 100% foreign-owned IBM investment proposal.

Other key elements of Mexico's investment policy are a rationalization of industries (i.e., to limit competitors in order to achieve economies of scale), a decentralization of manufacturing industries away from Mexico City and the surrounding area, local content and export performance requirements, and a diversification of foreign investment sources. Currently, an estimated 35% of

Mexico's nonpetroleum exports are by foreign-owned firms, which account for only about 4% of total private investment.

Transportation and Communications

Mexico's land transportation network is one of the most extensive in Latin America. The 36,000 kilometers of railroads are government owned. Tampico and Veracruz on the Gulf of Mexico are Mexico's two major ports, although the government is developing new ports on the Gulf of Mexico and the Pacific. A number of international airlines serve Mexico, with direct or connecting flights from most major cities in the United States, Canada, Europe, and Japan. Most Mexican regional capitals and resorts have direct air links with Mexico City or the United States.

Mexico has a well-developed telecommunications system, with its own satellites, 211 television stations, 1,061 radio stations, 3 land satellite receiving stations, and 5.0 million telephones. Earthquake damage to these facilities in September 1985 was extensive. Mexico is a member of the International Telecommunications Satellite Consortium (INTELSAT).

FOREIGN RELATIONS

The Government of Mexico, in modern times, has sought to maintain its interests abroad and project its influence largely through moral suasion and selective economic assistance. In particular, Mexico champions the principle of nonintervention and certain legal corollaries: the Estrada, Calvo, and Drago doctrines.

During the last 5 years, the Mexican Government has expressed concern about intensified conflict in Central America. Mexicans believe that insurgency in Central America stems principally from economic and social injustices in that area. A Franco-Mexican declaration on El Salvador, issued in late August 1981, pressed for a political

settlement that would recognize armed insurgents as "a legitimate political force." Since early 1983, Mexico, Venezuela, Colombia, and Panama have expanded their collaboration in an effort to bring the states of the region together and restore peace.

Mexico and Venezuela have also been collaborating to promote economic progress in the region for the last 5 years. The two countries jointly have sold oil on concessional terms to the developing countries of Central America and the Caribbean, under the 1980 San Jose agreement.

Mexico has shown a marked preference for resolving regional disputes through the United Nations, rather than the Organization of American States (OAS). Mexican leaders have also stated, however, that the OAS should be retained as a forum for Latin American countries to discuss issues in a general way with the United States.

Mexico has been selective in its membership in other international organizations. To date, it has declined to become a member of the General Agreement on Tariffs and Trade (GATT), the Organization of Petroleum Exporting Countries (OPEC), or the Non-Aligned Movement. However, in November 1985, President de la Madrid announced Mexico's intention to seek formal accession to the GATT.

U.S.-MEXICAN RELATIONS

Mexico and the United States have maintained close and friendly relations since 1938, when a major confrontation over the expropriation of oil holdings was resolved. These friendly relations were reinforced by U.S. measures in 1982 to help Mexico deal with its economic problems. Purchases for the U.S. Strategic Petroleum Reserve, with a large advance payment, emphasized the cooperative nature of the U.S.-Mexican energy relationship.

Much of the progress in U.S.-Mexican relations over the past several years has resulted from the close working relationships and frequent meetings between U.S. Presidents and their Mexican counterparts, as well as from high-level day-to-day contacts by the U.S. Ambassador. The most recent presidential meeting was between Presidents Reagan and de la Madrid in Washington, D.C., in May 1984.

Beyond financial cooperation, the United States and Mexico are cooperating in efforts to solve various other problems, the most important of which are narcotics and dangerous drug traffic into the United States, immigration

matters, border environmental issues, and trade issues.

The United States includes the following in its foreign policy objectives toward Mexico: to maintain friendly relations, to assure maximum cooperation between Mexico and the United States, and to settle all differences in the spirit of mutual respect and neighborly understanding. A strong and prosperous Mexico is in the U.S. interest.

Principal U.S. Officials

Ambassador—John Gavin
Deputy Chief of Mission—Morris D. Busby
Counselor for Political Affairs—Robert S. Pastorino
Counselor for Economic Affairs—Richard H. Morefield
Counselor for Labor Affairs—John B. Gwynn
Counselor for Public Affairs (USIS)—Sally Grooms
Counselor for Consular Affairs and Consul General—Charles Brown
Counselor for Scientific and Technological Affairs—Reynaldo Morales
Counselor for Administrative Affairs—Douglas K. Watson
Counselor for Commercial Affairs—Emilio Iodice
Legal Adviser to the Ambassador—Michael Hancock

Consuls General and Consuls
Consulate General, Ciudad Juarez—Michael Hancock
Consulate General, Guadalajara—A. Irwin Rubenstein
Consulate, Hermosillo—J. Christian Kennedy
Consulate, Matamoros—Danny B. Root
Consulate, Mazatlan—Elayne J. Urban
Consulate, Merida—Virginia C. Young
Consulate General, Monterrey—Martin G. Heflin
Consulate, Nuevo Laredo—Manuel R. Guerra
Consulate General, Tijuana—Robert D. Emmons

Consular Agents
Acapulco—Lambert Jean Urbanek
Cancun—Genevieve Elisabeth Browning de Valdez
Durango—Kenneth F. Darg
Mulege—Donald J. Johnson
Oaxaca—Roberta K. French
Puerto Vallarta—Jenny McGill
San Luis Potosi—Margaret M. Snyderlaar
San Miguel de Allende—Col. Philip Maher
Tampico—Mary Elizabeth Alzaga
Veracruz—Edwin L. Culp

The U.S. Embassy in Mexico is located at Paseo de la Reforma 305, Mexico 06500, D.F. (tel. 905-211-0042). ■

Travel Notes

Customs: A tourist card is required for entry.

Climate and clothing: The high plateau area around Guadalajara and Mexico City is spring-like throughout the year, a bit cooler in winter, and a little warmer in summer. The Yucatan Peninsula, the Monterrey area, and the US border areas are very hot in summer and pleasant in winter. Business suits for men and street dresses or pantsuits for women are appropriate in the cities. Sport shirts are worn for all social occasions in the coastal zones.

Health: Cooked food is safe to eat; raw vegetables often are not. Tapwater may not be potable. Medical facilities in the larger cities are good. A leisurely pace is recommended for the first few days in the higher altitudes.

Telecommunications: Long-distance telephone and telegraph service to major cities is good. Mexico City is one time zone behind eastern standard time.

Transportation: Direct international air service from many US airports is available to Mexico City, Cancun, Guadalajara, Merida, Monterrey, and other points. Bus service in Mexico is good, and the highway system is extensive. Auto rental is available.

Tourist attractions: About 4 million tourists, about 90% of them US citizens, visit Mexico annually. Among the richest archeological sites are Teotihuacan (with its famous pyramids) and Tula near Mexico City, Monte Alban and Palenque in the south, and Chichen Itza and Uxmal in the Yucatan. The National Museum of Anthropology in Mexico City is one of the world's finest. Other important museums include the Colonial Museum in Tepozotlan, Chapultepec Castle, and the Museum of La Venta at Villahermosa, Tabasco. The major coastal resorts are Acapulco, Puerto Vallarta, Ixtapa, Cozumel, and Cancun.

1 SOMETHING THAT GENERALLY NEEDED TO BE CORROBORATED.

2 Q. ALL RIGHT. OKAY. NOW, ONE OF THE OTHER WAYS THAT YOU
3 GATHERED INTELLIGENCE WAS BY GOING THROUGH AND LOOKING AT THE
4 NEWS MEDIA; IS THAT FAIR TO SAY?

5 A. YES, SIR.

6 Q. AND YOU LOOKED AT THE NEWSPAPERS, T.V., AND RADIO IN THE
7 HOPES OF GETTING INFORMATION YOU MIGHT BE ABLE TO USE IN THE
8 INTELLIGENCE GATHERING ACTIVITY, RIGHT?

9 A. YES.

10 Q. AND ONE OF THE NEWS MEDIA THAT YOU UTILIZED WAS A MAGAZINE
11 CALLED "ALARMA"? ARE YOU FAMILIAR WITH THAT?

12 A. YES.

13 Q. AND IT WASN'T UNUSUAL TO FIND STORIES CONCERNING DRUG
14 ARRESTS OR DRUG SEIZURES AND THAT SORT OF THING IN ALARMA, WAS
15 IT?

16 MR. [REDACTED]: OBJECTION, YOUR HONOR, BEYOND THE
17 SCOPE.

18 THE COURT: OVERRULED.

19 THE WITNESS: NO, THAT WAS NOT UNUSUAL.

20 BY MR. [REDACTED]:

21 Q. ALL RIGHT. NOW, TO CHANGE A LITTLE BIT, YESTERDAY IN
22 RESPONSE TO THE QUESTION CONCERNING WHAT WAS THE M.F.J.P., YOU
23 GAVE WHAT YOUR VIEW OF WHAT THEIR OFFICIAL FUNCTION WAS;
24 ROUGHLY EQUIVALENT TO THE D.E.A.

25 THEN YOU WERE ASKED WHAT THE D.F.S. WAS.

1 A. YES.

2 Q. AND YOU WERE ASKED WHAT THEIR FUNCTION WAS.

3 A. YES.

4 Q. AND I TOOK THAT QUESTION TO MEAN WHAT THEIR OFFICIAL
5 FUNCTION WAS. AND YOUR OPINION WAS THEY WERE PEOPLE WHO
6 ASSISTED DRUG DEALERS, ESSENTIALLY, RIGHT?

7 A. THEY DID THAT.

8 Q. BUT THEY HAD AN OFFICIAL FUNCTION, DIDN'T THEY?

9 A. YES.

10 Q. WHAT WAS THAT FUNCTION?

11 A. I BELIEVE THEY WERE TASKED WITH REPORTING ON THE POLITICAL
12 ACTIVITIES, ON POLITICAL ACTIVITIES WITHIN MEXICO.

13 Q. SORT OF LIKE AN INTERNAL SECRET SERVICE?

14 A. I SUPPOSE.

15 Q. THEY WERE SOMETHING THAT WAS ROUGHLY EQUIVALENT TO OUR
16 C.I.A.; WOULD THAT BE FAIR TO SAY?

17 A. I DON'T THINK SO.

18 Q. DIDN'T THEY DO POLITICAL INVESTIGATIONS? THAT'S WHAT YOU
19 TOLD US, RIGHT?

20 A. THAT IS CORRECT. I'M NOT SURE THAT'S WHAT THE C.I.A.
21 DOES.

22 Q. WELL, AT ONE POINT, THERE WERE C.I.A. PEOPLE STATIONED IN
23 MEXICO; WERE THERE NOT?

24 A. I'M SURE THERE WERE.

25 Q. WELL, IN YOUR DUTIES AS A D.E.A. AGENT IN MEXICO, DID YOU

1 EVER HAVE AN OPPORTUNITY TO SPEAK TO ANY C.I.A. PERSON IN
2 MEXICO?

3 MR. [REDACTED]: OBJECTION, YOUR HONOR. IRRELEVANT AND
4 BEYOND THE SCOPE.

5 THE COURT: OVERRULED. YOU MAY ANSWER.

6 THE WITNESS: YES.

7 BY MR. [REDACTED]:

8 Q. AND ISN'T IT TRUE THAT DURING AT LEAST ONE OF THOSE
9 CONVERSATIONS, THAT YOU EXPRESSED TO A C.I.A. PERSONNEL YOUR
10 DISPLEASURE WITH THEIR CONNECTION WITH THE D.F.S.?

11 A. BASICALLY, YES.

12 Q. BY THE WAY, DO YOU KNOW A PERSON BY THE NAME OF FEDERICO
13 CASTEL DEL ORO?

14 A. I MET HIM ONCE.

15 Q. AND HOW LONG AGO WAS THAT, IF YOU CAN RECALL?

16 A. I THINK IT WAS 1983.

17 Q. THAT WAS IN MEXICO?

18 A. IN GUADALAJARA.

19 Q. AND WITHOUT -- WHERE DID YOU MEET HIM?

20 A. AT HIS OFFICE IN GUADALAJARA.

21 Q. AND WAS THAT A GOVERNMENT OFFICE, A PRIVATE OFFICE?

22 A. IT WAS A MEXICAN GOVERNMENT OFFICE YES.

23 Q. AND WHICH GOVERNMENT AGENCY WAS HE ASSOCIATED WITH?

24 A. THE D.F.S.?

25 Q. WHAT WAS HIS TITLE AT THAT TIME, IF YOU KNOW, IF HE HAD

13-86

1 SOCIALES; THAT'S POLITICAL AND SOCIAL INVESTIGATIONS OF THE
2 MINISTRY OF INTERIOR OF MEXICO AND THE LOCAL COMMANDANT'S
3 OFFICE OF GUADALAJARA -- FROM THE LATE 19 -- FROM THE MIDDLE OF
4 1983 UNTIL THE END OF 1984.

5 Q NOW, YOU REFERRED TO, I THINK, THE MINISTRY OF THE
6 INTERIOR. IN SPANISH IS THAT THE --

7 A SECRETARIO DE GOBERNACION.

8 Q AND IS THE I.P.S., WHICH YOU'VE DESCRIBED, IS THAT AN ARM
9 OF THE GOBERNACION?

10 A D.F.S. AND I.P.S. AT THAT TIME WERE BOTH AGENCIES OF THE
11 MINISTRY OF INTERIOR.

12 Q NOW, DURING THE PERIOD THAT YOU PERFORMED THIS ELECTRONICS
13 WORK FOR THESE VARIOUS AGENCIES, WERE YOU ISSUED ANY KIND OF
14 CREDENTIALS?

15 A WELL, I WAS GIVEN WHAT IS KNOWN AS AN OFICIO DE COMISION,
16 AN OFICIO DE COMISION IS A LETTER MADE UP ON THE LETTERHEAD OF
17 THE LOCAL COMMANDANT'S, OFFICE SIGNED BY THE LOCAL COMMANDANT.
18 IT HAS A PICTURE ON IT WITH A SEAL OVER THE PICTURE, A SEAL
19 UNDERNEATH THE NAME OF THE COMMANDANT.

20 IT'S NORMALLY WRAPPED IN PLASTIC AND REDUCED IN SIZE
21 AND PUT INSIDE A BADGE CASE.

22 Q IS THERE SOME OTHER KIND OF CREDENTIAL?

23 A THERE IS AN OFFICIAL CREDENTIAL, AGENT'S CREDENTIAL, BUT
24 THOSE ARE ISSUED IN MEXICO CITY AND THEY'RE ACTUALLY ISSUED ON
25 A SPECIAL MACHINE, LIKE THE MACHINERY THAT'S USED IN THE

1 years. He knows that because he's the accountant for the
2 cartel, he has to make a note of. Lobo tells when you pays at
3 car wash meeting, Luis Cardenas Palomino is there and talking
4 with the defendant with Lobo about how they are taking Chapo
5 and Mayo's side. He is completely in. His resume was found
6 on the defendant's computer. If you look at it, you'll see
7 that these two have been together almost every step of the
8 way. They were at the intelligence agency together, AFI
9 together, and at secretariate of public security together.

10 Ramon Pequino Garcia is similar. Also at the
11 intelligence agency from 2000 to 2005. Yesterday we put in a
12 binder of Government records, the personnel records for these
13 people, you can see where they worked over different years.
14 Government's Exhibit 1003A shows Ramon Pequino Garcia was at
15 the intelligence agency right around the time that Genaro
16 Garcia Luna was there. And at that secretary of public
17 security overlapping with Genaro Garcia Luna.

18 The ambassador told you he saw both Luis Cardenas
19 Palomino and Ramon Pequino Garcia in meetings with Genaro
20 Garcia Luna regularly. Rey pays him for the airport. Miguel
21 Madrigal testified he worked with him closely and share
22 intelligence and tips. And they oversaw the SIU, he oversaw
23 Ivan Reyes, who botched the Chapo raid.

24 Grande also talked about Ramon Pequino Garcia. If
25 you remember, he identified him as the guy with the dark spots

1 Police. From 2000 to 2001; he was the Director of Planning
2 and Operations for the Federal Judicial Police. That's
3 called the PJF, you may hear that from the witness stand.
4 Then new president, Vicente Fox Quesada, had Mr. Garcia Luna
5 dissolve the Federal Judicial Police and instead, create the
6 Federal Ministerial Police; tasked with fighting corruption
7 and organized crime. That was known as AFI. You are going
8 to hear that a lot AFI.

9 In an effort to clean up what had been a corrupt
10 organization, Mr. Garcia Luna removed thousands of agents.
11 The federal police reform resulted in the loss of jobs to
12 individuals not meeting higher standards, and we expect you
13 will hear from at least one of those who lost their position
14 because of those higher standards. Who lost their job
15 because of Mr. Garcia Luna.

16 From 2001 to 2006, Mr. Garcia Luna was the
17 Director AFI. In 2006, as the Government said, president
18 Felipe Calderon was elected president in Mexico, and he
19 selected Mr. Garcia Luna to be the minister of public
20 security; a position he held until the Calderon
21 administration ended in 2012.

22 In 2012, Mr. Garcia Luna left the government. In
23 fact, he left Mexico and moved to the United States and
24 became a private citizen.

25 Under President Felipe Calderon, the Mexican

1 arrest them, but they worked with this government and
2 extradited them here where they were incapacitated.

3 And if we are arrested, let us escape. As I just
4 mentioned, thousands of traffickers were arrested and
5 extradited. But what about those big ones that got away
6 because Mr. Garcia Luna helped them escape from prison
7 because he was in charge of the prisons. Well, there aren't
8 any. You will learn that Mr. Garcia Luna oversaw the entire
9 federal prison system as chief of public security, where
10 most of the Government witnesses, their cooperating
11 witnesses were housed. They're here. I expect lots will be
12 made of El Chapo Guzman's escapes from Mexican prison.

13 Those occurred in 2000-2015. Mr. Garcia Luna had nothing to
14 do with the prison system in the first, and was not even a
15 member of the government in the second. So while you're
16 listening to the Government's evidence and watching men
17 testify that are in jail as a result of Mr. Garcia Luna's
18 duties as minister of public security, ask yourself what did
19 they get for these alleged hundreds of millions of dollars?

20 The evidence will show, ladies and gentlemen, that
21 the Government's key witnesses have played on societies
22 prejudices. Their witnesses will try to take advantage of
23 beliefs, myths, rumors that all police, Mexican politicians,
24 and the military are corrupt. It will be clear to you that
25 the cartels need and want to undermine the public's

1 Q And who was under him as -- in the federal police?

2 A Commissioner Facundo Rosas Rosas.

3 [REDACTED] I would like to show the witness what's
4 been marked for identification as Government Exhibit 24.

5 Q Do you recognize the person in this photo?

6 A Yes.

7 Q Who is it?

8 A It's a picture of Facundo Rosas Rosas.

9 Q How do you recognize this person?

10 A Because I have seen him from a certain distance.

11 Q Is this photo a fair and accurate depiction of Facundo
12 Rosas Rosas?

13 A Yes.

14 MS. [REDACTED] I'd move to admit and publish.

15 MR. [REDACTED] We have no objection.

16 THE COURT: Received.

17 (Government Exhibit 24, was received in evidence.)

18 (Exhibit published.)

19 MS. [REDACTED] And thank you, Ms. [REDACTED], you can take
20 the exhibit down.

21 Q How was the federal police structured?

22 A You had the commissioner and then you had different
23 divisions. The federal forces division, the intelligence
24 division, the regional security division, the drug trafficking
25 division, the scientific division. And there was an

1 administrative area.

2 Q Where were the headquarters of the federal police?

3 A At Contel, the command center.

4 Q Have you been to Contel?

5 A Yes.

6 [REDACTED]: I'd like to show the witness what's been
7 marked for identification as Government Exhibit 329.

8 Q Do you recognize the location of this photo?

9 A Yes.

10 Q What is it?

11 A The main entrance to the command center.

12 Q Is this Contel?

13 A Yes.

14 MS. [REDACTED] I'd move to admit and publish.

15 MR. [REDACTED]: No objection.

16 THE COURT: Received.

17 (Government Exhibit 329, was received in
18 evidence.)**

19 (Exhibit published.)

20 Q Did the secretary of public security have an office in
21 Mexico City?

22 A Yes.

23 Q Where was it?

24 A It was towards downtown in Reforma Avenue and Varsovia.

25 MS. [REDACTED] I'd like to show the witness what's been

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Page 1 of 10

RELEASED IN PART
B5,B7(E),B6

From: svcsmartmfi
Sent: 12/15/2009 6:09:20 PM
To: SMART Core
Subject: NARCOTICS AFFAIRS SECTION MEXICO MONTHLY REPORT FOR NOVEMBER 2009

UNCLASSIFIED
Sensitive



MRN: 09 MEXICO 3555
Date/DTG: Dec 15, 2009 / 152303Z DEC 09
From: AMEMBASSY MEXICO
Action: WASHDC, SECSTATE ROUTINE
E.O.: 12958
TAGS: SNAR, KCRM, KJUS, PGOV, PREL, MX
Captions: SENSITIVE
Sensitivity: Sensitive
Reference: A. MEXICO 3208 REF: B: Mexico 3365
Pass Line: STATE FOR INL AND WHA/MEX
TREASURY FOR ENFORCEMENT SECRETARY
DOJ FOR BSWARTZ/KBLANCO DEP ASSIST ATTY GEN
FBI DIR FOR LA/CU, OC/DB, OIU, CID
DEA FOR OD, OF, OFC, AO, DO, NPSM
CUSTOMS FOR LA OPS AND FOR OIA/WHB
Subject: NARCOTICS AFFAIRS SECTION MEXICO MONTHLY REPORT FOR NOVEMBER 2009

UNCLAS MEXICO 003555

SENSITIVE

STATE FOR INL AND WHA/MEX
TREASURY FOR ENFORCEMENT SECRETARY
DOJ FOR BSWARTZ/KBLANCO DEP ASSIST ATTY GEN
FBI DIR FOR LA/CU, OC/DB, OIU, CID
DEA FOR OD, OF, OFC, AO, DO, NPSM
CUSTOMS FOR LA OPS AND FOR OIA/WHB

E.O. 12958: N/A
TAGS: SNAR, KCRM, KJUS, PGOV, PREL, MX
SUBJECT: NARCOTICS AFFAIRS SECTION MEXICO MONTHLY REPORT FOR
NOVEMBER 2009

REF: A. MEXICO 3208
REF: B: Mexico 3365

1. (SBU) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED

ISSUES FOR INL - WASHINGTON

REVIEW AUTHORITY: Alan Flanigan, Senior Reviewer

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Page 1 of 10

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2. (SBU) 265 Buildout: We understand the timeline for the buildout of 265 Reform is beginning to drift again and could move several months to the right. Request Washington keep pressure on OBO to ensure this does not happen.



