

# Mexico's Drug Cartels Demand Border Remain Open... Obama Complies

BY DAVE GIBSON

Any honest discussion on the big money interests which play a role in keeping our border with Mexico open and unprotected, must include the influence the drug cartels have over not only Mexico, but the United States as well.

In July 2013, Rep. Steve King (R-IA) drew the ire of Democrats and open-borders Republicans alike, for characterizing many young illegal aliens as drug mules.

King told Newsmax:

For everyone who's a valedictorian, there's another 100 out there that weigh 130 pounds and *they've got calves the size of cantaloupes because they're hauling 75 pounds of marijuana* across the desert.<sup>1</sup>

In April 2013, the Texas Department of Public Safety released a 76-page report, which states that Mexican drug cartels present "the most significant organized crime threat to the state."

The report states:

*Six of the eight cartels currently have command and control networks operating in the state, moving drugs and people into the United States, and transporting cash, weapons, and stolen vehicles back to Mexico.*

Of course, this cartel presence did not occur overnight, but has been years in the making through corruption of both local and federal officials, violence, and the help of an open, undefended border.

Despite the facts, former Homeland Security Secretary Janet Napolitano continuously maintained the claim that the "border is secure," throughout her tenure.

In February 2011, Napolitano told a crowd at the University of Texas at El Paso that it is "inaccurate to state, as too many have, that the border is overrun with violence and out of control."

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**Dave Gibson**, a former legislative aide to a Virginia state senator, has been working as a freelance writer for many years. His work has been published in many newspapers and magazines, including the Washington Times.

"This statement, often made only to score political points, is just plain wrong," she added.

Perhaps, Napolitano had not spoken to, nor ever even heard of, the Burns family in Brooks County, Texas, who were forced to pack up and leave their 38,000 acre ranch because the area has become a war zone, thanks to the cartels and illegal aliens crossing on or near their property on a daily basis.

The Burns' family home was broken into several times, their land littered with garbage, and the distinct sounds of gunfire could be heard from their front porch.

The ranch, which was located 60 miles from the Mexican border runs alongside Farm Road 755, which local law enforcement calls a "main smuggling corridor" for the cartels.

For decades, the business of smuggling Mexican nationals into this country illegally was led by local "coyotes." These men lived in the same region or village as those planning to make the illegal journey, and the cost was relatively low.

However, in recent years, as the drug cartels have become the most powerful force in Mexico, *the human smuggling trade has been taken over by the cartels.*

As such, the trek has become much more expensive, typically costing several thousands of dollars.

But, one's journey can be made less expensive if one agrees to carry a bundle of marijuana on one's back. *These bundles usually weigh between 50 and 75 pounds (indeed, a tremendous calf developer).*

Of course, as the drug cartels have taken over the human smuggling business, the illegal journey into the United States has become even more dangerous, not only for the illegal aliens, but for those American citizens who live along the border as well.

On March 27, 2010, Arizona rancher Rob Krentz was shot to death near a watering hole on his 35,000-acre ranch. The lifeless body of his faithful dog, also shot to death, was lying beside him.

The motive for the murder was undoubtedly retaliation, as only a day before, *his brother, Phil Krentz, phoned the Border Patrol to report drug smuggling activity on the ranch.*

A group of *about eight to ten men with bundles*

*strapped to their backs* were seen on the Krentz property.

As a result of the report, *agents arrested eight illegal aliens and seized 290 pounds of marijuana.*

The ranch, which has been in the Krentz family since 1907, is located in a known smuggling corridor.

Shortly after his body was discovered, U.S. Border Patrol agents, sheriff's deputies, and Department of Corrections dog chase teams *followed a single set of foot tracks for 20 miles, to the Mexican border.*

Another one of the vastly under-reported side effects of our unprotected border with Mexico is the increasingly frequent appearance of so-called 'rape trees.'

When smugglers bring their human cargo into the U.S., more often than not, there is a kind of "final payment" demanded of the female crossers. In short, the women are raped by the coyotes before they can make their way into the interior of this country.

*After the woman is raped, the smuggler then forces his victim to hang her panties or bra from the branches of a nearby tree.*

These sickening road signs along the "illegal alien highways" are meant to serve as a reminder to all of those who travel these dangerous routes of just exactly who controls the border...the cartels.

In recent years, Arizona's Pinal and Cochise counties have seen an expanding number of these barbaric symbols dotting the once pristine landscape.

On March 1, 2006, Cochise County Sheriff Larry Dever told a Senate subcommittee:

Smuggling routes are often marked with "rape trees"—women's under garments hung on tree limbs where a raped occurred, warning everyone of the failure to cooperate with the coyotes who prey on them.<sup>2</sup>

Unfortunately, the fact that our border is being exploited on a continuous basis by Mexico's worst criminal elements has been lost on the Obama administration (just as it was on the neo-con regime of George W. Bush), as demonstrated by the following 2011 smuggling case...

Two weeks after Francisco Guillermo Morales Esquer, 36, was arrested by Pinal County (AZ) Sheriff's deputies and turned over to federal authorities, the previously deported illegal alien was arrested again after a high-speed chase through the county and *caught with \$1.6 million worth of drugs.*

On October 13, 2011, Morales was arrested during a raid on a suspected stash house in which a large number of weapons were discovered. The Pinal County Sheriff's Office (PCSO) turned the illegal alien over to Immigration and Customs Enforcement for deportation.

Then, on October 30, a PCSO deputy clocked

*Morales driving 50 mph through a school zone in Stanfield.* The deputy gave chase with speeds reportedly reaching up to 100 mph.

Eventually, Morales crashed his car in the desert after allegedly trying to run-down a deputy who was placing "stop sticks" on the road.

The smuggler, who was believed to be working for the Sinaloa Cartel, was quickly taken into custody after jumping into an irrigation canal. Deputies reportedly found 80 pounds of white- and black-tar heroin and eight pounds of methamphetamine in Morales' vehicle.

Morales was charged with possession of drug paraphernalia, aggravated assault, felony flight, and narcotics smuggling.

Pinal County Sheriff Paul Babeu told reporters that Morales' re-capture was proof that the federal government is not enforcing immigration laws.

Babeu said:

There's no consequences...Unlike the last catch and release, Morales will be prosecuted in Pinal County and held accountable to the full extent of the law for bringing his poison into America, and in the process almost killing one of my deputies.

### **"We're bigger than U.S. Steel!"**

In December 2012, HSBC, Europe's largest bank, agreed to pay more than \$1.8 billion in fines to the U.S. government, over charges that the bank had laundered billions for Mexican drug cartels. That figure included \$1.25 billion in forfeitures as well as an additional \$665 million in civil penalties.

The record settlement also included a so-called deferred prosecution agreement between HSBC and banking regulators.

In July 2012, David Bagley, head of compliance for HSBC Bank's London headquarters, publicly resigned while testifying before a U.S. Senate committee, after he and other bank officials apologized for repeatedly violating anti-money-laundering rules and accepting billions of dollars from the drug cartels.

Bagley told the Senate's Permanent Subcommittee on Investigations: "I recommended to the group that now is the appropriate time for me and for the bank for someone new to serve as the head of group compliance. I have agreed to work with the bank's senior management toward an orderly transition of this important role."

The committee's yearlong investigation revealed that *HSBC transferred \$7 billion from Mexico over a two-year period*, "raising red flags that the volume of dollars included proceeds from illegal drug sales in the United States."

The report also claimed that *the bank failed to monitor more than \$60 trillion in wire transfers.*

Committee Chair, Sen. Carl Levin (D-MI) stated: "In an age of international terrorism, drug violence in our streets and on our borders, and organized crime, stopping illicit money flows that support those atrocities is a national security imperative."

Of course, the HSBC settlement was only the latest peek into the banking industry's dirty little secret...