B5

INTERNAL DEVELOPMENTS

3. (SBU) INCREASING VIOLENCE: At the close of the third year of Calderon's administration and days shy of the third anniversary of the war against the DTOs, media sources tallied nearly 16,000 organized crime-related casualties. November showed a decline in murders with approximately 682 deaths, a marked reduction against the prior 5 months, but near the average for 2009.

4. (SBU) High impact crimes continued in November, to include the murder of the Secretary of Public Security for Garcia, Nuevo Leon, retired Brigadier General Juan Arturo Esparza, four days after his appointment. In neighboring Escobedo, Nuevo Leon, the Secretary of Public Security resigned after just a few hours in office due to intimidation. More than half of the 51 municipal Security Secretary positions in the state of Nuevo Leon remain vacant. The states of Zacatecas, Morelos, Guerrero and Durango reported direct attacks against law enforcement facilities, most perpetuated with grenades and high-powered automatic weapons. Coordinated retaliation attacks following a high profile arrest November 20 in Celaya, reminiscent of the July 11 attacks in Michoacan, were reported against eight PGR and municipal police facilities.

5. (SBU) PUBLIC PERCEPTION: A national poll carried out in November measuring public perception at the end of Calderon's third year showed an increase in public frustration with the current security strategy. In a speech to mark the milestone, the President highlighted accomplishments to date, further noting that the strengthening of institutions has made headway. In later interviews Calderon highlighted public perception as one of his biggest challenges.

6. (SBU) STRATEGY: Defense Secretary Galvan Galvan met with Senate leaders November 25 to lobby for legislation proposed earlier this year by the executive to define SEDENA's role in civil policing efforts and set penalties for troops who defect to join the ranks of organized crime. Galvan also made mention of yet another initiative to merge SEDENA and SEMAR under the premise of combating organized crime.

7. (SBU) While top officials acknowledge merging the two Secretariats is low on the list of priorities, Secretary Garcia Luna's initiative to merge state and municipal police forces has some support. Officials in the states of Durango have made clear intentions to bring all 41 of the state's police forces under the wing of state leadership and expect to have a framework to do so before the state legislature in mid-December. Security Secretary of Nuevo Leon Carlos Jauregui has also acknowledged that his state is

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poised to do the same. Significantly, the governors of Michoacan, DF, Chihuahua, Veracruz, Oaxaca, Durango, and Mexico, states which represent a majority of the Mexican Congress have all indicated that they would support such a merger. Both the National Public Security Council and the National Conference of Governors expect to convene commissions in the coming months to analyze and debate current and future police models.

8. (SBU) The inability of both the military and police to subdue cartel violence has given rise to an array of desperate measures.

The Ciudad Juarez business community issued statements earlier in the month calling for the deployment of UN peacekeeping troops to their city, much to the chagrin of federal leaders. The venture was roundly rejected by the GOM and the UN itself, but UNODC representatives have expressed interest in offering the city other forms of assistance. Recent isolated incidences of vigilante justice have also been interpreted as further indicators of waning confidence. The near lynching of kidnapping suspects in the State of Mexico and the evolving row over the suspected participation of San Pedro Garza's mayor in the murder of a kidnapping ring leader have raised the profile of the issue(ref. A).

9. (SBU) Creating productive mechanisms for community participation is a tall order that most agree must be filled before the country's security apparatus will move forward. Recent forums, including those hosted by SRE on the Merida Initiative and a broader event by the International Republican Institute and the National Autonomous University (ref. B), show growing interest and a willingness to engage on security issues. The National Association of Citizen Participation Councils also held a national event on media and citizen participation which served as a launch pad for a new anonymous online system to report crimes (<http://notedejes.mx/>). Participants revealed a related project underway with the nation's largest wireless provider for reporting crime via free and anonymous text messaging. Similar efforts announced by Ciudad Juarez' mayor this month will initiate a Crime Stoppers program in the coming months and is expected to outsource calls across the border to El Paso. Anonymity is of particular concern in Mexico, given a founded wariness of reprisals from both criminals and authorities on the take.

10. (SBU) ARRESTS: Mexico extradited five wanted criminals to the US during November, bringing the 2009 total to 107. High profile arrests in the course of the month include Cristobal Altamirano Pinon, suspected leader of La Familia cartel in Guanajuato and Antonio Daniel Villegas Vazquez "El 20", Tampico Zetas plaza boss. Suspected boss of the Zetas Veracruz plaza, Braulio Aurellano Dominguez "El Gonzo," was killed during a shootout with SEMAR troops. Statistics on organized crime-related arrests released in November under a freedom of information request show that of the 226,677 individuals detained from January 2007 through September 2009 only 33,470 received sentences.

----- MERIDA INITIATIVE -----

11. (U) The Merida Initiative Bilateral Implementation meeting was held on November 4 at SRE. In addition to updating the USG and GOM representatives on the status of each project, the GOM briefed on the new database and project tracking system that would be implemented at the end of November.

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12. (U) Senior officials from the U.S. and Mexico met on November 18 to discuss Pillars II (Institution building), and Pillar IV (Building Resilient Communities) of the new Merida bilateral strategy. The two sides discussed programs and joint engagement on internal controls ("control de confianza"), state and local capacity building, human rights, drug demand reduction, socio-economic factors related to crime and criminality, and judicial reform. Similar high level meetings were held on October 28 in Washington to discuss disruption of drug trafficking organizations and creating a

21st century border.

INTERDICTION

13. (SBU) Major drug seizures in the month of November:

--11/1 - Comalapa, Chiapas: Military forces seized 10 kilograms of cocaine at a highway checkpoint.
 --11/2 - Ciudad Victoria, Tamaulipas or Nuevo Laredo, Nuevo Leon: Military forces seized \$1.15M secreted aboard a passenger vehicle.
 --11/3 - Nuevo Laredo, Tamaulipas: Military forces seizure of 1,550 kilograms of marijuana
 --11/4 - Navojoa, Sonora: Seizure of 48 kilograms of marijuana secreted aboard a passenger bus.
 --11/5 - Tamborillo, Chihuahua: Seizure of 203 kilograms of opium gum, the largest seizure of opium in Mexican history.
 --11/5 - Ciudad Juarez, Chihuahua: Military forces seized a small arsenal and approximately 300 kilograms of marijuana.
 --11/5 - Hostotipaquillo, Jalisco: State and municipal police forces seized approximately one ton of marijuana.
 --11/5 - Division del Norte, Michoacan: Military forces seized a clandestine laboratory and approximately 300 liters of precursor chemicals.
 --11/6 - Empalme, Sonora: Military forces seized 280 kilograms of marijuana
 --11/8 - San Luis Rio Colorado - Military checkpoint seizure of 105 kilograms of cocaine secreted aboard two freight trucks.
 --11/8 - Villanueva, Zacatecas: Military forces reported the eradication of a 20,000 square meter marijuana cultivation and seizure of 300 kilograms of the same drug on the premises.
 --11/8 - Zapopan, Jalisco: Seizure of 318 kilograms of marijuana secreted aboard a passenger vehicle.
 --11/9 - Mexicali, Baja California: Seizure of 900 kilograms of marijuana.
 --11/9 - San Juanito Escobedo, Jalisco: Rural and Municipal police forces eradicated approximately 16,800 square meters of marijuana cultivation.
 --11/10 - Techaluta, Jalisco: State police forces seized 20 kilograms of crystal meth which led to the seizure of a clandestine laboratory.
 --11/11 - Tijuana, Baja California: Military forces seized 198 kilograms of marijuana.
 --11/12 - Culiacan, Sinaloa: Military forces seized a clandestine laboratory and 1,650 kilograms of granulated crystal meth as well as 470 liters of the same substance in liquid form.
 --11/14 - Las Cruces, Michoacan: Military forces seized two clandestine laboratories
 --11/14 - Choix, Sinaloa: Military forces seized 12,328 kilograms of marijuana.
 --11/15 - Reynosa, Tamaulipas: Military forces seized 3,091 kilograms of marijuana.
 --11/15 - Huichapan, Hidalgo: Military forces discovered a

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clandestine laboratory.

--11/16 - Villa Madero, Michoacan: Military forces discovered two clandestine labs.

--11/16 - Reynosa, Tamaulipas: Military forces seized 667 kilograms of marijuana

--11/16 - Tlaquepaque, Jalisco: Military forces discovered a clandestine laboratory

--11/17 - Janos, Chihuahua: Two seizures carried out by Military forces at checkpoints yielded 8,035 kilograms of marijuana secreted aboard three commercial freight trucks.

--11/18 - Camargo, Tamaulipas: Military forces seized 462 kilograms of marijuana aboard an abandoned vehicle.

--11/18 - Tijuana, Baja California: Military forces seized 2,229 kilograms of marijuana at a highway checkpoint.

--11/18 - Coapango, Guerrero: Military forces seized a clandestine laboratory and a small amount of heroin and opium.

--11/19 - Hostotipaquillo, Jalisco: State and municipal police forces seized 224 kilograms of marijuana.

--11/19 - Tlaquepaque: Citizen reports led to the seizure of 1,152 kilograms of marijuana.

--11/19 - Urapan, Michoacan: Seizure of a warehouse containing approximately 3.5 tons of suspected precursor chemicals.

--11/18 - Urique, Chihuahua: Military forces seized 3,251 kilograms of marijuana following citizen reports.

--11/22 - Arroyo Seco, Guerrero: Military forces seized 3,742 kilograms of marijuana.

--11/22 - Pueblo Nuevo, Durango: Military force eradicated 7,000 square meters of marijuana cultivation and seized 325 kilograms of marijuana.

--11/24 - Tijuana, Baja California: Military forces seized 2,894 kilograms of marijuana secreted aboard a freight truck.

--11/24 - Pueblo Viejo, Michoacan: Military forces discovered a clandestine lab seizing 46 kilograms of crystal meth, 194 kilograms of ephedrine and other precursor chemicals.

--11/27 - Reynosa, Tamaulipas: Seizure of 900 kilograms of marijuana hidden in a wooded area.

--11/27 - Toluca, Jalisco: Seizure of a clandestine laboratory and over one ton of precursor chemicals.

--11/28 - Reynosa, Tamaulipas: Seizure of 6,100 kilograms of marijuana hidden in a wooded area.

--11/29 - Desierto del Altar, Sonora: Military forces discovered 1,700 kilograms of marijuana.

PROFESSIONALIZATION AND TRAINING

14. (SBU) Currently there are 43 International and 45 Mexican instructors training 985 Basic Investigation students. Instruction is currently being delivered to Phases IV, V and VI. The school is scheduled to close on 19 December and reopen on the 4th of January 2010 to complete the last of Phase VI. It is estimated given the current recruitment of personnel that at the end of Phase VI we should have 3,050 students trained. Given that there is currently a "continuing resolution" on funding additional investigators we are planning to focus on conducting a train the trainer program in January until the Basic Investigator program re-starts.

15. (SBU) SSP MANUALS PROJECT: The Task Order Requirement for the initial survey with the SSP to help design the manuals project has been sent to INL/RM. This initial 30-day survey will develop a plan for addressing the review and editing of up to 120 manuals for the SSP.

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16. (SBU) ANTI-KIDNAPPING UNITS: Thirty state police officers completed three weeks of specialized training in anti-kidnapping in Florida.

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The GOM is actively working to establish units in each of the 32 states.

17. (SBU) SSP UNDERCOVER TRAINING: DHS/ICE conducted a two-week Undercover Training course for 42 SSP Agents Nov. 2 - 13, 2009. This course was intended to teach the SSP agents the basic concepts of undercover operations, situational awareness, handling informants, surveillance, operational security, intelligence gathering and basic SRT tactics.

18. (SBU) GRUPOS BETA: DHS/CBP conducted two two-week Border Search and Rescue Training (BORSTAR) courses for 44 Mexican Immigration (INAMI) agents. The NAS-sponsored Merida Initiative program was designed to equip these counterparts with the needed skills to provide better assistance to migrants that find themselves in precarious situations. Grupo Beta and BORSATR Agents will also be able to talk in the same language and participate in coordinated exercises and operations.

19. (SBU) SSP SENIOR LEVEL COURSE: Forty Five SSP senior leaders

graduated in a well-attended ceremony at Quantico November 6. They are on to Ottawa for further training.

CORRECTIONS SYSTEMS REFORM PROJECT

20. (SBU) TRAINING: On November 20th, 2009, 25 SSP Classification Staff finished six weeks of training in Colorado. The training focused on the classification and reintegration process and assisted participants in the development of procedures and instruments for the Mexican classification system. Participants also received a Train-the-Trainer course. The third Corrections Instructor course continues at the New Mexico Corrections Academy. This class also includes 19 Guatemalan prison officials.

21. (SBU) EQUIPMENT: Training Equipment for the Xalapa Penitentiary Academy was exported Nov. 17. This first shipment, valued at \$39,490 included blocking dummies, training arms and protective gear to aid the Academy in the formation of Mexico's new cadre of corrections offices. The second part of the training equipment is expected in December. RPSO recently signed the contract for 10 transportation vans with security transport insert. They will be delivered in February 2010.

NON-INTRUSIVE INSPECTION EQUIPMENT

22. (SBU) TRAINING: NAS-financed 10-day Basic Ion Scanner Operator training for 60 SEDENA troops ended Nov. 18. The 60 troops will operate the 30 vapor tracer units NAS purchased for SEDENA under the Merida Initiative.

23. EQUIPMENT: Purchase Order for 19 mobile gamma radiation Vehicle and Cargo Inspection Systems (VACIS) trucks for the SSP (18) and SEDENA (1) under Merida Initiative funding was signed November 27.

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Award of the contract (to Company A) followed resolution by the USG of an official protest against the competing company (Company B) initially awarded the contract last August for the 19 vehicles in question. However, Company B filed a counter protest in early December against Company A. This contract is pending resolution procedures set to begin in early January 2010.

JUSTICE PROGRAMS

24. (SBU)

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to assist these agencies with judicial wiretaps. An Assistant U.S. Attorney is also in Mexico City assessing training needs and logistics for the upcoming Trial Advocacy course set for December 7-11 at INACIPE.

INTERNAL CONTROLS

25. (SBU) 2.5 million dollars in procurement of polygraph equipment to improve the polygraph capabilities of CISEN, SSP, SAT, INAMI and PGR is in progress.

IT PROGRAMS

26. (SBU) INAMI (National Migration Institute): A technical review visit to three migration points of entry along the Mexican southern border has been finalized. Delivery, installation, training, and full operational status of biometric equipment in Ciudad Hidalgo and Talisman have been accomplished. Biometric fusion has proven to be a successful solution with a 3 minute average time for capture of

biographic, facial, iris, and fingerprints by INAMI officers. However, much remains to be done – physical security is virtually non-existent and current traveler enrollment is done on a volunteer basis.

27. (SBU) SSP CRUCES PROJECT: NAS contractor initiated a test bed study to evaluate available solutions that meet SSP requirements in Plataforma Mexico for a quantitative analysis tools to analyze large volumes of information with SSP's database. The evaluation will conclude on December 23, 2009.

28. (SBU) PRG JUSTICIA EFECTIVA PARA TODOS (JET) (formally CONSTANZA): Phase 1 of the \$25 million project to provide database administration and system management software was completed on December 4. Initial concurrence on the NAS contractor's findings have been accepted by the GOM. Acceptance of the requirements by the PGR Oficial Mayor is in abeyance until PGR has concurrence from Presidencia.

29. (SBU) NAS efforts in the PGR JET project are not to assess the overall system but rather to validate and purchase the needed database administration software - Oracle, RedHat, VmWare. The GOM technical approach appears to be very solid for overall system operation and database architecture. Additionally, the modular approach will allow the PGR to incorporate modifications dictated by the evolving judicial procedures under oral argumentation. The schedule of the PGR is very ambitious but achievable. There will be

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a massive training effort undertaken by the PGR in closely coordinated in conjunction with the rollout of the software.

30. (SBU) The key next date for the JET project is December 11th when NAS will submit to RPSO the delivery reports. RPSO will have limited time to issue the notice to proceed to the contractors to acquire the software. This is critical as the value added tax in Mexico increases from 15% to 16% on January 1, 2010 representing at least a \$250,000 cost increase in the project.

31. (SBU) SSP NATIONAL COMMAND AND CONTROL CENTER: Ambassador Pascual led the US Embassy team at the inauguration ceremony of the "Bunker" on November 24, 2009. There were some 500 hundred invited guests along the President of Mexico and other distinguished Mexican Government dignitaries and prominent Mexican businessmen. The 7,000 square meter facility will serve as the information operations headquarters of Plataforma Mexico connecting more than 600 points throughout the country to include 169 Federal Police stations. USG-provided software technologies will enable SSP to develop a new uniform and standardized "National Response Framework" for multiagency coordination and communications to protect and to perform the critical functions immediately following a disaster. This Center puts Mexico ahead of other developed countries in emergency preparedness and law enforcement "during and after" all-hazard incidents (natural or man-made) across all affected geographic areas and law enforcement agencies at a national level.

32. (SBU) The objective of the USG-sponsored assistance is to empower SSP with standardized core competencies (similar to DHS, DOJ and FEMA agencies in US) in incident management processes, protocols, law and order enforcement procedure and other business information functions. The Center will enable the SSP to respond swiftly and effectively using consistent procedures, common incident language, standardized communication protocols and have the same understanding of the situation (common situational awareness) and the operating picture at the national command center.

33. (SBU) PLATAFORMA MEXICO - LINK ANALYSIS: [REDACTED]

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[REDACTED] The project has the objective of preparing and observing a proof of concept to analyze the results of a controlled test to validate the requirements and functionality of all the different proposed solutions integration with SSP's database, information indexing, search capacity, generation and

elaboration of categories for searches and perpetual searches. The tests with five possible vendors began in November will be completed before mid January 2010. NAS estimates that the chosen software package may cost as much as \$7,000,000.

CANINES

34. (SBU) NAS and SSP finalized plans for the remainder of FY2008 Merida Initiative funds, which will include the procurement of training and veterinary equipment. NAS is awaiting the design of the SSP Canine Facility in Mexico City, expected mid-December for the renovation and installation of additional kennels. Plans for the Canine Academy scheduled to be constructed in Tepic, Nayarit, are being finalized. NAS has agreed to provide support in the renovation of kennels, technical assistance and equipment. To meet the increasing demand for explosive and firearm detection canines,

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SSP will be sending 8 handlers to the ATF Explosive Detection course, scheduled to begin February 15, 2010. This course will also include a Train-the-trainer course, which will begin Jan 4.

35. (SBU) NAS has finalized plans with CBP in preparation for Mexican Customs canine training initiative. The first of three courses for Basic Narcotics detection will begin January 18, with a train-the-trainer course. This initiative will train 44 Mexican Custom handlers/canine teams in narcotics, firearms and contraband detection.

Culture of Lawfulness

36. (SBU) In November, NSIC focused on two main programmatic area- Expansion of the integrity/rule of law education program with the Federal police; and ensuring continuity of existing culture of lawfulness programs in the northern border state of Nuevo Lesn.

37. (SBU) In cooperation with the NGO Mexico Unido Contra la Delincuencia (MUCD), NSIC developed the first draft of a 20-hour curricula for existing Federal Police agents to enhance their support for the rule of law. This complements the existing culture of lawfulness course for new cadets. The course outline was completed and submitted to the SSP for review. The overall curriculum, instructor manual, and student handbook are scheduled to be completed during the first quarter of 2010.

38. (SBU) NSIC, with the assistance of the US Consulate, also secured support for the continuity of multisector culture of lawfulness programs in the northern border state of Nuevo Lesn. NSIC [redacted] met with the new Governor (Rodrigo Medina), his General Secretary, Chief of Staff, as well as the new Secretaries of Public Security, Attorney General, and Education. They explained the overall CoL approach and the scope of educational activities already underway in Nuevo Lesn. The Governor endorsed the principle of continuing existing CoL educational initiatives and instructed the Secretary of Public Security, Attorney General, and Secretary of Education to follow-up. NSIC also met with private sector and university leaders to introduce them to the culture of lawfulness approach and secure their support for a multisector initiative.

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DEMAND REDUCTION

39. (SBU) DOS/NAS partners National Council against Addictions CONADIC and Addiction Treatment Youth Centers CIJ participated in the 12th Latin American Conference of Therapeutic Communities in Veracruz. Mexico highlighted the importance of national leadership in the design of demand reduction strategies and called for the adoption of nation-wide, scientifically sound clinical trials to

provide a scientific basis for drug abuse policies. These two objectives are being supported directly by NAS in Mexico.

AVIATION PROGRAM

40. (SBU) NAS and SSP aviation personnel traveled to Redstone Arsenal in Huntsville, AL to participate in the final UH-60M

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configuration meetings with AMCOM. Delivery from Sikorsky to AMCOM is one aircraft each in January, February and March of 2010. Installation of mission equipment and training of SSP pilots in these aircraft is expected to continue until the end of summer of 2010.

MANAGEMENT

41. (SBU) NAS Mexico hosted a week-long Contracting Officers Representative (COR) course resulting in the certification of 25 new CORs. NAS Mexico now has a large pool of certified staff available to be appointed by INL/RM and RPSO to provide on the ground contract oversight.

42. (SBU) OBO has completed the 100% design of the 265 office space. A Request for Proposal (RFP) has been transmitted to OBO's proposed design/build firm. Initial stages of the construction project are planned for January 2010.

43. (SBU) [redacted] arrived in October. In addition, [redacted] was promoted to NAS Contracting Officer and has received his Contracting Warrant (limit: \$250,000 per transaction), which will allow NAS Mexico to process more complex procurements.