In 2010, Antonio Maria Costa, Executive Director of the United Nations Office on Drugs and Crime, told the Austrian magazine *Profil* that drug money has been the only thing that has kept many major banks in business.

Costa said: "In many instances, drug money is currently the only liquid investment capital. In the second half of 2008, liquidity was the banking system's main problem and hence liquid capital became an important factor."

Costa went on to say that UNODC has discovered that "interbank loans were funded by money that originated from drug trade and other illegal activities." Incredibly, he said there were "signs that some banks were rescued in that way."

In the last several years, large banks have been getting into the remittance industry, which sends more than \$60 billion annually from the U.S. to Latin America. While much of the money is sent from laborers in this country back home to their families, drug traffickers heavily use remittances as a way to send their profits south of the border.

The banks charge very high fees for the service.

In 2008, *The Wall Street Journal* reported that the U.S. Justice Department has opened an investigation into money transfers conducted by Wachovia bank. It is alleged that Wachovia transferred funds from drug deals in the United States to Mexican and Colombian money-exchange houses, or *casas de cambio*.

There are countless *casas de cambio* just inside the Mexican border.

The following is a portion of the report, which appeared in the *Wall Street Journal* on April 26, 2008:

Wachovia built up its ties to *casas de cambio* as a way to tap the Hispanic market, which doesn't always bank through traditional Main Street outlets. Wachovia served as a larger partner, holding the foreign-exchange houses' deposits and providing back-office services. In 2005, it introduced the Dinero Directo card to facilitate cross-border remittances.<sup>3</sup>

The bank pushed into the business despite concerns from U.S. law enforcement that such firms were sometimes used to launder drug money. Wachovia declined to discuss why it pursued this business despite the warnings.

Internal emails and documents filed in federal courts in Miami, Chicago, and New York describe former ties between Wachovia and money-changing firms. In a case in U.S. court in Miami, federal agents seized more than \$11 million in 23 Wachovia accounts belonging to Casa de Cambio Puebla... Mexican police raided Puebla offices last fall, alleging relationships with a major drug cartel.

Federal prosecutor, Jeffrey Sloan told *The Guardian*: "Wachovia's blatant disregard for our banking laws gave international cocaine cartels a virtual *carte blanche* to finance their operations."

As a result of the investigation, Wachovia forfeited \$110 million as well as a \$50 million fine to the U.S. government... a rather paltry amount considering the bank reported a profit of \$12.3 billion in 2009 alone.

Court documents from Wachovia's 2010 settlement state: "Through CDCs (*casas de cambios*), persons in Mexico can use hard currency and ... wire transfer the value of that currency to U.S. bank accounts to purchase items in the United States or other countries. The nature of the CDC business allows money launderers the opportunity to move drug dollars that are in Mexico into CDCs and ultimately into the U.S. banking system... On numerous occasions monies were deposited into a CDC by a drug-trafficking organization. Using false identities, the CDC then wired that money through its Wachovia correspondent bank accounts for the purchase of airplanes for drug-trafficking organizations."

The federal case claimed that "nearly \$13 million went through correspondent bank accounts at Wachovia for the purchase of aircraft to be used in the illegal narcotics trade. From these aircraft, more than 20,000kg of cocaine were seized."

As evidence of that last statement, on April 10, 2006, Mexican soldiers raided a DC-9 jet just after it landed in Ciudad del Carmen, along Mexico's gulf coast. The plane, which had been purchased by the Sinaloa Cartel, contained 5.7 tons of cocaine.

Also found on that plane was evidence of billions of dollars in wire transfers through Mexican *casas de cambios* into Wachovia bank accounts.

The following is a short list of banks which have resolved cases of money laundering, to avoid federal prosecution (Source: U.S. Justice Department):

- 2008, *Sigue Corp.* was alleged to be part of \$24.7 million in suspicious funds in processed remittances. They forfeited \$15 million and avoided prosecution.
- 2007, *Union Bank of California* was discovered to be laundering drug cartel profits through *casas de cambio*. The bank forfeited \$21.6 million and avoided prosecution.
- 2007, *American Express International Bank*

failed to report \$55 million passing through the accounts of known drug traffickers. They paid \$65 million in fines and avoided prosecution.