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PASCUAL

Signature: PASCUAL

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1 that that cocaine can go for nearly ten times its price here
2 in New York City than it's bought for in Colombia. As you
3 would expect from such a profitable business, there are other
4 cartels fighting for power and territory. Sometimes these
5 cartels make alliances. Sometimes they engage in deadly wars,
6 even civil wars between factions of the cartel run by
7 different families.

8 You may have heard of one of the leaders of the
9 Sinaloa Cartel, El Chapo Guzman. But you'll learn during this
10 trial about his cousin, Arturo Beltran Leyva, and El Mayo
11 Zambada, leaders who were just as powerful. With thousands of
12 members, this drug trafficking organization had a structure.
13 Each person had a different role to make it a success. From
14 the leaders to the drug smugglers to the hit men. In total,
15 they made billions of dollars.

16 What's the best way to ensure this illegal billion
17 dollar business can continue to smuggle its cocaine to the
18 United States? To buy off the federal police, to put them on
19 the payroll, to make them part of the organization. So the
20 drug traffickers, they paid, and they paid a lot from the
21 bottom to the top. The defendant took their money and
22 betrayed his oath to his country.

23 So what did the defendant and his corrupt
24 lieutenants do for these bribes? Federal police leaked
25 sensitive law enforcement information. Federal police gave

1 the green light to let cartel members and their cocaine go
2 through police checkpoints. Federal police acted as body
3 guards, escorting senior members of the cartel. They even let
4 cartel members wear police uniforms that have badges. Federal
5 police themselves unloaded cocaine from drug cartel planes,
6 landing in Mexico City's airport and hand delivered it to the
7 cartel. Federal police served as armed mercenaries to take
8 out the enemies that cartel leaders wanted removed.

9 Meanwhile, despite all of this, the defendant
10 portrayed himself as a law enforcement hero.

11 You will learn during this trial that the American
12 Drug Enforcement Administration has agents based in Mexico to
13 work with the local government. The two countries are
14 supposed to be trusted partners. The defendant and these
15 federal police officers, they vowed to work with American law
16 enforcement to go after these violent cartels. The defendant
17 took some steps not to get caught and keep up appearances. He
18 made some arrests. He let his underlings do much of the dirty
19 work. That vow to go after the Sinaloa Cartel, that was a
20 lie. The defendant kept taking dirty drug money and the
21 cocaine kept flowing into the United States.

22 For his assistance over more than a decade to the
23 Sinaloa Cartel, the defendant is charged with federal drug
24 trafficking crimes. And he's also charged with lying and
25 concealing those crimes when he moved to the United States and

1 Police.

2 Q What kind of information did he give you?

3 A He was providing us information regarding Garcia Luna AKA
4 Barbie, and Harold Poveda Ortega, AKA Conejo.

5 Q At the time, were those individuals associated with the
6 Chapo Mayo faction of the Sinaloa Cartel or the Beltran Leyva
7 fashion of the Sinaloa Cartel?

8 A Beltran Leyva fashion of the Sinaloa -- of the cartel.

9 Q Did he ever tell you the location of Rey Zambada?

10 A Never.

11 Q Did he ever tell you the location of Rey Zambada' son?

12 A No.

13 Q Did he ever tell you the location of warehouses in
14 Mexico City operated by the Sinaloa Cartel?

15 A No.

16 Q Did he ever tell you the location of where shipments of
17 drugs were being transported through the Mexico City Airport
18 by the Sinaloa Cartel?

19 A No.

20 Q Were there times when you shared sensitive law
21 enforcement information with the Federal Police?

22 A Yes.

23 Q What kind of information?

24 A Investigative information.

25 Q And what kind of investigative information?

1 A Telephones, locations, vehicles, intelligence.

2 Q Was your office investigating Rey Zambada?

3 A Yes.

4 Q Why?

5 A We had a confidential source who had provided us a video
6 of a residence believed to be Rey Zambada's home in which we
7 saw a white Cherokee which belonged to Edgar Bayardo.

8 Q Did you see that video?

9 A I did.

10 Q Does it still exist -- withdrawn. Have you been able to
11 find it?

12 A No.

13 Q But you saw it back then?

14 A Yes.

15 Q And why was it significant to you that you saw a vehicle
16 believed to belong to Bayardo at Rey Zambada's house?

17 A Because Edgar Bayardo was a high-ranking official within
18 the Mexican Federal Police and it was worrisome that he was
19 meeting with a high-ranking member of the Sinaloa Cartel.

20 Q So after you saw this video of what was believed to be
21 Bayardo's vehicle at Rey Zambada's house, what did you do
22 next?

23 A Myself, along with my FBI partner, we -- we reported that
24 up the chain and informed our bosses.

25 Q What did you tell your boss?

1 A. That's correct.

2 Q. And Arturo was killed in 2009?

3 A. That's correct.

4 Q. Were you with him at that time?

5 A. No, sir.

6 Q. I mean, you've been involved in paying off prosecutors in
7 Mexico, have you not?

8 A. That's correct, sir.

9 Q. I'm going to read into the record some letters, and please
10 tell the judge what they stand for and who they are:

11 S-E-I-D-O.

12 A. "SIEDO"? S-E-I-D-O?

13 Q. Yes -- no, S-E-I-D-O.

14 A. So at that time, it was S-I-E-D-O, and it was --

15 Q. You might not -- you don't remember what it -- what it
16 stands for?

17 A. That's correct, sir.

18 Q. But what was it as a group?

19 A. It was a branch of the federal prosecutors that were
20 specialized in organized crime.

21 Q. And you would pay them off; is that right?

22 A. In some parts, sir.

23 Q. La Barbie would pay him, too; is that right?

24 A. That's correct, sir.

25 Q. Do you remember a group called AFI?

Zambada - direct - [REDACTED]

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1 Q Does this fairly and accurately represent the Sinaloa
2 Cartel in 2008 after the war with the Beltran-Leyvas began?

3 A Exactly.

4 Q Now, just prior to full-blown war breaking out, were
5 there any murders as a result of the uncomfortable
6 relationship between your brother, Mayo, Chapo and the
7 Beltran-Leyvas?

8 A That's right.

9 Q Who is Nemecio?

10 A He was a SIEDO commander.

11 Q Did he work for any drug traffickers?

12 A He worked for Arturo Beltran.

13 Q I'm going to direct your attention to 2007. To your
14 knowledge did anything happen to Nemecio?

15 A They killed him.

16 Q Are you aware of what led to his death?

17 A Well, this man started telling his other colleagues in
18 the police that he was going to finish off my brother Mayo and
19 Chapo, that he was going to trap them and kill them.

20 Q Did you learn about a plan to kill Nemecio?

21 A That is right.

22 Q How did you learn about it?

23 A My brother and I talked and he said, look, this is what's
24 happening. He said to me, haven't you heard anything? I
25 said, no, but I can ask. And I investigated and it turned

Zambada - direct - [REDACTED]

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1 out, yes, that this man was saying that he was going to finish
2 off my brother and Chapo; that he was going to trap them and
3 kill them.

4 Q Nemecio was saying that?

5 A Yes, Nemecio was saying that about my brother and about
6 Chapo. And my brother said, well, I'm going to go to Sinaloa
7 and then I will come back. Let's see what happens. One day
8 he spoke to me on the radio, and he said, you know what? I
9 already talked over here and I want you to tell Mechudo to go
10 forward with that matter that I spoke to him about. And I
11 said, look, tell him yourself. Mechudo was coming with me
12 precisely at that moment. He and I were coming together from
13 the airport.

14 Q And this was Mayo speaking to you; is that right?

15 A Yes, he was speaking to me on the radio. And I passed
16 the radio to him and I said, listen, I want you to speak to my
17 brother, with my brother about a matter that he wants to put
18 you in charge of.

19 Q You passed the radio to who?

20 A To Mechudo. They said hello to each other. He gave the
21 radio back to me and he said -- he explained to Mechudo what
22 this is all about.

23 Q Who explained it?

24 A My brother Mayo.

25 Q What happened next?

Zambada - direct - [REDACTED]

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1 A I told Mechudo who this was about and what was going on
2 with that commander and they killed him.

3 Q What did Mayo about -- during this discussion what did
4 Mayo say about who ordered this murder?

5 A Well, he said, well, I already talked over here. I spoke
6 over here and that means with my Campa Chapo because who else
7 could it be with.

8 Q Over here, where is "here"? What did you understand that
9 to mean?

10 A He was in Sinaloa.

11 Q Did you ultimately learn the circumstances of Nemecio's
12 murder?

13 A That's right.

14 Q How did you learn about it?

15 A Well, when they killed him, Mechudo said notify the
16 bosses over there that it's all done.

17 Q What bosses over there?

18 A Referring to my brother, to Chapo, right?

19 Q Did Mechudo tell you where Nemecio was murdered?

20 A Yes, he told me that they killed him over in the southern
21 section in the area the Cuapa area, at a traffic light.

22 Q What happened after Nemecio was killed?

23 A Well, Arturo spoke to me. He told me that he wanted to
24 see me so I went to see him and he was very upset. And he
25 complained and he said why did you kill Nemecio and I said to

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Zambada - direct - [REDACTED]

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1 him, I didn't kill anybody, Arturo. And he said to me, well
2 then who did kill him? I don't know anything, ask my brother,
3 ask my Campa Chapo, maybe they know something. And he said I
4 had just paid several million dollars and now they go and kill
5 him, he said to me. And I said I don't know anything, Arturo.

6 Q Why did you tell Arturo that you didn't know anything?

7 A Because I had no reason to tell him anything.

8 Q What did you do after this conversation with Arturo
9 Beltran?

10 A I commented to my brother what had happened. I said
11 Arturo is upset. And he said, well, why? And I said, well,
12 because apparently he gave him several million dollars and
13 then what use was it, what good was it because they killed him
14 almost right afterwards. And he said, oh, so he give him that
15 so he would pick up and kill my Campa Chapo and pick us up?
16 And I said to him, what can I tell you?

17 Q How if at all did Mayo's and Chapo's relationship change,
18 if at all, after this Arturo Beltran incident?

19 A My brother said, be careful if you see Arturo, try not to
20 see him. If you do, let me know. We all have to be very
21 careful because I don't like this at all, he said.

22 Q Who is Roberto Velasco?

23 THE COURT: Where are you; are you at 10 to 15
24 minutes?

25 MS. [REDACTED]: No, Your Honor.

Vazquez - direct - [REDACTED]

1 Q When you say Mexican Marines, can you describe for the
2 ladies and gentlemen of the jury what that is?

3 A It means I was the one embedded with the Marines on a
4 daily basis on the ground from the start of the operations to
5 the end; sharing information again with the Marines on a daily
6 basis from the information coming from offices on the domestic
7 side.

8 Q Now, before we get on the ground, what role did you play
9 in organizing this specific capture operation?

10 A I requested or suggested to my chain of command that we
11 use the Marines for this specific operation.

12 Q When you say chain of command who --

13 A My supervisors in Mexico City.

14 Q With what agency?

15 A The DEA.

16 Q Why is it that you specifically requested to work with
17 the Mexican Marines in this capture operation?

18 A My relationship with Marines and the success with the
19 Marines have gotten me to that date, to that point, the
20 reputation.

21 Q Now had there been capture operations against any of
22 these three leaders of the Sinaloa cartel in the past?

23 A Yes.

24 Q Were those successful?

25 A No.

Vazquez - direct - [REDACTED]

1 Q Were they done with the Mexican Marines in this same type
2 of proposal that you were doing?

3 A No.

4 Q And was is your proposal different than past operations?

5 A It took away the federal police out of the picture. It
6 only involved the Marines, the Mexican Marines. It involved
7 us going on the ground and providing and advising Marines
8 up-to-the-minute information.

9 Q When you say taking up the federal police who are you
10 referring to?

11 A The Mexican Federal Police.

12 Q And why was that a consideration in your decision?

13 A We had done it with them before and simply the corruption
14 level -- using them again was not going to work.

15 Q And when you say the proposal was to have you on the
16 ground, what does that mean to be on the ground?

17 A To be in with the Marines. To drive with them, to sleep
18 with them, to travel with them, to be on patrol cars with
19 them, to be on the Black Hawks with them.

20 Q So after you made this proposal to your management or
21 your chain of command what was the next step in getting this
22 operation approved?

23 A We briefed the Marines on the operation.

24 Q And when you say Marines, which ones are you talking
25 about?

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E.O. 13526: DECL: 2022/05/22

/***** THIS IS A COMBINED MESSAGE *****/

BODY

TAGS: PGOV, MOPS, CJAN, SNAR, ECON, MX

SUBJECT: (U) GENERALS **ARRESTED** FOR SUSPECTED LINKS TO
NARCOTRAFFICKING

REF: A) 12 MEXICO 1532; B) 12 MEXICO 1856;

DERIVED FROM: DSCG B, D

SUMMARY

1. (S/NF) FOUR HIGH-RANKING MEXICAN ARMY (SEDENA) OFFICERS, THREE OF THEM RETIRED AND ONLY ONE ON ACTIVE DUTY, HAVE BEEN **DETAINED IN THE LAST WEEK FOR SUSPECTED TIES TO ORGANIZED CRIME, SPECIFICALLY THE BELTRAN LEYVA ORGANIZATION (BLO)(REF A).** ALL HAVE YET TO BE FORMALLY CHARGED.

1.4(D)
B1

END SUMMARY.

WHO ARE THEY?

2. (SBU) THE DETENTIONS BEGAN ON MAY 15, WHEN RETIRED DIVISION GENERAL (THREE-STAR) **TOMAS ANGELES DAUAHARE** AND ACTIVE DUTY BRIGADIER GENERAL (ONE-STAR) **ROBERTO DAWÉ GONZALEZ** WERE **DETAINED BY**

REVIEW AUTHORITY: Steve Blodgett, Senior Reviewer

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THE MEXICAN ARMY (SEDENA) ON WARRANTS ISSUED BY THE ASSISTANT ATTORNEY GENERAL FOR SPECIALIZED INVESTIGATION FOR ORGANIZED CRIME (SIEDO), WITHOUT SPECIFIC CHARGES BEING MADE PUBLIC. ON MAY 17, RETIRED THREE-STAR GENERAL **RICARDO ESCORCIA VARGAS** WAS ALSO **DETAINED** AND DELIVERED BY THE ATTORNEY GENERAL FOR MILITARY JUSTICE TO THE FEDERAL ATTORNEY GENERAL. THE THREE WERE ALLEGED TO HAVE SUSPECTED TIES TO THE TCO BELTRAN LEYVA ORGANIZATION (BLO). ANGELES SPECIFICALLY IS SUSPECTED OF COLLABORATING WITH AND SELLING ARMS TO BLO. ON MAY 18, RETIRED LIEUTENANT COLONEL **SILVIO ISIDRO DE JESUS HERNANDEZ SOTO** ALSO APPEARED BEFORE THE FEDERAL ATTORNEY GENERAL TO BE INVESTIGATED FOR LINKS TO ORGANIZED CRIME. ON MAY 17, GENERALS ANGELES AND DAWE WERE TRANSFERRED FROM A MILITARY DETENTION UNIT TO THE FEDERAL CENTRAL OF INVESTIGATIONS, WHERE THEY EACH STARTED A PRE-TRIAL DETENTION (ARRAIGO) OF FORTY DAYS, WHICH CAN BE EXTENDED IF NECESSARY ANOTHER 40 DAYS. NONE OF THE MEN HAVE APPARENTLY BEEN FORMALLY CHARGED, AND DETAILS EVEN ABOUT WHAT CHARGES MAY BE FORTHCOMING ARE SKETCHY.

3. (U) GENERAL ANGELES WAS THE UNDER SECRETARY OF SEDENA FROM 2006 UNTIL HIS RETIREMENT IN 2008. AT THE TIME OF HIS **ARREST**, DAWE WAS CHIEF OF STAFF OF THE 20TH MILITARY DISTRICT IN COLIMA. PRIOR TO HIS RETIREMENT FROM ACTIVE DUTY IN 2010, ESCORCIA COMMANDED AN ARMY BASE IN CUERNAVACA, MORELOS, A STATE THAT USED TO BE CONSIDERED BELTRAN LEYVA TERRITORY. HERNANDEZ **SOTO** WAS PART OF THE SECURITY TEAM OF THEN (AND NOW) PRESIDENTIAL CANDIDATE ANDRES MANUEL LOPEZ OBRADOR (AMLO) OF THE LEFTIST COALITION. UNTIL 2011, HE WAS SUB-SECRETARY OF PUBLIC SECURITY IN A ZONE ENCOMPASSING THE CITIES OF VERACRUZ AND BOCA DEL RIO IN THE STATE OF VERACRUZ.

4. (U) GENERAL ANGELES SERVED AS A GUEST SPEAKER IN A FORUM ORGANIZED BY THE PRI'S THINK TANK, THE COLOSIO FOUNDATION, ON MAY 9 ON THE TOPIC OF SECURITY AND JUSTICE. PRESIDENTIAL CANDIDATE ENRIQUE PENA NIETO ATTENDED THE EVENT, BUT HAS PUBLICLY DENIED THAT ANGELES IS CONNECTED TO HIS CAMPAIGN IN ANY WAY.

SOURCE OF INFORMATION: "JENNIFER" AND OPERATION CLEANUP
/***** BEGINNING OF SECTION 2 *****/

NARCOTRAFFICKING

5. (U) NEWS REPORTS NAME THE SOURCE OF ALL THESE ACCUSATIONS AS ROBERTO LOPEZ NAJERA, AN ACAPULCO ATTORNEY WHO WAS THE IMPETUS FOR THE GOM'S 2008 "OPERATION CLEANUP" (LIMPIEZA), WHICH SENT TO PRISON THE SENIOR ANTI-DRUG OFFICIALS, BEGINNING WITH THE THEN-HEAD OF

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SIEDO, NOE RAMIREZ MANDUJANO. LOPEZ WAS IN THE EMPLOY OF THE BLO, DELIVERING BRIBE MONEY TO GOVERNMENT AND MILITARY OFFICIALS THAT OFFERED PROTECTION AND INFORMATION TO THE CRIMINAL GANG. HE REPORTED RECEIVING MONEY FROM FORMER BLO HITMAN EDGAR VALDEZ VILLARREAL, "LA BARBIE" (ARRESTED IN 2010) TO BE DELIVERED TO GENERAL ANGELES. LOPEZ LATER TURNED HIMSELF IN AFTER HIS BROTHER WAS MURDERED BY BLO, AND HE WAS AFRAID OF THE SAME FATE. LOPEZ WAS ASSIGNED THE ALIAS OF "JENNIFER" BY SIEDO, AND BECAME A FRUITFUL GOVERNMENT INFORMANT ON BLO'S PERSONNEL AND OPERATIONS.

WHY NOW, AND WITH A DEFUNCT CARTEL?

6. (SBU) MANY IN THE PRESS ARE ASKING WHY THIS CASE IS COMING TO LIGHT NOW, ESPECIALLY IN THE RUN-UP TO THE JULY 1 ELECTION, WITH ALLEGED ACTS THAT APPARENTLY OCCURRED YEARS AGO, AND LINKED TO A CARTEL WHOSE STRENGTH HAS BEEN BROKEN (ARTURO BELTRAN LEYVA WAS KILLED ON DECEMBER 16, 2009, AFTER WHICH BLO SPLINTERED AND THREE OF ITS FOUR NEW LEADERS WERE ARRESTED). WITH NATIONAL ELECTIONS ONLY SIX WEEKS AWAY, EVERY MAJOR GOM MOVE IS IMMEDIATELY SUSPECTED OF BEING POLITICALLY MOTIVATED. SOME PRESS SOURCES ARE SPECULATING THAT THE ARREST OF ANGELES, AT LEAST, STEMS FROM A LONG-TIME POWER STRUGGLE BETWEEN ANGELES ON ONE SIDE, AND SEDENA GENERAL GALVAN GALVAN AND PUBLIC SECURITY SECRETARIAT (SSP) HEAD GENARO GARCIA LUNA ON THE OTHER. FIGURING INTO THIS MIX, GOES THIS THEORY, WAS THE FACT THAT ANGELES HAS BEEN CONSISTENTLY (INCLUDING AT THE MAY 9 COLOSIO FOUNDATION FORUM) CRITICAL OF THE SECURITY STRATEGY PURSUED BY THE CALDERON ADMINISTRATION THAT PUT THE ARMED FORCES INTO THE FIGHT STARTING IN 2006.

NEAR-TERM DEVELOPMENTS

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EO 12356: OADR
TAGS: SNAR MEXICO
SUBJECT: POST REPORTING PLAN/PROFILE OF A MAJOR MEXICAN
- NARCOTICS TRAFFICKING ORGANIZATION: MANUEL
- SALCIDO-UZUETA ET AL (GFTA-86-9171)

SUMMARY:

1. OVER THE PAST FIFTEEN YEARS, THE DRUG TRAFFICKING ENTERPRISE IN MEXICO OF MANUEL SALCIDO-UZUETA HAS BECOME ONE OF THE PRINCIPAL NARCOTICS TRAFFICKING ORGANIZATIONS OPERATING IN THE REPUBLIC. TRADITIONALLY, THOSE WHO ANALYZE THE INFRASTRUCTURE OF MEXICAN DRUG NETWORKS HAVE FOSTERED THE NOTION THAT THE NARCOTICS BUSINESS IS PERPETUATED BY FAMILIES. IT IS EASY TO AFFIRM THE EXISTENCE OF FAMILIES IN ALMOST EVERY STATE OF MEXICO WHOSE MEMBERS HAVE PLACED THEIR STAKES IN THIS ILLICIT TRADE, AND HAVE MADE THEIR LIVELIHOOD FROM DRUG CULTIVATION AND DISTRIBUTION FOR DECADES. SOME OF THESE FAMILY GROUPS HAVE BECOME MAJOR DRUG TRAFFICKING ORGANIZATIONS, AND INTERMARRIAGE BETWEEN MEMBERS OF THESE FAMILIES THROUGHOUT THE REPUBLIC IS COMMON. THIS REPORT DEALS WITH "THE" FAMILY, WHICH
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HAS DOMINATED THE DRUG TRADE IN THIS COUNTRY SINCE THE EARLY 1980'S. IT CONSISTS OF A HANDFUL OF MAJOR MEXICAN DRUG TRAFFICKERS WHO POSSESS A UNIQUE ENTREPRENEURIAL SPIRIT, WHO ARE HEADS OF THEIR OWN INDEPENDENT DRUG ORGANIZATIONS, YET WHO OFFER FINANCIAL OPPORTUNITIES AND TECHNICAL EXPERTISE TO EACH OTHER IN FURTHERANCE OF THEIR INDIVIDUAL EMPIRES. THIS ENTITY HAS BEEN REFERRED TO AS THE NARCOTICS COUNCIL. MANUEL SALCIDO-UZUETA, ALIAS "COCHI LOCO", IS A CRUCIAL MEMBER OF THIS COUNCIL.
END SUMMARY.

REVIEW AUTHORITY: Donna M. DiPaolo, Senior Reviewer

2. MANUEL SALCIDO, WHO IS THIRTY-EIGHT YEARS OLD AND A NATIVE SINALOAN, DID NOT ATTAIN HIS STATUS AS A NARCOTICS KINGPIN NOR HIS FAME AS THE "CRAZY PIG" WITHOUT HAVING PROVEN HIMSELF INVALUABLE WITHIN THE DRUG SUB-CULTURE. IN MEXICO, ONE MUST "LUCIRSE", SHOW ONE'S EXCELLENCE, TO WIN THE RESPECT OF ASSOCIATES. ALTHOUGH MANUEL SALCIDO WAS NOT BORN INTO A WEALTHY FAMILY (ONE GUARANTEED METHOD OF EARNING INFLUENCE HERE), HE JOINED THE RANKS OF THE PEDRO AVILES-PEREZ NARCOTICS ORGANIZATION, ONE OF THE MOST SUCCESSFUL MEXICAN DRUG ENTERPRISES OF THE EARLY SEVENTIES. IT WAS THEN THAT COCHI LOCO WON HIS REPUTATION AS A HIGHLY TRUSTED ASSASSIN, AND ACQUIRED GENERAL KNOWLEDGE OF THE NARCOTICS BUSINESS. BY 1972, THE MONIES HE EARNED AS A HITMAN AFFORDED HIM THE OPPORTUNITY TO ESTABLISH HIS OWN DRUG CULTIVATION/DISTRIBUTION ORGANIZATION. MANUEL SALCIDO GAINED CONTROL OF OPIUM AND MARIJUANA HARVESTING IN THE AREA OF EL QUELITE, SINALOA, WHILE RESIDING IN CULIACAN. HIS FAME BECAME KNOWN NATIONALLY IN JANUARY, 1974, WHEN HE ARRANGED FOR THE MURDERS IN MAZATLAN, SINALOA, OF SIX RIVAL NARCOTICS TRAFFICKERS. ELIMINATING COMPETITION BECAME COCHI LOCO'S FORTE. HE BECAME ADEPT AT THE METHODOLOGY UTILIZED TO ACCOMPLISH THIS, INCLUDING

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PAYMENT OF BRIBES TO LAW ENFORCEMENT OFFICIALS TO FACILITATE ABDUCTION OF COMPETITORS AT GUNPOINT, HIRING OF GUNMEN TO COMMIT THE MURDERS, PURCHASING AND DISTRIBUTING HIGH-POWERED ARMS, SECURING LOCATIONS TO BURY VICTIMS, AND EVADING PROLONGED STAYS IN JAIL FOR THE SAME. MANUEL SALCIDO AND BROTHERS GABINO AND ALVARO, WHO WERE INCARCERATED FOR THE MAZATLAN MURDERS, ESCAPED FROM THE CULIACAN FEDERAL PRISON IN NOVEMBER 1975 WITH THE ASSISTANCE OF THREE PRISON GUARDS. SINCE 1975, A WARRANT FOR THE ARREST OF MANUEL SALCIDO-UZUETA STILL STANDS IN MEXICO, AND REPORTEDLY, THE DRUG VIOLATOR WAS ARRESTED TWO MORE TIMES SINCE THE JANUARY 1974 MURDERS. NEVERTHELESS, COCHI LOCO'S REPUTATION FOR VIOLENCE AND HIS FACILITY FOR "BUYING" THOSE AT THE HIGHEST OFFICIAL LEVELS HAS BASICALLY CAUSED LAWYERS TO TURN THEIR HEADS THE OTHER WAY.

3. ONE INDIVIDUAL, HOWEVER, WHO HAD NO FEAR OF MANUEL SALCIDO-UZUETA WAS A YOUNG SINALOAN TRAFFICKER NAMED MIGUEL ANGEL FELIX-GALLARDO, WHO BY THE MID-SEVENTIES HAD BECOME ONE OF MEXICO'S MOST POWERFUL VIOLATORS. FELIX-GALLARDO, ONCE A POLICEMAN, ROSE QUICKLY THROUGH THE DIFFERENT HIERARCHICAL LEVELS OF THE DRUG BUSINESS FROM DISTRIBUTOR TO FINANCIER THROUGH OFFICIAL CONTACTS ESTABLISHED WHEN HE WORKED AS CHAUFFEUR AND BODYGUARD FOR AN INFLUENTIAL SINALOAN POLITICIAN. MIGUEL ANGEL FELIX'S PRIME INTEREST BECAME THE LUCRATIVE COCAINE TRADE FROM SOUTH AMERICA TO WHICH HE GAINED ENTRY WHEN

THE ALBERTO SICILIA-FALCON ORGANIZATION WAS IMMOBILIZED.
 FELIX-GALLARDO NEEDED A FEARLESS MAN SUCH AS COCHI LOCO
 WHO, LIKE FELIX, POSSESSED CONNECTIONS WITHIN THE MILI-

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TAGS: SNAR MEXICO
SUBJECT: POST REPORTING PLAN/PROFILE OF A MAJOR MEXICAN

ACCORDING TO FINANCIAL SOLVENCY, LEGAL STATUS, AND BUSI-
NESS ACUMEN.

6. THE YEAR 1980 OFFERED MANUEL SALCIDO-UZUETA A UNIQUE
OPPORTUNITY FOR CAREER ENHANCEMENT. IT WAS THE ELECTION
YEAR OF AN IMPORTANT CANDIDATE IN COCHI LOCO'S NATIVE
STATE, SO SALCIDO OFFERED AMPLE FINANCIAL CAMPAIGN SUP-
PORT, ALONG WITH OTHER MEMBERS OF THE NARCOTICS COUNCIL.
NATURALLY, ALL FAVORS ARE REPAID IN DUE TIME; THUS THE
POLITICIAN HAS GRANTED THE COCHI LOCO ORGANIZATION ITS
MOST COVETED ASSET--IMMUNITY FROM THE LAW. BESIDES THE
OBVIOUS ADVANTAGE OF ESCAPING PROSECUTION, THE IMMUNITY
OFFERED BY THE PUBLIC FIGURE HAS MANIFESTED ITSELF IN
TERMS OF SAFE HAVENS. FIRST OF ALL, COCHI LOCO PRESENTLY
LIVES IN MAZATLAN, SINALOA, CRUISES FREELY UP AND DOWN
ITS MAIN BOULEVARDS IN A GRAND MARQUIS WITH TINTED GLASS,
BULLET-PROOF WINDOWS, AND NO LICENSE PLATES, PRECEDED
AND FOLLOWED BY A SECURITY STAFF CONSISTING OF WELL-

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ARMED STATE POLICE GUARDS, WHO ARE POSITIONED STRATEGI-
CALLY IN SEVERAL MOTOR VEHICLES. SECONDLY, THE SINALOAN
POLITICAL PARTNER'S PROPERTY IS BELIEVED BY MANUEL SALCID
TO BE UNTOUCHABLE BY ANY BRANCH OF MEXICAN LAW ENFORCE-
MENT. COCHI LOCO THEREFORE HAS PLACED KEY NARCOTICS

INSTALLATIONS SUCH AS COCAINE PROCESSING LABORATORIES ON RANCHES AND BOATS OWNED BY THE POLITICIAN. IN TURN, SALCIDO HAS REPAID HIS FRIEND FOR THESE PRIVILEGES. COCHI LOCO'S INFLUENTIAL POLITICAL PARTNER IS NOW BELIEVED TO CONTROL A HANDSOME PORTION OF MARIJUANA CULTIVATION IN SINALOA, AND A CORNER OF THE COCAINE PROCESSING INDUSTRY DEVELOPED IN THAT STATE WITHIN THE PAST TWO YEARS. SINCE COLOMBIAN AUTHORITIES HAVE CRACKED DOWN ON DRUG TRAFFICKERS, MORE PROCESSING OF COCAINE PASTE INTO COCAINE HYDROCHLORIDE IS BELIEVED TO TAKE PLACE IN MEXICO, WHERE LABORATORIES ARE NOT DISCLOSED READILY BY LAW OFFICERS ALL TOO READY TO ACCEPT A BRIBE, AND WHERE THE NECESSARY PRECURSOR CHEMICALS ARE ENORMOUSLY LESS EXPENSIVE THAN IN COLOMBIA. HAVING CAPITALIZED ON THIS NEW COCAINE VENTURE, BOTH PARTNERS PROSPER, AND CONTINUE TO EVADE ARREST. THE POLITICIAN HAS BEEN ACCUSED PUBLICLY OF INVOLVEMENT IN DRUG TRAFFICKING, YET HE REMAINS UNSHAKEN AND CLAIMS THAT NOTHING CAN BE PROVEN.

7. IN THIS WAY, THE NARCOTICS COUNCIL CONTINUES STRATEGICAL PLANNING WITHOUT FEAR OF INTERRUPTION. NEVERTHELESS, ONE CRUCIAL MULTI-MILLION DOLLAR PROJECT WHICH WAS DESTROYED BY AUTHORITIES IN NOVEMBER, 1984, HAD BEEN BACKED FINANCIALLY BY MANUEL SALCIDO-UZUETA AND AT LEAST FIVE OTHER MAJOR TRAFFICKERS, ONE OF WHOM WAS RAFAEL CARO QUINTERO. THE DRUG KINGPINS MET AND AGREED TO PROMOTE AND OVERSEE A LARGE-SCALE OPERATION THAT INCLUDED THE
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PLANTING, CULTIVATING, HARVESTING AND PACKAGING OF MARIJUANA TO BE WAREHOUSED IN THE STATE OF CHIHUAHUA. APPROXIMATELY TEN THOUSAND METRIC TONS OF MARIJUANA (ROUGHLY FOUR-THOUSAND TONS OF MARKETABLE CANNABIS) WERE SEIZED FROM VARIOUS CHIHUAHUA CAMPSITES, AND SEVERAL THOUSAND LABORERS WERE ARRESTED. ANOTHER SUSPECTED PLAN OF THE NARCOTICS COUNCIL WAS TO ORCHESTRATE A MURDER OF A DEA AGENT WHOM THE TRAFFICKERS BELIEVED WAS HURTING THEIR OPERATIONS. MANUEL SALCIDO-UZUETA IS ALLEGED TO BE ONE OF THE MASTERMINDS IN THE ABDUCTION AND MURDER OF DEA AGENT ENRIQUE CAMARENA IN GUADALAJARA, JALISCO, IN FEBRUARY, 1985. SALCIDO HAS BEEN INDICTED IN MEXICO FOR INVOLVEMENT WITH THIS MURDER. HE HAS NOT, HOWEVER, BEEN DETAINED IN CONJUNCTION WITH THE CRIME. IT IS INTERESTING TO NOTE, HOWEVER, THAT THE EX-GOVERNMENT OFFICIAL AND CLOSE ASSOCIATE OF SALCIDO, WHO IN 1974 ARRANGED FOR THE ABDUCTION OF COCHI LOCO'S SIX RIVAL MAZATLAN TRAFFICKERS, ALSO WAS INSTRUMENTAL IN PLANNING THE RAID BY MEXICAN FEDERAL JUDICIAL POLICE ON THE MARENO RANCH IN MICHOACAN WHERE S/A CAMARENA'S BODY WAS DELIVERED, AND SUBSEQUENTLY DISCOVERED IN MARCH, 1985. INTERFERENCES IN NARCOTICS OPERATIONS ARE NOT TOLERATED BY MAJOR NARCOTICS GROUPS WHOSE LIVELIHOOD DEPENDS ON MOVING

THE NEXT LOAD OF DRUGS OR MONEY.

8. AS TESTIMONY OF FINANCIAL SUCCESS, MANUEL SALCIDO-UZUETA'S VISIBLE ASSETS HAVE BECOME OVERWHELMING, DESPITE THE FACT THAT RELATIVELY LITTLE IS KNOWN ABOUT HIS BANKING AFFAIRS. HE IS BELIEVED TO BE A PRINCIPAL SHAREHOLDER IN TWO SINALOA BANKS, AND TO HOLD BANK

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C O N F I D E N T I A L SECTION 04 OF 04 MEXICO 03069

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SUBJECT: POST REPORTING PLAN/PROFILE OF A MAJOR MEXICAN

ACCOUNTS IN ONE MAZATLAN BANK, IN ONE NAYARIT BANK, AND IN TWO GUADALAJARA BANKS. SOME HAVE OBSERVED U.S. CURRENCY STORED IN BOXES PACKED TO THE CEILING IN HIS HOMES. OTHERS HAVE SEEN HIM MAKE LARGE CASH DEPOSITS IN AFOREMENTIONED BANKS, OR ATTEMPT TO PURCHASE HOTELS BY DISPLAYING SUITCASE-SIZED QUANTITIES OF CASH, HOLDING A GUN TO THE HEAD OF THE HOTEL OWNER, AND STATING THAT

HE IS THE NEW PROPRIETOR. EXAMPLES OF MONIES POSSESSED BY SALCIDO-UZUETA ARE PRESENTED THROUGH THE FOLLOWING TRANSACTIONS REPORTED TO HAVE BEEN MADE BY THE VIOLATOR: IN 1974, 20,000 US DOLLARS TO ABDUCT SIX RIVAL DRUG TRAFFICKERS ; IN 1981, 7,500 US DOLLARS TO ASSURE THAT ONE YEAR'S MARIJUANA CULTIVATION IN ONE AREA WOULD NOT BE DESTROYED BY THE MEXICAN ANTI-NARCOTICS CAMPAIGN; IN 1984, A RESIDENCE FOR 250,000 US DOLLARS AND FIVE TRACTORS FOR 34,500 US DOLLARS EACH; AND IN 1985, A RANCH FOR 75,000 US DOLLARS, A FIVE-STORY RESIDENCE FOR 1,750,000 US DOLLARS, AND A HOTEL FOR 5 MILLION US DOLLARS.

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DOLLARS. SINCE MID 1984, SALCIDO-UZUETA IS RAPIDLY BUYING UP REAL ESTATE IN MAZATLAN, GUADALAJARA, AND RURAL SINALOA, BOTH INDEPENDENTLY AND IN CONJUNCTION WITH OTHER TRAFFICKERS, INCLUDING SEAFOOD RESTAURANTS, CINEMAS, BEACHFRONT CONDOMINIUMS, STORAGE FACILITIES, NOT TO MENTION NUMEROUS HOTELS AND AFOREMENTIONED RANCHES AND RESIDENCES.

9. IN SUMMATION, THE MANUEL SALCIDO-UZUETA ORGANIZATION IS BUT A PROTOTYPE OF OTHER MAJOR DRUG TRAFFICKING ORGANIZATIONS OPERATING WITHIN THE COUNTRY UNDER THE SAME PRINCIPLES OF CORRUPTION AND AGGRESIVENESS. GREED, AS WELL AS THE ACHIEVEMENT OF EXCELLENCE IN A COMPETITIVE INDUSTRY, ARE FACTORS WHICH ASSURE THE CONTINUING SUCCESS OF "THE FAMILY" IN WHICH MANUEL SALCIDO HAS MOVED SO COMFORTABLY FOR THE PAST FIFTEEN YEARS. WITH EXPERIENCE BEHIND HIM, AND THE RIGHT SET OF ASSOCIATES IN HIS POCHE COCHI LOCO HAS BOUGHT HIS WAY TO GREATNESS AT THE EXPENSE OF MANY HONORABLE MEXICAN CITIZENS WHO SEEK JUSTICE AND A CHANCE FOR A STABLE, LICIT ECONOMY.

EDWARD A. HEATH, SAC

GAVIN

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1 A The Sinaloa Cartel.

2 Q Do you know the Sinaloa Cartel by any other names?

3 A Yes.

4 Q What other names?

5 A The Federation. La Federación. The Federation.

6 Q Can you tell the members of the jury who specifically you
7 worked with in the Sinaloa Cartel?

8 A Yes, Mr. Guzmán Loera, his brother Arturo, the Beltran
9 Leyva brothers, the Carrillo Fuentes' brothers, Mr. Nacho
10 Coronel, Mr. Mayo Zambada and his brother Ray Zambada, and
11 Guero Palma.

12 Q Did you meet Mr. Guzmán Loera personally?

13 A Yes.

14 Q Approximately how many times?

15 A Over 10 times.

16 Q Do you see Mr. Guzmán Loera in the courtroom?

17 A Yes.

18 Q Can you describe an article of clothing that he is
19 wearing?

20 A Yes. He is wearing a blazer and a light blue shirt.

21 MS. [REDACTED]: Your Honor, the Government would ask
22 the Court record to reflect the witness has identified the
23 defendant.

24 THE COURT: It so reflects.

25 Q What specifically did the defendant do with your cocaine?

1 Q Turning the ten or so years that you were a member of the
2 Sinaloa cartel, approximately how much money did the cartel
3 make?

4 A Many millions.

5 Q Was it billions?

6 A Yes.

7 Q What are some of the things that the Sinaloa cartel did
8 to make sure it was successful in trafficking cocaine to the
9 United States?

10 A To make sure through corruption in Mexico that we would
11 have no problems or obstacles.

12 Q Did the cartel ever pay Government authorities in Mexico?

13 A Yes.

14 Q Were you ever involved in payments to Government
15 officials?

16 A Yes.

17 Q Generally, what levels of Government officials did the
18 cartel pay?

19 A Municipal level, state level, federal level, and also the
20 military.

21 Q Were all of those Government officials paid the same
22 amount of money?

23 A No.

24 Q Did all of those Government officials have the same level
25 of participation in the cartel's work?

1 MR. [REDACTED]: OBJECT.

2 MR. [REDACTED] JOIN.

3 THE COURT: THE WITNESS MAY STATE HIS BELIEF WHO THEY
4 WERE.

5 MR. [REDACTED]: WHAT I'M STATE ASKING IS: WHO WERE THE
6 INDIVIDUALS THAT THE D.E.A.'S GUADALAJARA OFFICE WERE DEVOTING
7 ITS RESOURCES TOWARD INVESTIGATING.

8 MR. [REDACTED] MUCH BETTER.

9 THE WITNESS: DURING THE THREE-YEAR PERIOD OF TIME, OF
10 COURSE, A FEW NAMES WERE ADDED; BUT THE PRINCIPAL TRAFFICKERS
11 THAT WE INVESTIGATED THAT WERE -- THE TARGETS OF OURS WERE
12 MIGUEL ANGEL FELIX GALLARDO, MANUEL SALCIDO UZETA.

13 Q DID HE HAVE A NICKNAME, BY THE WAY?

14 A YES. HE WAS CALLED "COCHILOCO."

15 Q AND WHAT DOES THAT TRANSLATE TO, IF YOU KNOW?

16 A IT MEANS "THE CRAZY PIG."

17 THERE WAS RAFAEL CARO QUINTERO, HIS TWO MATERNAL
18 UNCLES, JUAN JOSE AND EMILIO QUINTERO PAYAN. THERE WAS JUAN
19 ESPARRAGOZA MORENO.

20 Q DID HE HAVE A NICKNAME, AS WELL?

21 A EL AZUL, "THE BLUE ONE." ERNESTO FONSECA CARRILLO, AND
22 JUAN RAMON MATTA BALLESTEROS.

23 MR. [REDACTED] OBJECTION. MOVE TO STRIKE.

24 THE COURT: OVERRULED.

25 BY MR. [REDACTED]:

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 Levya 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

Zambada Niebla - Direct [REDACTED]

1 Q How many shipments did you receive in Cancun?

2 A No, just that one.

3 Q Who else from your family was working in Cancun at that
4 time?

5 A An uncle of mine was there. My uncle Rey, Jesus Zambada.

6 Q How often did you see him in Cancun?

7 A I saw him several times. I went to visit him in his
8 house.

9 Q Showing you what's already in evidence as Government's
10 Exhibit 99.

11 Who is this?

12 A That's my uncle Rey.

13 Q What is your understanding of what your uncle was doing in
14 Cancun at that time?

15 A Well, he was also working on receiving shipments of drugs.
16 So, coke for the cartel, for my father.

17 Q After you received the shipment of 1,600 kilos of cocaine
18 in Cancun, what did you start doing for the cartel?

19 A Well, after that, my father told me to go to Culiacan, to
20 the City of Culiacan. At that time, my father had a war
21 against the Arellano Felix Brothers. They were killing a lot
22 of relatives and workers of my father's in Culiacan. And he
23 told me to go and be with him, to stay very close to him,
24 because one of the targets was to harm me, to kill me, so that
25 they could harm my father.

Summations - [REDACTED]

6523

1 After over 12 weeks of testimony, the evidence has
2 shown beyond a reasonable doubt that the defendant was not
3 only a boss of the Sinaloa Cartel, but he was one of the top
4 bosses without a doubt. Now, what was he the boss of? The
5 Sinaloa Cartel. What is that? Simply put, it was a group of
6 criminals who were bosses of their own groups of workers and
7 they had ties to the Mexican state of Sinaloa. This group
8 banded together for a common purpose, to send as much drugs
9 to the United States as possible for sales at huge profits
10 all tied to the drugs cocaine, heroin, methamphetamine, and
11 marijuana.

12 Many witnesses came before you, and this included
13 Rey Zambada, Miguel Martinez, Tirso Martinez, Vicente
14 Zambada, Alex Cifuentes, Damaso Lopez, Valdez Rios. They
15 testified under oath that they were members of the Sinaloa
16 Cartel. They identified the leaders of the cartel including
17 the defendant, and they testified about all the criminal
18 activity they engaged in which furthered the cartel's goals
19 of making billions of dollars by selling drugs in the
20 United States.

21 So who were the leaders of the cartel? You learned
22 from the witnesses that the leaders rose and fell from power.
23 The witnesses identified the defendant Joaquin Guzman as one
24 of the leaders of the cartel. Some other leaders of the
25 witnesses that were identified, was the defendant's partner,

Summations - [REDACTED]

6524

1 Mayo Zambada, Amado and Vicente Carrillo Fuentes, the Beltran
2 Leyva brothers, Arturo, Hector, and Alfredo, and Nacho
3 Coronel. There was also Juan Esparragoza, also known as El
4 Azul, who was an older, respected adviser to the group.

5 So what were the benefits of being a member of a
6 cartel? Well, Rey Zambada testified, quote, Because it's one
7 cartel, it's one organization and they help each other when
8 that help is needed. That means that they were stronger
9 together, that's why they joined forces. One of the ways
10 they were stronger was by sharing the territory that each
11 member controlled. Rey Zambada explained it was important to
12 control territory, especially land near the coast because it
13 made it easier to receive the drugs that were coming in from
14 the water.

15 Many witnesses testified that those areas, that
16 control, was called a plaza. Now, Rey described in great
17 detail how the Sinaloa Cartel controlled plazas. I'll read
18 from his testimony.

19 Question: Now you testified about the importance
20 of controlling a plaza. What are some of the means by which
21 the Sinaloa Cartel would take control of the plaza?

22 Rey Zambada answered: Well, mainly bribing
23 authorities to have Government control and using the armed
24 grouped, the sicarios so that no other group will come to the
25 plaza.

Summations - [REDACTED]

6525

1 Question: Now, if the drug trafficking group
2 doesn't agree to work with the Sinaloa Cartel in a particular
3 plaza, how would the Sinaloa Cartel assert control in that
4 plaza?

5 Rey Zambada's answer: Well, if one group comes
6 into a plaza controlled by another group without getting
7 permission, then the people are going to get killed if they
8 come in without permission. That's what control of a plaza
9 meant.

10 Several witnesses, including Rey Zambada, told you
11 that the defendant controlled the state of Sinaloa, which is
12 where the cartel members lived and where they had their
13 families. He also controlled the Golden Triangle, the areas
14 where the poppy and marijuana were cultivated.

15 Here is a map of the territories that Rey Zambada
16 and other witnesses testified that the Sinaloa Cartel
17 controlled. It shows an almost a complete control of the
18 Pacific coast of Mexico, right up to the U.S. border.

19 Rey Zambada also testified that another way the
20 cartel members were stronger together was because the leaders
21 would invest in drug shipments together. Each member would
22 own a percentage of the whole, that way if a drug shipment
23 was lost or seized by law enforcement officers each member
24 would only lose the portion that they invested. But if the
25 shipment was successful, then it brought huge rewards for all

1 Q Did you ever hear Arturo Beltran discuss money or
2 payments with the defendant?

3 A The payments were up-to-date, everything was fine.

4 Q And the money that was paid to the defendant through
5 Comander Domingo, who did that money come from?

6 A It was a pool of money. It was a collection from
7 various heads that were made towards that payment. Heads of
8 the Sinaloa Cartel.

9 Q Who are some of those heads of the cartel that you're
10 referring to?

11 A Arturo Beltran, El Mayo Zambada, Chapo Guzman, Azul
12 Paragosa, and the Valencias.

13 Q How do you know that the money came from those people?

14 A I overheard the conversations that Arturo Beltran had
15 with the different cartel leaders.

16 Q And what did they say, if anything, about the
17 defendant?

18 A That all of them were happy. That everything was going
19 smoothly.

20 Q By the way, how did Arturo Beltran refer to the
21 defendant when he talked with other members of the cartel?

22 A Well usually the buddy, the buddy, the compa. Or
23 sometimes he would use a derogatory form to refer to him.

24 Q And what was that?

25 A Referring to the speech problem he had, he would call

1 him tartamudeo.

2 Q What does that mean?

3 A A person who stutters, who trips over his words when he
4 speaks.

5 Q Did you ever hear other members of the Sinaloa Cartel
6 refer to the defendant as tartamudeo?

7 A Yes.

8 Q Did you ever use that term?

9 A Not as far as I remember.

10 Q About how long was this time period that you were in
11 Monterrey with Arturo Beltran?

12 A Approximately until about 2003.

13 Q And between 2001 and 2003, did Arturo Beltran make
14 payments to the defendant through Domingo?

15 A Yes.

16 Q About how frequently did he make those?

17 A They were monthly payments.

18 Q Generally what are the amounts?

19 A I don't remember exactly. It was about a million to a
20 million and a half. Something like that.

21 Q During that two-year period or so, what was the Sinaloa
22 Cartel doing in that area?

23 A They were entering their drug transit through the
24 Tamaulipas border.

25 Q Earlier you described a plan to fight against the Gulf

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

v.

ALFREDO BELTRAN LEYVA,
also known as "Mochomo,"

Defendant.

) CASE NUMBER 1:12-cr-00184
)
) AFFIDAVIT IN SUPPORT
) OF REQUEST FOR EXTRADITION
)
)
)
)
)

I, Andrea Goldbarg, being duly sworn, hereby depose and state:

1. I am a citizen of the United States of America, currently working in the District of Columbia.

2. In May 2001, I received a Juris Doctor degree from Boston University School of Law. I was admitted to the Bar of the State of New York in 2002.

3. From September 2001 through August 2002, and again from December 2003 through August 2005, I was employed as an attorney at a private law firm in New York. From August 2002 to September 2003, I was employed as a law clerk to a United States District Judge for the Southern District of California.

4. From September 2005 until December 2010, I was employed as an Assistant United States Attorney in the United States Attorney's Office for the Eastern District of New York. From December 2010 until the present, I have been employed as the Assistant Deputy Chief of the Narcotic and Dangerous Drug Section, Criminal Division, United States Department of Justice. In both capacities, my duties included the prosecution of persons charged with violations of the criminal laws of the United States. Based on my training and experience, I am an expert in the criminal laws and procedures of the United States. I am therefore particularly knowledgeable in the area of law relating to violations of the federal narcotics statutes, including

continuing criminal enterprises, conspiracies to possess with intent to distribute controlled substances, conspiracies to import controlled substances into the United States, international distribution of controlled substances, importation of controlled substances into the United States, money laundering, and use of firearms.

5. As the Assistant Deputy Chief of the Narcotic and Dangerous Drug Section, I am responsible for the preparation and prosecution of criminal cases. In the course of my duties, I have become familiar with the charges and the evidence in the case against **ALFREDO BELTRAN LEYVA**, alias "Mochomo," entitled United States v. Alfredo Beltran Leyva, Case Number 1:12-cr-00184 (also referenced as Case Number CR-12-184-01), which arose out of an investigation into a conspiracy to import cocaine, methamphetamine, heroin and marijuana into the United States from Mexico.

6. Under the laws of the United States, a criminal prosecution may be commenced by a grand jury when it votes to return and file an indictment with the Clerk of the United States District Court. A grand jury is composed of not less than sixteen (16) people whom the United States District Court selects at random from the residents of its district. The grand jury is an independent body empanelled by the court. The purpose of the grand jury is to examine the evidence of crimes presented to it by United States law enforcement authorities. After independently reviewing this evidence, each member of the grand jury must determine if there is probable cause to believe that a crime has been committed and that the particular defendant or defendants committed the crime. After at least twelve (12) members of the grand jury affirmatively vote that there is probable cause to believe that the defendant or defendants committed the crime or crimes, the grand jury may return an indictment. An indictment is a document that formally charges the defendant or defendants with a crime or crimes, describes the

specific laws that the defendant is accused of violating, and describes the acts of the defendant that are alleged to be violations of the law. After the grand jury returns the indictment, a warrant for the arrest of the defendant or defendants is issued at the discretion of a United States District or Magistrate Judge.

THE CHARGES AND PERTINENT UNITED STATES LAW

7. On August 24, 2012, a federal grand jury sitting in the District of Columbia returned and filed an Indictment against ALFREDO BELTRAN LEYVA, charging him with the following offense: in Count One, with conspiracy to distribute controlled substances, namely, five kilograms or more of cocaine, 50 grams of more of methamphetamine, one kilogram or more of heroin, and 1,000 kilograms or more of marijuana, knowing and intending that these controlled substances would be unlawfully imported into the United States, in violation of Title 21, United States Code, Sections 963, 959, and 960. Cocaine is a Schedule II controlled substance, and heroin and marijuana are Schedule I controlled substances, respectively, pursuant to Title 21, United States Code, Section 812. Methamphetamine is a Schedule II controlled substance pursuant to Title 21, Code of Federal Regulations, Section 1308.12(d)(2).

8. Based on the charge in the Indictment, on August 24, 2012, the United States District Court for the District of Columbia issued a warrant for the arrest of ALFREDO BELTRAN LEYVA. This arrest warrant remains valid and executable to apprehend ALFREDO BELTRAN LEYVA for the crime charged in the Indictment.

9. It is the practice of the United States District Court for the District of Columbia to retain the original indictment and warrant of arrest and to file them with the Clerk of the Court. Therefore, I have obtained certified and true and accurate copies of the Indictment and warrant of

arrest for ALFREDO BELTRAN LEYVA from the Clerk of the Court and have attached them to this affidavit as **Exhibit A** and **Exhibit B**, respectively.

10. The relevant portions of the statutes cited above are annexed to this affidavit as **Exhibit C**. These statutes were duly enacted and in force at the time the offenses were committed and at the time the Indictment was returned. They remain in full force and effect. A violation of any of these statutes constitutes a felony under the laws of the United States.

11. ALFREDO BELTRAN LEYVA is charged in the Indictment with conspiracy to distribute controlled substances, specifically, cocaine, methamphetamine, heroin, and marijuana, for importation into the United States. Under United States law, a conspiracy is simply an agreement to violate other criminal statutes, in this instance, the laws prohibiting the manufacture, distribution and importation of cocaine into the United States. In other words, under United States law, the act of combining and agreeing with one or more persons to violate United States law is a crime in and of itself. Such an agreement need not be formal and may be simply a verbal understanding. A conspiracy is deemed to be a partnership for criminal purposes in which each member or participant becomes the agent or partner of every other member. A defendant need not be aware of all of the acts of his co-conspirators in order to be held liable for these acts, provided that he is a knowing member of the conspiracy, and the acts of the co-conspirators were foreseeable and within the scope of the conspiracy. A person may become a member of a conspiracy without full knowledge of all the details of the unlawful scheme or the names and identities of all of the other alleged conspirators. Accordingly, if a defendant has an understanding of the unlawful nature of a plan and knowingly and willfully joins in that plan on one occasion, that is sufficient to convict him for conspiracy even if he had not participated before and even if he played only a minor part.

12. Because United States law is founded in large part on the English common law system, the law is set forth not only in codified statutes but also in jurisprudence established by binding judicial decisions. Accordingly, I also have appended as part of **Exhibit C** the relevant portions of the decisions in United States v. Shabani, 513 U.S. 10 (1994) and United States v. Graham, 84 F.3d 1466 (D.C. Cir. 1996), which are binding precedent in this judicial district and describe the elements of the crime of conspiracy under United States law, as explained above.

13. Regarding the felony conspiracy offense charged in Count One of the Indictment, the United States must show that ALFREDO BELTRAN LEYVA came to an agreement with one or more persons to accomplish a common and unlawful plan, namely to distribute cocaine, methamphetamine, heroin and marijuana for importation into the United States and that ALFREDO BELTRAN LEYVA knowingly and willingly became a member of the conspiracy. The maximum penalty for a violation of Title 21, United States Code, Section 963, as charged in Count One of the Indictment, is a term of life imprisonment.

14. The Indictment also contains forfeiture allegations against ALFREDO BELTRAN LEYVA and his co-defendants seeking the forfeiture of property and substitute assets as specified in the Indictment pursuant to Title 21, United States Code, Section 853. Forfeiture is a consequence of a conviction on the charges alleged in the Indictment and is not a charge in itself. The forfeiture allegations are included in the Indictment mainly to give the defendant notice of the forfeiture provision. The relevant portions of the forfeiture statute are included in **Exhibit C**.

15. I have also included, as part of **Exhibit C**, the text of Title 18, United States Code, Section 3282, which is the statute of limitations for prosecuting the crimes charged in the Indictment. The statute of limitations merely requires that a defendant be formally charged within five years of the date that the offense or offenses were committed. Once an indictment

has been filed in a federal district court, as with these charges against ALFREDO BELTRAN LEYVA, the statute of limitations is tolled and no longer runs. This prevents a criminal from escaping justice by simply hiding out and remaining a fugitive for an extended period of time. Moreover, under the laws of the United States, the statute of limitations for a continuing offense, such as conspiracy, begins to run upon the conclusion of the conspiracy, not upon the commencement of the conspiracy.

16. I have thoroughly reviewed the applicable statute of limitations and the prosecution of the charges in this case is not barred by the statute of limitations. Since the applicable statute of limitations is five years, and the Indictment returned and filed on August 24, 2012, charges criminal violations occurring between approximately January 2000 and approximately August 24, 2012, ALFREDO BELTRAN LEYVA was formally charged within the prescribed five-year time period.

17. ALFREDO BELTRAN LEYVA has not been tried or convicted of any offense charged in this Indictment, nor has he been ordered to serve any sentence in connection with this case.

18. The United States will prove its case against ALFREDO BELTRAN LEYVA through witness testimony and physical evidence, including audio recordings of lawfully recorded telephone conversations and photographs of the drugs seized, as described below.

SUMMARY OF THE FACTS OF THE CASE

19. Investigation by law enforcement authorities revealed that ALFREDO BELTRAN LEYVA has been involved in the distribution and illegal importation of drugs from Colombia for the ultimate distribution in the United States since approximately 2000. ALFREDO BELTRAN

LEYVA is a younger brother of Arturo Beltran Leyva, who until his death in 2009 was one of the most prolific drug traffickers in Mexico.

20. ALFREDO BELTRAN LEYVA started working in the Beltran Leyva drug trafficking organization created by his older brothers, Arturo and Hector. ALFREDO BELTRAN LEYVA initially was assigned to coordinate the offloading of ton-quantity shipments of cocaine from Colombia. ALFREDO BELTRAN LEYVA was later promoted to one of Arturo Beltran Leyva's main assistants, in which role he oversaw the shipment of thousands of kilograms of cocaine into the United States and the subsequent distribution of the cocaine for sale in the United States.

21. The investigation by law enforcement authorities revealed that ALFREDO BELTRAN LEYVA created his own alliances and had his own followers, including Fausto Isidro Meza Flores, alias Chapo Isidro and Agustin Flores Apodaca, alias El Niño, alias El Barbon, alias El Ingeniero, alias Agustin Apodaca Flores. After ALFREDO BELTRAN LEYVA's arrest by Mexican law enforcement authorities in January 2008, he continued to give orders to Fausto Isidro Meza Flores and Agustin Flores Apodaca while he was incarcerated. In addition to carrying out ALFREDO BELTRAN LEYVA's orders during his incarceration, Fausto Isidro Meza Flores and Agustin Flores Apodaca paid ALFREDO BELTRAN LEYVA part of the proceeds from the Beltran Leyva Organization's sales of cocaine, heroin, methamphetamine, and marijuana in the United States.

22. On September 2, 2010, law enforcement authorities seized 33 pounds of methamphetamine and four kilograms of cocaine in the State of Washington. Laboratory analysis has confirmed that the substances seized on September 2, 2010 were methamphetamine and cocaine. Telephone conversations that were lawfully intercepted and recorded under United

States law revealed discussions among members of the Beltran Leyva Organization involving distribution of the Organization's drugs in the United States and the purchase of machineguns and destructive devices to be used in furtherance of the Organization's drug trafficking activities.

23. I have attached to this affidavit, as **Exhibit D**, the original affidavit of Special Agent Britton Boyd of the Federal Bureau of Investigation. In his affidavit, Special Agent Boyd summarizes the investigation of ALFREDO BELTRAN LEYVA's drug trafficking activities and the evidence that resulted in the Indictment in this case. Attached to Special Agent Boyd's affidavit and made part of this extradition request are the laboratory reports describing the chemical analyses on the methamphetamine and cocaine seized on September 2, 2010; transcripts of several lawfully recorded telephone conversations in which ALFREDO BELTRAN LEYVA's employee Agustin Flores Apodaca and his co-conspirators discussed drug trafficking activities and weapons purchases; and a photograph of ALFREDO BELTRAN LEYVA.

24. I have also attached to this affidavit, as **Exhibit E**, the original, sworn affidavit of a Cooperating Witness (Witness One) who engaged in the conspiracies charged in this case with ALFREDO BELTRAN LEYVA. In his/her affidavit, Witness One also identifies photographs of Agustin Flores Apodaca, Salome Flores Apodaca, and Fausto Isidro Meza Flores. In his/her affidavit, Witness One identifies a photograph of ALFREDO BELTRAN LEYVA. He/She also identifies the voice of Agustin Flores Apodaca on certain lawfully recorded telephone conversations, the transcripts of which are attached to Special Agent Boyd's affidavit. Witness One is not identified by name for fear that disclosure of his/her identity will subject him/her and his/her family to threats of bodily harm and death. Witness One has informed law enforcement authorities that he/she is aware of specific instances of violence, including murder, committed by the Beltran Leyva Drug Trafficking Organization against those who have betrayed them.

25. I have also attached to this affidavit, as **Exhibit F**, the original, sworn affidavit of another Cooperating Witness (Witness Two), who had direct conversations with Agustin Flores Apodaca and Fausto Isidro Meza Flores in which Agustin Flores Apodaca told Witness Two that he and Fausto Isidro Meza Flores were receiving and carrying out orders directly for ALFREDO BELTRAN LEYVA, and that profits from the sale of drugs by Agustin Flores Apodaca and Fausto Isidro Meza Flores were being shared with ALFREDO BELTRAN LEYVA.

26. The names of Witness One in **Exhibit E** and Witness Two in **Exhibit F** have been redacted, as noted above, due to safety concerns. United States law permits the redaction of a witness's name or the use of a pseudonym for the protection of a witness's safety. The United States Supreme Court decided in McCray v. State of Illinois, 386 U.S. 300 (1967), that, in the early stages of a criminal proceeding such as a preliminary hearing, where the court needs to rule only on probable cause and not on guilt or innocence, law enforcement authorities are not required to disclose the identity of a witness whose information forms the evidentiary basis for a finding of probable cause. Similarly, the Supreme Court in McCray noted in earlier cases that it had "made it clear that federal officers need not disclose an informer's identity in applying for arrest or search warrants" where the legal standard is probable cause.

27. Under United States law, a witness may remain confidential at the early stages of a criminal proceeding without violating a defendant's right to legal process because a defendant will have ample opportunity at trial to confront any witnesses that may be used to prove his guilt or innocence. As the Supreme Court explained in McCray, the government's ability to withhold the identity of an individual who provides law enforcement authorities with information about crimes encourages citizens to communicate their knowledge about the commission of crimes to

law enforcement authorities and that, by preserving their anonymity, citizens are more likely to disclose information to law enforcement authorities. Similar to a preliminary hearing, an extradition hearing, pursuant to Article 3 of the Treaty between the United Mexican States and the United States of America, requires a finding equivalent to probable cause that the defendant committed the crime and does not require the amount of evidence needed to make a finding of guilt or innocence. Under the laws of the United States and in compliance with the rights allowed to a defendant by the Constitution of the United States, an individual who is extradited to stand trial in the United States will have a full opportunity at trial to question witnesses who present evidence that may be used against him.

28. Moreover, it is our understanding that Articles 14 and 35 of the *Ley Federal contra la Delincuencia Organizada* similarly allow for the use of pseudonyms by cooperating witnesses who are providing information to law enforcement authorities to further criminal investigations in order to protect the safety of such cooperating witnesses. It is our understanding that Article 14 of the *Ley Federal contra la Delincuencia Organizada* specifically provides for the protection of the identity of an individual who was a member of an organized criminal group and who is cooperating pursuant to Article 35 of the *Ley Federal contra la Delincuencia Organizada* in order to aid in the law enforcement investigation.

29. Finally, I have attached to this affidavit, as **Exhibit G**, the original declaration of Alejandro Tascon, a Colombian drug trafficker that spent several years working for the Beltran Leyva brothers, including ALFREDO BELTRAN LEYVA. Over the years, Tascon supplied the Beltran Leyva Organization, including ALFREDO BELTRAN LEYVA, with tens of thousands of kilograms of cocaine from Colombia, which were ultimately sent to the United States for distribution and sale. In his declaration, Tascon identifies a photograph of ALFREDO


BELTRAN LEYVA as the individual to whom he supplied large quantities of cocaine for the Beltran Leyva drug trafficking organization.

IDENTIFICATION

30. **ALFREDO BELTRAN LEYVA** is a Mexican citizen, born on January 12, 1971, in Sinaloa, Mexico. He is described as a Hispanic male, approximately 5 feet 9 inches in height, weighing approximately 190 pounds, with brown hair and brown eyes. A photograph of ALFREDO BELTRAN LEYVA is attached to the affidavit of Special Agent Boyd and made part of this extradition request. Witness One and Alejandro Tascon have identified this photograph as being ALFREDO BELTRAN LEYVA, the man with whom they engaged in drug trafficking activities.


CONCLUSION

31. This affidavit and the affidavits of Special Agent Boyd, Witness One, and Witness Two each were sworn to before a United States federal judge, who is a person duly empowered to administer an oath for this purpose. The declaration of Alejandro Tascon was executed under penalty of perjury, pursuant to Title 28, United States Code, Section 1746.



ANDREA GOLDBARG
Assistant Deputy Chief
Narcotics and Dangerous Drug Section
Criminal Division
United States Department of Justice

SWORN AND SUBSCRIBED TO BEFORE ME
THIS 30th DAY OF JANUARY 2013



HONORABLE DEBORAH A. ROBINSON
UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA

v.

EDGAR VALDEZ-VILLAREAL
AKA LA BARBIE
AKA JUEDO

Criminal Action No.

1:09-CR-551-WSD

Government's Sentencing Memorandum

The United States of America, by [REDACTED], United States Attorney, and [REDACTED] and [REDACTED], Assistant United States Attorneys for the Northern District of Georgia, files this sentencing memorandum and requests that Edgar Valdez-Villareal be sentenced to a term of imprisonment of 660 months and ordered to forfeit a sum of \$192,000,000.

Valdez was a drug trafficker of the highest magnitude. Starting from humble roots in Laredo, Texas, he worked his way up to become a top-level enforcer and trafficker for the Sinaloa, and later Beltran-Leyva cartels. Known for his flashy lifestyle, Valdez earned millions of dollars by selling thousands upon thousands of kilograms of cocaine in the United States. As the amount of cocaine trafficked by Valdez is staggering, the brutality of his operations is disquieting. As discussed below, Valdez is credited for starting a war with the Zetas to wrestle control of the lucrative Laredo corridor to further his criminal enterprise, leaving untold carnage behind.

Valdez's reign came to a crashing halt on August 30, 2010, when he was arrested by Mexican Police at a ranch he owned near Mexico City. Valdez was subsequently extradited to the United States, where he pleaded guilty to drug trafficking and money laundering charges. Defendant is scheduled to be sentenced by this Court on June 11, 2018.

1. Factual Background

A. The Early Years

Valdez, a United States citizen, was born and raised in Laredo, Texas. At age 18, he was arrested for criminal negligent homicide based on a traffic accident in which the driver of another vehicle died. (Presentence Investigation Report ("PSR") ¶ 232.) He did not ultimately face criminal charges for that incident. (*Id.*) Two years later, at age 20, he was arrested again, this time for possession of marijuana. (*Id.* ¶ 227.) He was sentenced to seven years imprisonment, but the court suspended the term of imprisonment and placed him on probation for a term of five years. (*Id.*) A year and a half into his term of probation, at age 22, he was arrested again driving at a very high rate of speed while intoxicated. (*Id.* ¶ 228.) The charge was ultimately reduced from driving while intoxicated to public intoxication, and he escaped with a fine. (*Id.*) Two and a half years after that, at age 24, he was charged in a federal indictment for possession with intent to distribute approximately 800 pounds of marijuana. (United States District Court, Southern District of Texas, case no. 5:98-cr-500.)¹ He was never arrested

¹ Valdez was not extradited on the charges from the Southern District of Texas and, therefore, cannot currently face those charges pursuant to the Rule of

on those charges. Instead, he moved to Mexico and began a sharp upward climb into the realm of cocaine trafficking. By 2000, at age 27, he was already a significant player in the cocaine market, operating out of Nuevo Laredo, Mexico with customers in New Orleans and Memphis, and building his own drug trafficking organization (“DTO”). (*See id.* ¶¶ 21-22.) By 2001, at age 28, he was sending shipments of 20-30 kilograms of cocaine every three to four weeks into the United States, which increased to 60-80 kilograms, and ultimately 150-180 kilograms per shipment. (*Id.* ¶ 22.)

In September 2001, federal agents obtained a brief, but illustrative window into Valdez’s operation. (*Id.* 39.) The month before, he agreed to meet a new distributor for one of his markets in the United States. (*Id.*) The distributor travelled to Nuevo Laredo to meet Valdez at one of Valdez’s residences. (*Id.*) Valdez arrived in a caravan of three vehicles, including a Chevy Suburban and an extended cab pickup truck. (*Id.*) His vehicle was equipped with police lights and sirens. Several armed men guarded the caravan of vehicles and the residence. (*Id.*) The group then moved to a second residence, which was large, had gun ports throughout, and was also surrounded by heavily armed men, some of whom appeared to be Mexican law enforcement officers. (*Id.*) During the meeting Valdez stated that he had 80 kilograms of cocaine sitting in the residence, and was expecting a shipment of 250 kilograms of cocaine and firearms the next day from his Colombian source of supply. (*Id.*) Valdez warned

Specialty found in Article 17 of the Treaty between the United States of America and the United Mexican States of May 4, 1978.

the distributor not to cross him, threatening that he knew many people in high places and that he was paying the government a lot of money. (*Id.*) To ensure he would be able to carry through with any enforcement action if the distributor crossed him, Valdez required the distributor to tell him where the distributor lived before agreeing to enter into business. (*Id.*)

That same year, Valdez staged a similar encounter with two potential customers from Memphis. (*Id.* ¶ 76.) When the customers crossed the border into Mexico, Valdez dispatched local police on his payroll to pick the customers up in police cars and deliver them to Valdez, who was surrounded by security guards carrying AK-47s. (*Id.*) Valdez staged this encounter purposely, to make an impression: he wanted people to fear him and know that he was in control and above the law.² (*Id.*) This image — that of the “enforcer” — was carefully crafted and became his key to notoriety both in and out of the cartel world. (*See id.* ¶ 51.)

One of these Memphis customers, Craig Petties, ultimately became an important customer of Valdez and his gateway into the Memphis market, receiving shipments every three to four weeks of 50-60 kilograms of cocaine packed in crates and delivered to Memphis by tractor trailers. (*Id.* ¶¶ 77-78, 83.) The crates would be emptied, then re-packed with cash — approximately \$1 million per trip — and transported back to Mexico. (*Id.*) Years later Petties fled to Mexico, where Valdez gave him refuge and allowed Petties to continue operating

² Indeed, the scene was “staged” for appearance over substance in that the AK-47s were actually not even loaded during this encounter. (PSR ¶ 76.)

his Memphis operation from abroad. (*Id.* ¶ 82, 103.) Indeed, Valdez was protective of this important customer, and prevented other members of his drug trafficking organization from meeting him so they couldn't steal him as a customer. (*Id.*) However, Petties was ultimately arrested in Mexico and extradited back to the United States, where he was sentenced to life imprisonment on federal charges that included murder, kidnapping, drug distribution, and money laundering. (*United States v. Petties*, No. 2:02-CR-20449, Doc. 1571 (W.D. Tenn. August 22, 2013).)

B. Valdez Expands His Reach, but the Cartel War Forces Him Out Of Nuevo Laredo

By 2002, Valdez had built up a successful trafficking organization in Nuevo Laredo. He had formed a partnership with co-defendant Carlos Montemayor ("Montemayor"), who had an infrastructure of trucks and drivers for transportation of cocaine obtained within Mexico to and across the United States border, with ultimate delivery to U.S. cities. (PSR ¶¶ 24, 85, 93, 96-97.) Together, Valdez and Montemayor developed a network to transport the organization's cocaine across the border from Mexico into Laredo, and to process and smuggle cash proceeds back into Mexico. (*Id.* ¶¶ 24, 85.) Valdez had also established control of one of the border crossing plazas leading into Laredo, enabling him to easily move shipments across the border, by partnering with the head of the plaza. (*Id.* ¶ 86.) Valdez continued to obtain his cocaine from various sources in Mexico, although he dispatched a lieutenant to Colombia in order to develop direct sources there. (*Id.* ¶ 24.) To the members of his organization, Valdez was

known as “La Barbie,” in reference to his fair complexion and appearance. (*Id.* ¶ 24.)

Valdez’s Nuevo Laredo operation was also lucrative. What cash Valdez was not investing in additional purchases of cocaine he used to fund construction of luxury residences, real estate, and other businesses. (*Id.* ¶ 84, 99, 33.) He also purchased two ranches in Nuevo Laredo, one of which consisted of 40-50 acres and had a mini zoo with rabbits, a lion, and other animals. (*Id.* ¶ 84.)

However, Valdez’s success in the area was not unnoticed. In approximately 2002 the Gulf Cartel in Mexico dispatched its enforcement arm, the Zetas, to obtain control over the drug trade in the Laredo corridor. (*Id.* ¶¶ 23, 86, 90.) Violence in the area increased, with many people being killed or disappearing. (*Id.* ¶ 86.) The Zetas took over control of a border crossing plaza on the other side of Nuevo Laredo from the one controlled by Valdez, and eventually killed the man who operated Valdez’s plaza. (*See id.* ¶ 86.) They burned multiple residences Valdez owned, and killed the animals in his zoo. (*Id.* 99.) In the face of rising safety concerns, Valdez and his subordinates evacuated Laredo and continued their operations in various locations in Mexico, most frequently in Monterrey, while he and his associates engaged in frequent violent incidents with the Gulf Cartel and Zetas for dominance of the Laredo corridor. (*Id.* ¶¶ 23, 86, 90, 98, 104-106.)

C. Valdez Regroups and Aligns With Arturo Beltran-Leyva

When he moved the DTO to Monterrey, Valdez obtained four houses: one for his family, two for the DTO, and a fourth to be used as a “safe house” in case the

others were in jeopardy. (*Id.* ¶ 92.) Business in Monterrey, however, was not as lucrative and money was tighter. (*See id.* ¶ 102.) Valdez formed a relationship with a former state police officer in Monterrey, and gave him money to pay off the state and local police officers to prevent them from interfering with his DTO. (*Id.* ¶ 111.) Valdez also used that connection to introduce him to Arturo Beltran-Leyva. (*Id.* ¶¶ 111-112; *see also* Exhibit A (organizational chart).) Beltran was a high-level cocaine trafficker based in Mexico City, and at that time he and his three brothers³ were associated with Joaquin Guzman-Loera a/k/a “El Chapo,” Ismael Zambada-Garcia a/k/a “Mayo,” and the then-emerging Sinaloa Cartel. (PSR ¶ 25, 121.) Over an initial meeting in Mexico City, Valdez and Beltran hit it off. (*See id.* ¶ 113.) Afterwards, a confident Valdez told an associate to get a nicer apartment in Mexico City because Valdez would be moving there. (*Id.* ¶ 114.) Valdez had also learned that Beltran had a house with horse stables, but no horses, and formed a plan to ingratiate himself to Beltran. (*See id.* ¶¶ 114-15.) Together with Carlos Montemayor, Valdez bought two horses and had them delivered to Beltran. (*Id.* ¶ 115.) They also sent a horse trainer, who stayed with Beltran for several days to teach Beltran about the horses. (*Id.*) The plan worked – Beltran loved the gift and Valdez was invited to do business with him directly. (*Id.*)

After that, during the fall of 2002, Valdez moved the DTO operations from Monterrey to Mexico City. (*Id.* ¶¶ 116, 119.) He had numerous meetings with

³ The four Beltran-Leyva brothers are Arturo, Alfredo, Carlos, and Hector.

Beltran in Mexico City, Acapulco, and at Beltran's ranch in Ixtapa De La Sol, and became known as a "Beltran Leyva guy." (*Id.* ¶ 121.) Valdez also met with Guzman on multiple occasions. (*Id.* ¶ 121.)

D. Valdez Gathers Allies and Goes to War to Reclaim Nuevo Laredo

In early 2003, Valdez was sending shipments of 150-180 kilograms of cocaine to Memphis. (*Id.* ¶ 120.) Wanting to solidify a steady cocaine supply, he dispatched as associate to Colombia to meet with members of the Cali and Medellin cartels, as well as others in Bogota and Cartagena. (*Id.* ¶¶ 122-128.) Valdez's reputation had already spread throughout Colombia, where he was becoming well known for his war with the Zetas and widespread killings, earning him the nickname "El Tigre." (*Id.* ¶¶ 125-27.)

At the same time, Valdez was working to stabilize his ability to send drugs across the border through the Laredo corridor. (*Id.* ¶¶ 129-130.) Valdez solidified his relationship with Beltran, meeting with him on an almost daily basis, and used Beltran's support to set up a meeting with Gulf Cartel kingpin Osiel Cardenas Guillen, whose people (including the Zetas) had taken over Nuevo Laredo and pushed Valdez out. (*Id.* ¶¶ 129-31.) Valdez brokered an agreement allowing him to continue to import cocaine through the Laredo corridor as long as he paid a tax to the Gulf Cartel to do so. (*Id.* ¶¶ 130-31.) The agreement, however, broke down shortly afterwards because Cardenas was arrested by authorities. (*Id.* ¶ 131.)

Beltran advised Valdez to get out of Nuevo Laredo once again because of the instability. (*Id.*) Nevertheless, Valdez vowed to push his rivals out of Nuevo

Laredo. (*Id.*) He used his relationship with Guzman to partner with one of Cardenas' former associates in the area. (*See id.* ¶¶ 148-49.) He also used his contacts to rally support against the Zetas, including from the leader of the Valencia/Milenio cartel, Armando Valencia-Cornelio, who hated the Zetas and was willing to provide money and manpower to fight them. (*Id.* ¶ 150.) Eventually, Valdez convinced Beltran to support the fight too. Beltran called a meeting attended by himself, Valdez, Valencia, and leaders of the Sinaloa cartel including Ismael Zambada-Garcia a/k/a "El Mayo," Ignacio Coronal Villarreal a/k/a "Nacho," Juan José Esparragoza Moreno a/k/a "El Azul." (*Id.* ¶ 151.) Beltran said that Valdez was going to war with the Zetas and asked for their support. (*Id.*) Everyone gave it. (*Id.*)

With the newfound backing, Valdez and his allies sent approximately 300 men to push the Zetas out of Nuevo Laredo and back into Reynosa. (*Id.* ¶ 152.) Valdez provided many of his men with government uniforms and bribed members of law enforcement to allow his men to be commingled with their forces. (*Id.* ¶ 153.) Valdez himself wore a uniform at times. (*Id.* ¶ 152.) Violence increased, with members of the Zetas being robbed or disappearing. (*Id.* ¶¶ 156-57, 160) Valdez made the final decisions in organizing the conflict with the Zetas. (*Id.* ¶¶ 53, 157.)

During this time period, the Zetas used their contacts and influence with a local newspaper to make sure that Valdez was frequently on the cover of a local newspaper and blamed for the killings. (*See id.* ¶ 126.) Continually aware of the

power of image and the media, Valdez bought off the local newspaper and wrested control of it from the Zetas. (*See id.* ¶ 155.)

In August 2003, the Zetas asked for a meeting to discuss a truce. Valencia and others showed up, but were arrested by law enforcement. (*Id.* ¶ 161.) After that, a Mexican Federal Police Commander and his wife were killed, and violence increased even more. (*Id.* ¶ 163.) Many of Valdez's men were forced out of Nuevo Laredo, but some of Valdez's allies remained and continued fighting. (*Id.* ¶ 164.)

E. Valdez Takes Control of Acapulco and Expands Into Atlanta

In late 2003 and early 2004, as Valdez and others continued to skirmish with the Zetas for control of the Laredo trafficking corridor, Valdez continued to expand his trafficking network and benefit from his close association with Beltran, taking over control of the port in Acapulco, Mexico. (*Id.* ¶¶ 27, 138.) Valdez used the port to coordinate the importation of cocaine from Colombia and other South American countries using speedboats and airplanes, including shipments of as much as 3,000 kilograms at a time. (*Id.* ¶ 141.) He ran a network of drug houses in the area to process the shipments, and paid bribes to local law enforcement officials to protect his operation. (*Id.* ¶ 138.) He also cemented his relationship with Harold Mauricio Poveda-Ortega a/k/a "Conejo," who was Colombian and was able to arrange for Valdez to receive a steady supply of cocaine from Colombian DTOs. (*Id.* ¶¶ 140-144.)

Valdez continued to cultivate his image, having his DTO members wear suits and ties, but taking off the jackets and ties when they went to night clubs in the

evening. (*Id.* ¶ 135.) Other associates of Beltran, however, disapproved of Valdez's "flashy" persona and the fact that he was always in the news. (*Id.* ¶ 147.)

During this time Valdez continued his partnership with Carlos Montemayor, who coordinated the DTO's shipments of cocaine across the border into the United States from Nuevo Laredo. (*Id.* ¶¶ 27, 143.) Valdez's DTO was sending an average of 600-700 kilograms (sometimes up to 1,000 kilograms) of cocaine into the United States every three weeks – a rate that continued through 2007. (*Id.* ¶ 145.) The drugs were shipped across the border into Laredo, Texas and then on to Memphis, Dallas, and San Diego. (*Id.* ¶¶ 27, 143.)

Valdez and Montemayor also branched out and added Atlanta to their U.S. distribution network. (*Id.* ¶ 135.) Initially, shipments to Atlanta carried approximately 30 kilograms of cocaine, but they quickly escalated to shipments of 100 kilograms or more. (*Id.* ¶ 28.) As 2004 went on, Valdez and Montemayor sought out a more formalized distribution organization for their cocaine customers in Memphis and Atlanta. (*Id.*) Jesus Hector Flores,⁴ who is Montemayor's cousin and who had drug contacts in Memphis, agreed to coordinate the receipt and distribution of loads of cocaine delivered via tractor trailer truck. (*Id.*) In the spring of 2005, because the Atlanta business had increased so significantly, at Montemayor's request, Flores opened a second U.S. base of operations for the organization in Atlanta. (*Id.*)

⁴ Flores was eventually sentenced to 460 months imprisonment in N.D. Ga. case no. 1:05-CR-558. (PSR at Related Cases.)

In both Memphis and Atlanta, Flores recruited workers to establish stash houses, and these individuals worked full time in the operations of the cocaine distribution organization. (*Id.* ¶ 29.) The workers met the tractor trailer trucks and offloaded shipments of between 100 to as much as 300 kilograms of cocaine, usually every week but sometimes twice a week. (*Id.*) The workers parceled the cocaine and conveyed it to customers, and accepted bulk cash payments which they processed and delivered to tractor trailer trucks heading back to the Mexican border. (*Id.*) Eventually, the currency was smuggled across the border and remitted to the organization's supervisors in Mexico. (*Id.*) In Atlanta alone, the organization distributed a total of 1,500 kilograms of cocaine in just six months. (*Id.*)

F. The DEA Uncovers and Takes Down the Atlanta Distribution Cell

The DTO's activities in Atlanta were eventually discovered by agents with the Drug Enforcement Administration ("DEA"). (*Id.* ¶ 34.) On June 10, 2005, DEA agents began intercepting the first in a series of court-authorized wiretaps of one of the DTO's customers in Atlanta. (*Id.*) Evidence from that wiretap then led to wiretaps of Flores and his workers in Atlanta. (*Id.*) The intercepted calls revealed a particularly disciplined and regimented organization – the conspirators used military-like precision and orders, where nothing could be done without approval and consultation or instructions from the supervisors in Mexico. (*Id.*) Agents ultimately determined that Valdez and Montemayor were partners, supervisors, and the sources of supply for the Atlanta organization. (*Id.* ¶ 35.) Ruben Hernandez a/k/a "Super" or "Secre," was Valdez's bookkeeper

and logistics coordinator.⁵ (*Id.*) Roberto Lopez a/k/a “Shrek,” was Montemayor’s primary lieutenant and oversaw transportation. (*Id.*) Carlos Montemayor’s brother, Juan Montemayor a/k/a “Vice,” contributed his own U.S.-based customers and provided other support.⁶ (*Id.*) Valdez and Carlos Montemayor each had their own customers for which they received personal proceeds, but they pooled their cocaine supply and used the same transportation and distribution network. (*Id.*)

Ultimately, on August 17-18, 2005, based on information from the wiretaps, agents coordinated a traffic stop of a tractor trailer truck driving from Atlanta to Texas. (*Id.* ¶ 36(c).) Inside, they found proceeds from the DTO’s cocaine sales that had been collected and packed by the Atlanta workers, destined for Mexico. (*Id.*) That shipment — a single example of the type of transport that occurred approximately weekly — contained \$2.5 million in cash. (*Id.* ¶¶ 36(c), 29.) On November 15, 2005, agents raided a stash house in Atlanta. (*Id.* ¶ 36(e).) Inside they discovered, on that single day, 120 kilograms of cocaine and \$1.5 million in cash. (*Id.*) Agents arrested four workers at the stash house and then arrested Flores in Laredo the following morning. (*Id.*)

⁵ Hernandez was sentenced to 268 months imprisonment in this case. (PSR at Codefendants.)

⁶ Juan Montemayor was sentenced to 262 months imprisonment in this case. (PSR at Codefendants.)

G. Valdez Continues His Kingpin Life

At age 32, after losing 120 kilograms of cocaine, \$4 million in cash, and several of his workers in Atlanta, Valdez was undeterred. He continued his operations in Mexico. (*Id.* ¶ 37.) He continued to ship an average of 600 kilograms of cocaine into the United States every two to three weeks. (*Id.* ¶¶ 145, 186.) He also continued to cultivate his cartel image. He wanted to be flashy, and started purchasing high-end clothes and suits. (*Id.* ¶ 172.) He continued to purchase property, where he built new houses and horse stables. (*Id.* ¶ 173.)

Valdez also spent a lot of money on security. He rented multiple houses under other people's names, and sometimes would not even let close associates know where he was staying due to security issues. (*Id.* ¶ 174.) He had several state and local law enforcement officials on payroll to act as bodyguards and to intervene if he were ever stopped by local authorities. (*Id.* ¶ 176.) He had a security detail of 20-30 men who carried automatic weapons, many of whom had prior law enforcement experience. (*Id.* ¶¶ 177-78.) His DTO received shipments of weapons, including AK-47s, AR-15s, pistols, M-16s with grenade launchers, night vision equipment, 50-caliber rifles designed to be mounted on vehicles, body armor, and rocket-propelled grenades. (*Id.* ¶¶ 32, 65, 68.) He had a gun smith who converted rifles from semiautomatic to fully automatic. (*Id.* ¶¶ 64, 181.)

Valdez also cultivated his reputation as a ruthless enforcer. When his security team captured a member of the Zetas who had been sent to Acapulco to assassinate Valdez, the security team made a video tape of Valdez and others

questioning him. (*Id.* ¶¶ 62-64, 183-85.) The man was then executed with a shot to the head. (*Id.*) Valdez and Montemayor had their associates make multiple copies of the recording and send them to media outlets in the United States and Mexico, and even wanted it sent to United States law enforcement. (*Id.* ¶¶ 62-64, 185.)⁷ The video quickly went viral on the internet.

H. Valdez's Allies Split and Fall, and He Is Arrested

On January 21, 2008, Alfredo Beltran-Leyva was arrested in Mexico. (*United States v. Beltran-Leyva*, No. 1:12-CR-184, Doc. 174 at 2 (D.D.C. May 31, 2016).)⁸ Arturo Beltran-Leyva and his brothers blamed Guzman and the Sinaloa Cartel for Alfredo's arrest, and split from them. (PSR ¶ 37.) The Beltran-Leyva brothers established their own operations, known as the Beltran-Leyva Cartel, with Arturo Beltran-Leyva at the head. (*Id.*)

After the split, Valdez continued his close association with Arturo Beltran-Leyva, as well as his partnership with Carlos Montemayor. (*Id.*) Valdez's organization continued to receive shipments of cocaine from Colombia, delivered by submarine, airplanes, or speedboats, and arranged for the delivery of the cocaine to customers in the United States. (*Id.*)

⁷ See *From High School Star to Mexican Drug Cartel*, ABC NEWS, May 19, 2010, available at https://www.youtube.com/watch?v=v_I5sLvBYds (last visited June 4, 2018) (showing clip from the described video).

⁸ Alfredo Beltran-Leyva was subsequently sentenced to a term of life imprisonment after pleading guilty to one count of conspiracy to distribute cocaine and methamphetamine. (*United States v. Beltran-Leyva*, No. 1:12-CR-184, Doc. 249 at 2 (D.D.C. April 13, 2017).)

On December 16, 2009, Arturo Beltran-Leyva was killed during a firefight with a unit of the Mexican Navy. (*Id.* ¶ 38.) On December 30, 2009, Carlos Beltran-Leyva was arrested in Mexico.⁹ After Arturo Beltran-Leyva's death and Carlos Beltran-Leyva's arrest, Hector Beltran-Leyva became the leader of the Beltran-Leyva cartel.¹⁰ Hector Beltran-Leyva, however, did not trust Valdez and the two began to feud.

Mexican authorities continued searching for Valdez and located him on several occasions, but he was able to elude capture by making a series of close escapes. (*Id.*) Finally, at age 37, Valdez was arrested by Mexican Federal Police on August 30, 2010, at a ranch he owned near Mexico City. (*Id.*) He was extradited to the United States on September 30, 2015. He expeditiously entered a non-negotiated guilty plea to all counts on January 6, 2016. Today, at age 44, Valdez faces sentencing for his two decades of drug trafficking crimes.

⁹ See William Booth, *Mexican agents arrest brother of Beltran Leyva, drug lord killed in raid*, WASH. POST, Jan. 4, 2010, available at <http://www.washingtonpost.com/wp-dyn/content/article/2010/01/03/AR2010010300390.html?noredirect=on> (last visited June 4, 2018).

¹⁰ Hector Beltran-Leyva was arrested in Mexico on October 1, 2014, and proceedings to extradite him to the United States to face federal charges are ongoing. Tracy Wilkinson, *Drug cartel leader Hector Beltran Leyva arrested in Mexico*, L.A. TIMES, Oct. 1, 2014, available at <http://www.latimes.com/world/mexico-americas/la-fg-mexico-drug-cartel-beltran-leyva-20141001-story.html> (last visited June 4, 2018); *Mexican court blocks drug lord's extradition to U.S.*, REUTERS, April 12, 2017, available at <https://www.reuters.com/article/us-mexico-drugs-idUSKBN17E2GK> (last visited June 4, 2018).

2. Sentencing Guidelines

Under the United States Sentencing Guidelines, Valdez's advisory sentencing range is calculated as a base offense level 38 because it involved at least 12,000 kilograms of cocaine. (*Id.* ¶ 203.) He receives upward adjustments for:

- possession of weapons,
- the use of violence,
- bribery of a law enforcement official,
- maintaining premises for the purpose of distributing a controlled substance,
- importing a controlled substance as a part of a pattern of criminal conduct engaged in as a livelihood,
- being the leader of a criminal activity that involved five or more participants, and
- the use of body armor during a drug trafficking crime.

(*Id.* ¶¶ 204-211.) After a decrease of three levels for acceptance of responsibility, his total offense level is 51. (*Id.* ¶ 224.)

Valdez did not object to any of the Guidelines calculations. The government submitted one objection, noting that Valdez should receive two additional criminal history points pursuant to U.S.S.G. § 4A1.1(d) because he committed the instant offense, specifically, conspiring with others to distribute controlled substances, while he was on probation. While this change of criminal history category would not affect the ultimate sentence range under the Guidelines, in order for the Court to accurately calculate the Guidelines, the government notes that, based on the uncontested facts in the PSR, as early as 2000, Valdez was

already a significant player in the cocaine market, operating out of Nuevo Laredo, Mexico with customers in New Orleans and Memphis. (*See id.* ¶¶ 21-22, 227.) At the same time, in 2000 and continuing to March 10, 2001, Valdez was on probation for marijuana possession charges. (*Id.* ¶ 227.) Correspondingly, his criminal history category should be II instead of I. (*Id.* ¶ 229.)

3. A Reasonable Sentence

A district court should begin all sentencing proceedings by correctly calculating the advisory Guidelines range. *Gall v. United States*, 552 U.S. 38, 49 (2007). While the Guidelines are significant factors in the Court's sentencing decision, the Court must ultimately determine a reasonable sentence based on the factors set forth in 18 U.S.C. § 3553(a). *United States v. Pugh*, 515 F.3d 1179, 1188 (11th Cir. 2008). As to the section 3553(a) factors, the Court is to consider, inter alia, (1) the nature and circumstances of the offense, the history and characteristics of the defendant, and the need for the sentence to reflect the seriousness of the offense, promote respect for the law, and provide just punishment for the offense; (2) the need for deterrence; and (3) the need to protect the public from further crimes of the defendant. 18 U.S.C. § 3553(a). The law also provides for the forfeiture of the proceeds a defendant obtained from trafficking in controlled substances. *See* 21 U.S.C. § 853(a)(1). Pursuant to these factors, and for the reasons set forth in the government's separately filed pleading, the government requests that Valdez be sentenced to a term of

imprisonment of 660 months.¹¹ The government also requests that the Court order Valdez forfeit a sum of \$192,000,000.¹²

A. The Nature and Circumstances of the Offense, the History and Characteristics of the Defendant, and the Need for the Sentence to Reflect the Seriousness of the Offense, Promote Respect for the Law, and Provide Just Punishment for the Offense

Valdez grew up with a comfortable life in Texas and, instead of becoming a productive citizen, chose to aggressively pursue the lifestyle of a brutal leader of a drug trafficking organization. He committed serious crimes against the United States, over an extended period of time, by his creation and leadership of an expansive Mexican DTO that was responsible for transporting multi-ton quantities of cocaine from Colombia to Mexico for ultimate importation into the United States. His actions not only brought massive quantities of poison into communities across the United States, but they spread violence, public corruption, and misery throughout Mexico.

Valdez's life was not a byproduct of abject poverty or coercion; he left his family and life in the United States behind and squandered multiple chances to turn his life around after encounters with the law in his youth that resulted in dropped or reduced charges. Instead, he chose to become a DTO enforcer, enthusiastically wrapping himself in a mantle of violence, lawlessness, and

¹¹ That is, a term of 660 months on all counts except for Count Nine, for which the statutory maximum is 240 months.

¹² The government is filing a separate motion for preliminary order of forfeiture in support of this request.

intimidation. He started his own DTO and built it from the ground up, partnering strategically along the way to grow the organization and ally with larger cartels. He ended up forming a DTO that this Court, in the course of sentencing lower-ranking members of the organization, described as “the most efficient, ruthless drug organization I have ever seen.” (*United States v. Flores*, No. 1:05-CR-558-WSD, Doc. 397 at 20 (N.D. GA August 19, 2008).)

He purposely made a show of weapons, threats, and corrupt law enforcement support (and even video-taped executions) to win obedience from customers and associates, and also to dissuade rivals from challenging him. Moreover, this show was not just an act; when challenged, he carried through with his promises and was responsible for instigating and leading a deadly turf war between the Sinaloa Cartel and Gulf-Zeta alliance that rained untold violence and misery on the people of Mexico. An unknown number of people were killed in this violence or “disappeared,” with their family never fully knowing what happened. Further, he coerced or tempted public servants in the Mexican government and law enforcement away from serving the good of society with threats and bribes, causing them to either look the other way while he victimized their neighbors, or even join his forces in open combat. In doing so, he destroyed trust in government and the structure of communities.

Valdez was also not just a regular drug trafficker. He was the founder and head of a DTO that was directly responsible for bringing tons of cocaine into the United States, and was a high ranking member within the Sinaloa Cartel and later the Beltran-Leyva Cartel, both of which dealt in even larger quantities of

drugs. As the Court is well aware, cocaine is an extremely dangerous and destructive illegal street drug. Cocaine abuse has devastated communities in the United States, Colombia, Mexico and elsewhere, ruining lives, splitting families apart, inflicting violence on innocent by-standers, and wreaking havoc on innocent family members and children. It is also a very destabilizing and corruptive force in countries throughout the region whose law enforcement institutions are too overwhelmed to combat it, such as in Mexico, further adding to the destructive nature of the crime. Its social costs have been enormous. And for years Valdez was responsible for a significant portion of that poison.

B. The Need for Deterrence

Given the adverse impact that drug trafficking has on society, especially at the high levels in which Valdez operated, it is important that the Court impose a sentence that deters others from undermining the rule of law. Further, while this prosecution has incapacitated some of the narcotics trafficking through Mexico, importation of controlled substances from Mexico and the region into the United States still occurs. The recommended sentence would provide a critical general deterrence to other narcotics trafficking leaders that their participation in narcotics importation into the United States will result in substantial sentences.

However, even more than in typical high-level drug trafficking cases, this case warrants a special consideration for deterrence. Valdez was not a low key trafficker trying to stay out of the attention of law enforcement; instead he purposely lived a flashy lifestyle and crafted his image in the media to impress and terrorize others. He became a role model of sorts for young people looking

to make money fast and earn power, and he showed them that they could do so by rising high into the ranks of a drug cartel even if they grew up playing football in an All-American town. *See From High School Star to Mexican Drug Cartel*, ABC NEWS, May 19, 2010, available at https://www.youtube.com/watch?v=v_I5sLvBYds (last visited June 4, 2018) (also showing part of the execution video described above). He dressed in nice suits, went to clubs, and was frequently featured on front pages of newspapers. He even used his money and power to buy a local newspaper to control its coverage of him and his war with the Zetas, and purposely sent an execution video to media outlets, triggering a viral video phenomenon. Valdez's sentence should clearly signal that the lifestyle he led was not glamorous, and any time of wealth and power he enjoyed will be significantly overshadowed by the time he will serve in prison without the benefit of his ill-gotten gains.

C. The Need to Protect the Public from Further Crimes of the Defendant

Valdez faced his first federal drug trafficking charges in 1998. He became a fugitive, and his crimes expanded exponentially. He flooded Mexico and the United States with tons of cocaine, without regard for harm to others. He affirmatively went to war with rival cartels, and showed no mercy. He used his ruthlessness to accumulate massive amounts of wealth, which he used to corrupt government and law enforcement officials and to further insulate himself from the consequences of justice or morality. A truly lengthy sentence is the only way to protect the public from further crimes committed by the Defendant. When he leaves the controlled environment of prison, he must be rendered incapable of

inflicting further harm on society no matter what remaining financial resources he may have hidden or allies who may still be loyal to him.

4. Calculation of a Specific Sentence

Valdez's conduct and his history without doubt warrants a sentence of life in prison. However, the government is not requesting life; it is instead requesting a term of imprisonment — 660 months — that is just shy of a life sentence with a chance that Valdez will walk out of incarceration one day when he is no longer able to harm others. This request is warranted by Valdez's conduct since the time of his extradition. Specifically, he pled guilty to all the charges against him and, most importantly, did so as expeditiously as possible given the complex and voluminous discovery in the case dating back as much as a decade prior, combined with logistical issues such as language barriers and security restrictions.

His early plea, which occurred before the government took significant steps to start preparing for suppression litigation and trial, saved a tremendous amount of court and government resources. It sent a clear message to the public and other criminals that “La Barbie” had finally been brought to justice and would have to face the consequences of his crimes, and even high level traffickers are not outside of the reach of the law. The early plea also allowed the government to avoid taking steps such as transferring incarcerated witnesses to the district, an action which often signals that a the incarcerated person is cooperating and exposes them and their families to significant danger of violence, and also prevented the attendant security risks that such movement could engender. For

those reasons, as well as the reasons set forth in the government's separate sealed filing, a sentence of less than life imprisonment is warranted. Additionally, a sentence of less than life is appropriate to incentivize similar early pleas from defendants who want to accept responsibility for their conduct; a sentence of life imprisonment would affirmatively discourage other high-level drug traffickers from pleading guilty.

The government's recommendation assumes that Valdez will receive credit for all the time he has been incarcerated since he was arrested on August 30, 2010, including time prior to his extradition to the United States. *See* 18 U.S.C. § 3585(b) ("A defendant shall be given credit toward the service of a term of imprisonment for any time he has spent in official detention prior to the date the sentence commences . . . as a result of the offense for which the sentence was imposed; or . . . as a result of any other charge for which the defendant was arrested after the commission of the offense for which the sentence was imposed . . ."). Generally, calculation of the appropriate amount of time served prior to extradition, and credit for that time against the sentence imposed, is a task delegated to the Bureau of Prisons. *See United States v. Alexander*, 609 F.3d 1250, 1259 (11th Cir. 2010).¹³ However, if a sentencing court does perform the calculation, it will not be reversed on appeal unless the defendant can show he was prejudiced because the credit applied by the court was less than what BOP

¹³ And, if a defendant disagrees with BOP's determination, the defendant must exhaust all administrative remedies before seeking relief from a court. *Id.*

would have calculated. *See Hernandez v. United States*, 542 F. App'x 865, 866-67 (11th Cir. 2013).

5. Forfeiture of Drug Proceeds

As stated in the government's Memorandum of Law in Support of Motion for Preliminary Order of Forfeiture, pursuant to the forfeiture provision in the indictment, the government is requesting a forfeiture judgment equal to the amount of proceeds Valdez obtained as a result of his drug trafficking offenses. (Doc. 292-1.) Because Valdez's assets are likely in Mexico, in lieu of forfeiting specific assets, the government is requesting a money judgment.

Based on uncontested facts in the PSR, Valdez was responsible for the distribution of at least 12,000 kilograms of cocaine (a conservative estimate). (PSR ¶ 203.) From 2005 until 2007, the average sales price for a kilogram of cocaine in Atlanta, North Carolina, South Carolina, and Chicago was \$16,500, and \$15,500 - \$17,000 in Memphis. (*Id.* ¶ 186.) Giving Valdez the benefit of any doubts, based on an estimated average sales price of \$16,000 per kilograms of cocaine (a conservative estimate), Valdez would have collected at least \$192,000,000 of proceeds from his cocaine distribution. Valdez should not be allowed to keep the proceeds from his illegal activities that inflicted so much damage on so many people. Through the forfeiture order, the government is seeking to disgorge some measure of the riches Valdez amassed during his kingpin years and deprive him of the benefit from those funds. As a conservative estimate, the government respectfully requests that the full \$192,000,000 judgment be assessed against Valdez.

Conclusion

For the reasons stated above, the government respectfully requests that the Court sentence Edgar Valdez-Villareal to a term of imprisonment of 660 months, and order he forfeit \$192,000,000.

Respectfully submitted,

[REDACTED]

United States Attorney

/s/

[REDACTED]

Assistant United States Attorney

Georgia Bar No. [REDACTED]

[REDACTED]

/s/

[REDACTED]

Assistant United States Attorney

Georgia Bar No. [REDACTED]

[REDACTED]

600 U.S. Courthouse, 75 Ted Turner Drive S.W., Atlanta, GA 30303
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Certificate of Service

The United States Attorney's Office served this document today by filing it using the Court's CM/ECF system, which automatically notifies the parties and counsel of record.

June 4, 2018

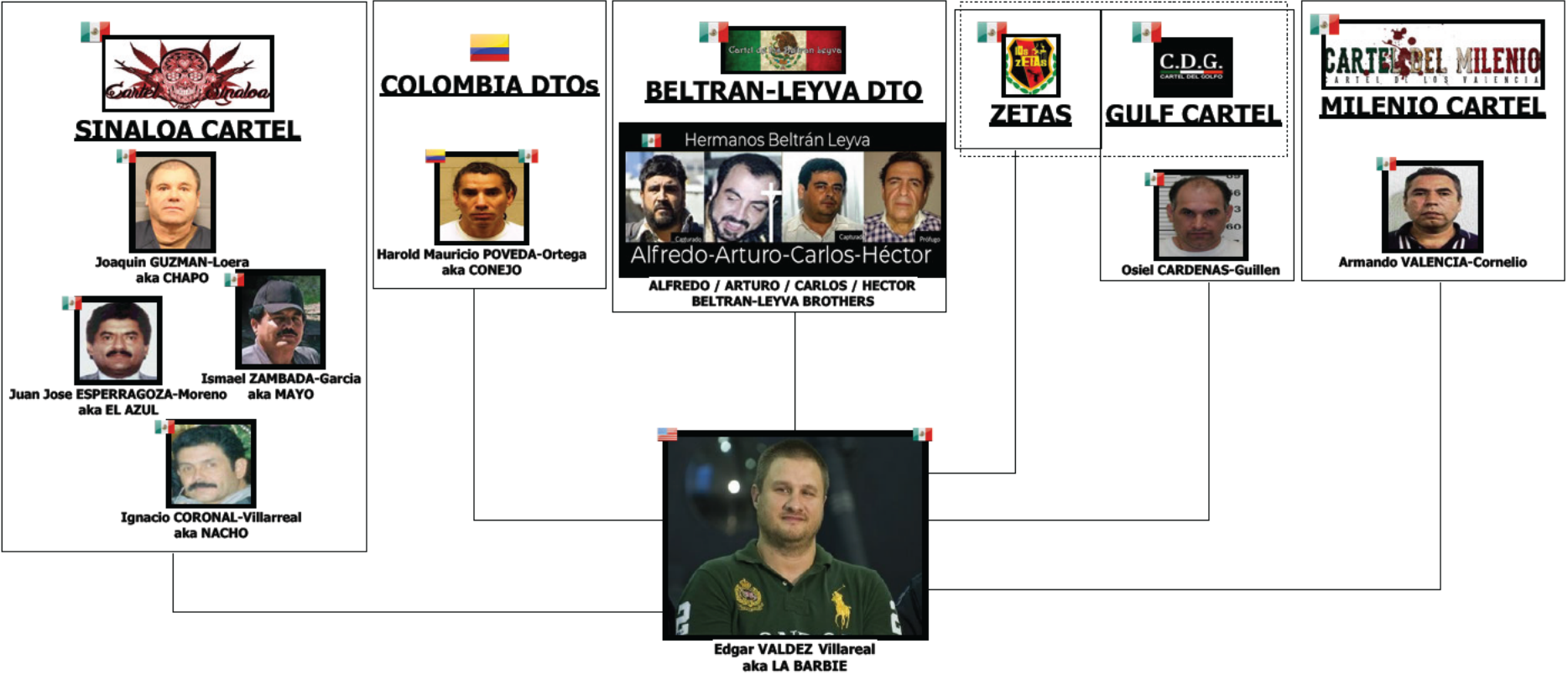
/s/

[REDACTED]

[REDACTED]

Assistant United States Attorney

Exhibit A



**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS**

UNITED STATES OF AMERICA

v.

**ALFREDO BELTRAN LEYVA,
also known as "Mochomo,"**

Defendant.

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**AFFIDAVIT IN SUPPORT
OF REQUEST FOR EXTRADITION**

I, Britton Boyd, being duly sworn, depose and state:

1. I am a citizen of the United States of America, working in the State of Texas.
2. I am currently employed as a Special Agent with the Federal Bureau of Investigation ("FBI"), and have been so employed since April 2008. I am currently assigned to the El Paso Division of the FBI and am a member of the Strike Force, which focuses on Mexican Organized Crime and Mexican drug trafficking with a nexus to the United States. Prior to my employment with the FBI, I was employed as an agent with the United States Border Patrol from January 2003 until April 2008 in Arizona. I am a law enforcement officer currently authorized to investigate and enforce violations of federal criminal statutes, including those found in Title 18 and 21 of the United States Code. I have received basic law enforcement training at the 20-week FBI Academy, as well as other specialized drug enforcement, where I became familiar with how controlled substances are consumed, manufactured, packaged, marketed, and distributed.
3. As a Special Agent with the FBI, I have participated in investigations involving a variety of kidnapping, narcotics, firearms, money laundering and conspiracy offenses. I have investigated street-level drug distributors to large-scale drug trafficking organizations. These investigations have involved interviewing victims, operating numerous informants, debriefing

defendants and witnesses, conducting physical and electronic surveillances, assisting in court ordered wiretap interceptions, executing search warrants, seizing narcotics and narcotics-related assets, making arrests for narcotics-related offenses, executing controlled deliveries of various narcotics and supporting undercover investigations.

4. Through my training and experience, and interaction with other Special Agents, Narcotic Task Force Officers, and other investigators, I have become familiar with the methods employed by narcotics traffickers in general, and large Mexico-based narcotics trafficking organizations in particular, to smuggle, safeguard and distribute narcotics, and to collect and launder narcotics related proceeds. Moreover, I am familiar with the ways in which domestic and international drug traffickers conduct their business, including the methods used in manufacturing and distributing drugs outside the United States, the methods and transportation routes used to import drugs into the United States, the methods used to distribute drugs inside the United States, the movement of funds, the use of communication devices to facilitate drug trafficking, and the use of coded and cryptic language in drug deals. I am also knowledgeable about the criminal statutes of the United States, particularly the federal narcotics statutes.

5. My duties have included conducting an investigation of ALFREDO BELTRAN LEYVA, alias "Mochomo," who has been indicted in the case captioned United States v. Alfredo Beltran Leyva, Case Number 1:12-cr-00184 (also referenced as Case Number CR-12-184-01), in the United States District Court for the District of Columbia. As one of the investigators, I am familiar with the charges and the evidence in this case.

6. The facts set forth in this affidavit are based on my conversations with other law enforcement authorities and with other witnesses regarding information relevant to this investigation, and also on my review of documents and other evidence, including lawfully

recorded telephone conversations, surveillance conducted by law enforcement authorities, the seizure of drugs at various locations, and identifications made by a cooperating witness.

7. In 2009, federal law enforcement authorities began an investigation into the distribution of illegal drugs in the State of Washington. Specifically, law enforcement authorities focused on the distribution of cocaine, methamphetamine, heroin, and marijuana imported from Mexico and transported to the United States Pacific Northwest region. During the investigation, law enforcement authorities were able to identify several members of the Mexico-based Beltran Leyva Drug Trafficking Organization, specifically, Agustin Flores Apodaca, alias El Niño, alias El Barbon, alias El Ingeniero; Salome Flores Apodaca, alias Pelon, alias Fino; and Fausto Isidro Meza Flores, alias Chapo Isidro, alias Chapito Isidro. Further investigation revealed that these members still worked for ALFREDO BELTRAN LEYVA. More specifically, the part of the proceeds of the drugs that were being sold in the United States on behalf of Agustin Flores Apodaca, Salome Flores Apodaca, and Fausto Isidro Meza Flores was being shared with ALFREDO BELTRAN LEYVA. In fact, although ALFREDO BELTRAN LEYVA was arrested by law enforcement authorities in January 2008, ALFREDO BELTRAN LEYVA was still giving orders even while incarcerated, and he was still engaged in the distribution of drugs from Mexico into the United States.

8. In late August 2010, law enforcement authorities were conducting surveillance at a business location related to this investigation in Centralia, Washington, when they observed a brown Chevrolet Impala automobile with Arizona license plates. Further investigation by law enforcement authorities led to a lawful search of the Impala, pursuant to which authorities discovered large quantities of United States currency and ledgers detailing suspected drug transactions.

9. Based on additional information developed during the investigation, on September 2, 2010, law enforcement authorities lawfully seized 33 plastic-wrapped, cylindrical packages containing a total of approximately 33 pounds of methamphetamine and four plastic-wrapped, square-shaped packages containing approximately four kilograms of cocaine, along with a firearm, ammunition, and drug paraphernalia, at a warehouse located in Centralia, Washington. Samples of the seized drugs were sent to the United States Drug Enforcement Western Laboratory in San Francisco, California for analysis and were confirmed to be methamphetamine and cocaine. A certified copy of the laboratory report detailing the results of the chemical analyses is attached to this affidavit and marked as **Attachment D-1**. Photographs of the packages of methamphetamine and cocaine that were seized on September 2, 2010 are attached to this affidavit and marked as **Attachment D-2**.

10. Following the September 2, 2010 drug seizure, law enforcement authorities lawfully recorded telephone conversations between Agustin Flores Apodaca, Salome Flores Apodaca, and another man involved in the Beltran Leyva Organization's drug trafficking activities in the United States. Law enforcement authorities played audio recordings of some of these conversations for a Cooperating Witness (hereinafter "Witness One") who personally knows Agustin Flores Apodaca, Salome Flores Apodaca, and Fausto Isidro Meza Flores, and other members of the Beltran Leyva Organization. Based on Witness One's familiarity with the Beltran Leyva Organization and its members, Witness One was able to identify in these audio recordings the voices of Agustin Flores Apodaca, Salome Flores Apodaca, and Fausto Isidro Meza Flores and further was able to interpret the meaning of several portions of these conversations in which the participants spoke in coded and cryptic language. My summary of those telephone conversations is as follows.

11. On September 2, 2010, at approximately 6:41 p.m., law enforcement authorities lawfully recorded a telephone conversation in which Agustin Flores Apodaca and an unidentified man discussed in coded and cryptic language the purchase of 50-caliber automatic weapons. Specifically, Agustin Flores Apodaca asked about “the 50s” and “the big ones,” to which the other man replied that “they are giving it for around thirty.” Agustin Flores Apodaca asked if the weapons were “automatics,” to which the man responded “yeah, that’s right, two that fire just by squeezing it.” Agustin Flores Apodaca responded “major blows” and asked how many is the supplier bringing, to which the man answered “as much as needed.” Based on my training, experience, and knowledge of this investigation, I believe that Agustin Flores Apodaca and the other man used the words “50” and “automatic” to discuss the purchase of automatic weapons for their drug trafficking organization’s activities in Mexico. A transcript of this conversation is attached this affidavit and marked as **Attachment D-3**.

12. On September 2, 2010, at approximately 6:49 p.m., law enforcement authorities lawfully recorded a telephone conversation between Salome Flores Apodaca and the same unidentified man who spoke in the previously described telephone conversation with Agustin Flores Apodaca. In this conversation, the unidentified man told Salome Flores Apodaca that the “guy with the 50s” wanted to exchange them for the “girls,” but that the price was really high. Based on my training, experience, and knowledge of this investigation, I believe that the man was telling Salome Flores Apodaca that about a plan to obtain 50-caliber weapons in exchange for methamphetamine that the man possessed, to which the man referred as “girls.” Moreover, I know that law enforcement authorities seized the man’s methamphetamine supply earlier that day. A transcript of this conversation is attached this affidavit and marked as **Attachment D-4**.

13. On September 2, 2010, at approximately 7:02 p.m., law enforcement authorities

lawfully recorded a telephone conversation in which the same man spoke again with Agustin Flores Apodaca using coded and cryptic language. The man informed Agustin Flores Apodaca that he had spoken with Salome Flores Apodaca, to whom he refers as "Pelon," and that the material was there, but the price was really high. Based on my knowledge of this investigation, I believe that the man was telling Agustin Flores Apodaca that they (Salome Flores Apodaca and the man) had discussed trading the guns for drugs that the man possessed, to which he referred as "material." Agustin Flores Apodaca then told the male that he (Agustin Flores Apodaca) would call Salome Flores Apodaca directly and they would discuss the deal. Based on my training, experience, and knowledge of this investigation, I know that it is common for members of this drug trafficking organization to purchase weapons with drugs. A transcript of this conversation is attached this affidavit and marked as **Attachment D-5**.

14. On September 8, 2010, at approximately 5:57 p.m., law enforcement authorities lawfully recorded another telephone conversation between Agustin Flores Apodaca and the same unidentified man. In this conversation, the man told Agustin Flores Apodaca that there was a customer for the four kilograms "over there" of "coca". Agustin Flores Apodaca and the man then discussed the unit price of a kilogram of cocaine as being between \$22,000 and \$23,000. Agustin Flores Apodaca told the man that "it's a mistake to return that" and then asked the man about the "girls". The man told Agustin Flores Apodaca that there were no offers for the "girls" because "the price is too low, we can't keep it here." Based on my knowledge of this investigation, I believe that "the girls" was a coded reference to a supply of methamphetamine that the man possessed. A transcript of this conversation is attached to this affidavit and marked as **Attachment D-6**.

15. On September 14, 2010, law enforcement authorities in Arizona observed the

same brown Chevrolet Impala, from which law enforcement authorities in the State of Washington lawfully seized United States currency and ledgers of suspected drug transactions in late August 2010, being driven by Salome Flores Apodaca. Law enforcement authorities followed the Impala to a location where they observed Salome Flores Apodaca meet with several other men. According to Witness One, who was present at this meeting, Salome Flores Apodaca discussed selling over 30 pounds of methamphetamine and four or five kilograms of cocaine. Based on my knowledge of this investigation, I believe that Salome Flores Apodaca was attempting to sell the supply of methamphetamine and cocaine that, unbeknownst to him, was seized by law enforcement authorities on September 2, 2010.

16. Law enforcement authorities then followed Salome Flores Apodaca as he left the meeting. Salome Flores Apodaca was accompanied by another man, who law enforcement observed getting into a different car than the brown Impala, in which Salome Flores Apodaca drove away from the meeting. Law enforcement authorities followed the other man's car and eventually conducted a lawful stop of this other car, which led to the arrest of the other man for possession of illegal drugs.

17. The above-stated summary of the events occurring on September 8, 2010 was confirmed by Witness One in this case, who also has stated that Salome Flores Apodaca later called him/her and said that one of his workers had been arrested in Arizona, related to this drug transaction.

18. This investigation also revealed that Fausto Isidro Meza Flores, in participation with ALFREDO BELTRAN LEYVA, was attempting to import ton quantities of marijuana from Mexico into the United States. A Cooperating Witness (hereinafter "Witness Two") engaged in an attempted drug transaction involving approximately 2,800 kilograms of marijuana that were

to be imported from Mexico into the United States.

19. Witness Two had several face to face meetings with Agustin Flores Apodaca and Fausto Isidro Meza Flores to negotiate the marijuana transaction. During these conversations, Agustin Flores Apodaca told Witness Two that he (Agustin Flores Apodaca) and Fausto Isidro Meza Flores were still loyal to ALFREDO BELTRAN LEYVA. In fact, Witness Two overheard a conversation in which Agustin Flores Apodaca told someone on the telephone that the orders he (Agustin Flores Apodaca) was providing came directly from ALFREDO BELTRAN LEYVA. This conversation occurred in the summer of 2011, over three years after ALFREDO BELTRAN LEYVA was arrested by law enforcement authorities. Around the same time as this telephone conversation, Agustin Flores Apodaca told Witness Two that they (Agustin Flores Apodaca and Fausto Isidro Meza Flores) were still giving part of the proceeds from the drugs sales they conducted in the United States to ALFREDO BELTRAN LEYVA.

20. The investigation revealed another witness, Alejandro Tascon, who was a Colombian drug trafficker that spent many years working for the Beltran Leyva brothers. Tascon began his work for the Beltran Leyva Organization assigned to Hector Beltran Leyva, but he eventually moved to a position where he worked for Julio Beltran Quintero and ALFREDO BELTRAN LEYVA. Tascon worked for Julio Beltran Quintero and ALFREDO BELTRAN LEYVA from 2000 until Julio Beltran Quintero's death in 2005. During this time period, Tascon assisted Julio Beltran Quintero and ALFREDO BELTRAN LEYVA in processing tens of thousands of kilograms of cocaine that the Beltran Leyva Organization received from Colombia.

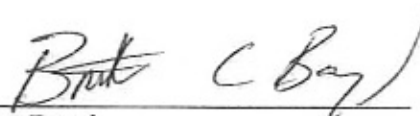
21. When Julio Beltran Quintero was murdered in 2005, Tascon went to work exclusively for Arturo Beltran Leyva, although Arturo Beltran Leyva told Tascon directly that his brother, ALFREDO BELTRAN LEYVA, was receiving part of the drugs that Tascon was

providing. During the time that Tascon worked for Arturo and ALFREDO, he coordinated the delivery of thousands of kilograms of cocaine from Colombia for the Beltran Leyva Organization.

IDENTIFICATION

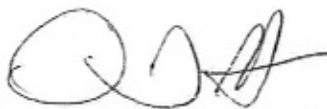
22. Attached to my affidavit as **Attachment D-7** is a photograph of ALFREDO BELTRAN LEYVA. Witness One and Alejandro Tascon identified this photograph as ALFREDO BELTRAN LEYVA, also known as "Mochomo," the person involved in the drug trafficking conspiracy whose activities are described above.

23. ALFREDO BELTRAN LEYVA is a Mexican citizen, born on January 12, 1971, in Sinaloa, Mexico. He is described as a Hispanic male, approximately 5 feet 9 inches in height, weighing approximately 190 pounds, with brown hair and brown eyes.



Britton Boyd
Special Agent
Federal Bureau of Investigation

SWORN and SUBSCRIBED to before me
this 25th day of January, 2013



HONORABLE ANNE T. BENTON
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS

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

Zambada - Direct/Ms. [REDACTED]

4084

1 (In open court.)

2 (Witness takes the witness stand.)

3 (Defendant enters the courtroom at 9:34 a.m.)

4 COURTROOM DEPUTY: All rise.

5 THE COURT: Good morning. Let's have the jury in,
6 please.

7 COURTROOM DEPUTY: Jury entering.

8 (Jury enters courtroom at 9:37 a.m.)

9 THE COURT: All right. Everyone be seated, please.
10 Good morning, ladies and gentlemen.

11 THE JURY: (Collectively) Good morning.

12 THE COURT: We will continue with direction.

13 MS. [REDACTED]: Thank you, your Honor.

14 **VICENTE ZAMBADA NIEBLE,**

15 called as a witness, having been previously duly
16 sworn, was examined and testified as follows:

17 DIRECT EXAMINATION

18 BY MS. [REDACTED]:

19 **Q Mr. Zambada, we were talking about what was going on in**
20 **Culiacan in the beginning of 2008 and you said Alfredo Beltran**
21 **had been arrested?**

22 **A That's right. That's how it was.**

23 **Q What happened after Culiacan?**

24 **A Well, based on this Arturo Beltran Leyva thought that my**
25 **dad and think Compadre Chapo had given up Alfredo Beltran**

Zambada - Direct/Ms. [REDACTED]

4085

1 Beltran Leyva.

2 Q What happened next?

3 A Well, as a result, and as a result of the information
4 about that, there was a war that broke out against the Beltran
5 Leyvas.

6 Q When did the war break out?

7 A April 30, 2008.

8 Q And how do you remember that date?

9 A In Mexico, it's a holiday. It's Children's Day.

10 Q What happened on April 30th of 2008?

11 A Well, that day, actually, we had been collecting
12 information months before that. We had been collecting
13 information as to the location of the offices and the safe
14 houses of the Beltran Leyvas and the Carillo Funteses. And we
15 were passing on that information that we had collected to the
16 Government and to the PFP, the military people because we had
17 reached an agreement prior to that; that is, my dad, my
18 Compadre Chapo, and I, and the PFP. And the military people
19 wanted that information so they could act up on this and work
20 with the Government.

21 And another one of the reasons was that my dad and
22 my Compadre Chapo had indicated that if we had located an
23 office or a safe house with 15 to 20 people, we had to then
24 send twice as many people so that an armed confrontation would
25 ensue and a lot of people would end up dead. So the PFP and

Zambada - Direct/Ms. [REDACTED]

4086

1 the military, they acted up on this information that we had
2 passed on to them, and were searches and raids on the
3 Government side. And there were armed confrontations between
4 the PFP and the military against the Beltran Leyvas sicarios
5 in those houses. And that's how that war broke out on
6 April 30th against the Beltran Leyvas.

7 Q When you say "armed confrontation," what do you mean?

8 A Well, it's a confrontation, it's a shooting. It's
9 between the sicarios and the Government in this case. And the
10 Government had gotten to those houses to search them.

11 Q You mentioned sicarios. Are you familiar with who the
12 defendant's sicarios were at this time?

13 A Well, we had different people who were in charge of our
14 security. And we had different offices and people, people in
15 charge of those offices and those people. I had some people.
16 I had M-1 with Manuel Torres. Gonzalo Inzunza, Macho Prieto,
17 he was part my security detail. Another guy who was my people
18 Chino Anthrax. And on my Compadre Chapo's side, even though
19 we were all the same people, Negro. Fantasma, there was
20 Licenciado Damaso and Licenciado Damaso's people. And another
21 person they call Cholo, Cholo Ivan.

22 Q What kind of interactions did you have with these people
23 that ran the groups of sicarios?

24 A Well, since I was the one who was in Culiacan because my
25 dad and my Compadre Chapo were up in the mountains most of the

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 gentlemen. We'll come back at 3:25. 3:25.

2 (The following matters occurred outside the presence
3 of the jury.)

4 (Recess taken.)

5 THE COURTROOM DEPUTY: All rise.

6 THE COURT: Let's bring in the jury.

7 (The jury enters the courtroom.)

8 (Jury present.)

9 THE COURT: Okay. We'll continue. Everyone can be
10 seated.

11 BY [REDACTED]:

12 Q Mr. Lopez. I want to talk to you a little bit about the
13 relationship between the defendant and the Beltran-Leyvas.

14 A Yes.

15 Q What was the relationship like prior to 2008?

16 A Good.

17 Q And what happened with respect to the Beltran-Leyvas in
18 2008?

19 A In January of 2008, the military arrested Alfredo Beltran
20 in Culiacan.

21 Q And where were you when this happened?

22 A In Culiacan.

23 Q Okay. What happened next in Culiacan?

24 MR. [REDACTED]: I have an objection, Your Honor.

25 THE COURT: Overruled.

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 Q What happened next in Culiacan?

2 A Arturo Beltran was blaming my compadre saying that he had
3 turned in the -- that he had turned into the Government
4 Alfredo and that's why they had arrested him. He had snitched
5 on him. And based on that, I told Beltran -- and no one could
6 make him come to reason about it. He held on to this, that my
7 compadre was behind it, and he decided to fight against my
8 compadre, to make war.

9 Q Okay. What happened in Culiacan in the beginning of
10 2008?

11 A There was fighting between the people, Arturo Beltran's
12 people, against my compadre and those of us who worked for my
13 compadre, as well as against Mayo and Nacho Coronel.

14 Q And I just want to go back. You said that Alfredo
15 Beltran had been arrested?

16 A Yes.

17 Q Did you know any nicknames that Alfredo was called?

18 A Mochomo.

19 Q Okay. So you said that there was fighting going on
20 between the defendant's people and the Beltran-Leyvas,
21 correct?

22 A Yes.

23 Q When did that fighting start?

24 A After Alfredo's arrest. It must have been around the
25 month of April, more or less.

DAMASO LOPEZ NUNEZ - DIRECT - [REDACTED]

1 Q Okay. Was there a specific date that you recall?

2 A Yes, April 30th.

3 Q And is there a holiday on April 30th of 2008?

4 A That's the reason precisely why I remember it, because
5 that day we celebrate children in Mexico.

6 Q And where were you on April 30 of 2008?

7 A In Culiacan.

8 Q And at that time, how were you communicating with other
9 members of the cartels?

10 A On the radio and over the phone.

11 Q And what happened on April 30th?

12 A On April 30th there was a shootout between the federal
13 police and the Beltran's gunmen. My compadre was trying for
14 it -- for there not to be any shootouts or confrontations
15 between him gunmen and the Beltran's gunmen. He preferred for
16 the Government to be the one that did the work. So they would
17 receive the locations where the gunmen for the Beltrons were
18 located, this was given to the federal police with which there
19 was a relationship already.

20 Q So you said there was a shootout on April 30th?

21 A Yes.

22 Q What happened next --

23 THE COURT: Excuse me. I am starting to get
24 Mr. [REDACTED]'s point. Is there anything new that this witness
25 brings to what we have heard?

[REDACTED], RPR - Official Court Reporter

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 they were suspicious and they asked him for their weapons'
2 registrations, and they didn't have them registered.

3 Q These people you are talking about, are these Arturo's
4 people, the federal police agents?

5 A Yes. They were federal agents of Arturo's who served as
6 his bodyguards.

7 Q And what happened next?

8 A And Hector was telling me about this and Arturo was there
9 with the calls, calling with -- with other people trying to
10 see if he could fix the situation, to see if he could rescue
11 those people and get them out because they were already
12 appearing in the news.

13 Q Who did Arturo call?

14 A He was talking with Luis Cardenas Palomino and Hector.
15 They had several calls going.

16 Q How do you know he was speaking with Luis Cardenas
17 Palomino?

18 A After he finished the call, Arturo came over there with
19 us, over to where Hector and I were, and he said that he was
20 talking with Luis Cardenas Palomino and Ramon Pequeno to see
21 if he could fix the problem.

22 Q What year were these phone calls made in?

23 A In '97 -- 2007. That's right, yeah, 2007. Sorry.

24 Q Who did you pay to run your cartel in Mexico?

25 MR. [REDACTED] Objection. Asked and answered.

1 THE COURT: Overruled.

2 A Paid the federal police, the Federal Highway Patrol, the
3 state police, municipal police, to provide security in the
4 areas that we were in and where we were working.

5 Q What benefit did you get from paying municipal police?

6 A Well, security and protection, and that they weren't
7 going to -- to detain us or our shipments.

8 Q Why did you have to pay different levels of police -- or
9 sorry, why did you pay different levels of police?

10 A Well, we would get, you know, higher levels. We would
11 get more security and more control over our shipments. And if
12 we didn't, we'd have to be at the lower levels and we'd have
13 to, you know, be more hidden.

14 Q Who did you pay in the federal police?

15 A For example, we would pay the Yankees and the police
16 delegates. We would pay different groups of federal police.

17 Q What are Yankees?

18 A They're commanders who are assigned to the area -- that
19 area of the state.

20 Q What type of payments did you make to these officials
21 that you just described?

22 A For example, we had payments that were monthly in the
23 areas that we were working, and they kept increasing and
24 increasing up until it got to \$2 million. And that includes
25 payments to the federal police, the federal highway police,

1 and the state and municipal police.

2 And we also had payments for events, for events that
3 we would have for projects or when there would be things going
4 to the airports, planes coming in. We would have different
5 payments for those. For the ports, as well.

6 Q Did you ever speak to the Yankees that you paid in the
7 federal police about where that money was going?

8 MR. [REDACTED]: Objection.

9 THE COURT: Overruled.

10 A Yes. I mean, they had to distribute it as well and they
11 also took part of it to the capitol.

12 MR. [REDACTED]: Objection, basis of knowledge.

13 THE COURT: No, I know why. I think it's okay.

14 BY MS. [REDACTED]

15 Q What do you mean they had to distribute it?

16 A Well, yeah, they had to share it with their bosses and
17 other people. They didn't keep it all. That's what they
18 would tell me.

19 Q Did you ever pay to have certain federal police
20 commanders placed in particular areas?

21 A Yes.

22 Q How did those payments work?

23 THE INTERPRETER: Interpreter needs to clarify, Your
24 Honor.

25 THE COURT: Please.

1 A Yes, well, those were payments that were separate from
2 200,000 to up to 500,000 to put somebody in a place that --
3 where we could use them, where we were working.

4 Q Who did you have to pay for that to happen?

5 A Well, we had to make the payments to put the people that
6 we wanted to in those spots.

7 Q And where did you make those payments?

8 A Those payments were made directly in Mexico City to the
9 people that were in charge of assigning them or sending them
10 to different areas.

11 Q When were you arrested in Mexico?

12 A In 2009, in October of 2009.

13 Q Can you describe the circumstances of your arrest for the
14 jury, please?

15 A Well, I was detained. I was arrested right outside of
16 Guadalajara, by the airport in Guadalajara. We had a meeting
17 and it was the Army that arrested us. At that time, after I
18 was arrested by the military, they took me from the military
19 base directly to Mexico City where I was presented.

20 And then I was held in preventative detention while
21 they were creating the charges. They were making the charges
22 because I didn't have any -- I didn't have any charges in my
23 country, and the only thing that they had against me was the
24 weapons and the people that were there with me. And I was
25 held there in preventative detention in Mexico City for 80