- 2006, *Bank Atlantic* paid a \$10 million fine to avoid prosecution, when an undercover investigation discovered that drug profits were being laundered through one of their branch locations.

As part of their deferred prosecution, the banks agreed to reform their practices as well as submit to federal oversight.

After an investigation of Union Bank of California, the Justice Department claimed that the bank failed “to maintain an effective anti-money-laundering program.”

One case involved two drug traffickers using accounts from Ribadeo Casa de Cambio in order to transfer millions of dollars in drug proceeds. Federal prosecutors discovered \$295 million in transfers from several Union Bank accounts back to their account, with only \$29 million ever being repaid.

Prosecutors not only faulted Union Bank for failing to corroborate the legitimacy of the transfers, but also allege, the bank ignored the large volumes of traveler’s checks with sequential numbers, large cash deposits, and wire transfers strategically structured below federal reporting limits.

While ignorance may be bliss, it would be difficult for the banks to declare it as a defense. Since the mid-1990s, U.S. bank regulators and drug enforcement investigators have been warning U.S. banks that Mexican casas de cambio pose a great money-laundering risk.

However, it is not only the drug traffickers and low-level operatives who launder drug profits through U.S. banks.

In 1998, Raul Salinas, the brother of former Mexican President Carlos Salinas, was caught transferring hundreds of millions of dollars out of Mexico to *Citibank* in New York. Citibank was then sending the money to banks in Switzerland.

The Salinas family is believed by both U.S. and Mexican law enforcement to have received nearly a billion dollars from Mexican and Colombian drug cartels. Raul Salinas was released from prison in 2005, after serving ten years for the murder of his brother-in-law.

Upon consideration of the fact that so many U.S. banks have engaged in laundering drug profits for the powerful and violent cartels, the \$700 billion bank bailout engineered by Bush administration Treasury Secretary Hank Paulson, seems even more questionable.

The fact that the Treasury Department refused to ever specifically tell Congress where large amounts of the bank bailout went, makes one wonder if the relationship between the banks, our own government, and the drug cartels goes far beyond what we are being told by the Justice Department.

As further evidence of the incredible influence wielded by the cartels, in November 2011, *Joaquin “El Chapo” Guzmán*, leader of the Sinaloa Cartel, was named to *Forbes Magazine’s Most Powerful People in the World* list. The billionaire criminal ranked 55<sup>th</sup> on that year’s list of the 70 most powerful people in the world. It was the second year in a row that Guzman made the list.

Among others, the drug lord beat out was then-Russian President Dmitry Medvedev and House Majority Leader John Boehner...Former Mexican President



**Joaquin “El Chapo” Guzman**

Felipe Calderón failed to make the list.

In 1993, Guzman was arrested on murder and drug charges. However, he escaped from a Mexican federal prison in 2001. He eluded apprehension for another 13 years.

In February 2014, Guzman was reportedly recaptured by Mexican Marines while on vacation in the Mexican resort town of Mazatlan.<sup>4</sup>

### **Mexico is corrupt from top to bottom**

In January 2012, Edgardo Buscaglia, a professor at Instituto Tecnológico Autónomo de México in Mexico City, told *El Universal* that through corruption of local officials, criminal gangs were in control of 71.5 percent of Mexico’s cities and towns.

Buscaglia said:

*They are operating notoriously in front of the noses of the police, the politicians, and the authorities of all stripes, and for this there has to be some type of tolerance from the state and it can be at a political or a police level. This is telling us that this type of co-opting is on the rise and now we are seeing greater competence between criminal groups to place themselves in these municipal jurisdictions and this competition generates violence.<sup>5</sup>*

Buscaglia has served as an adviser to both the World Bank and the United Nations.

In January 2012, arrest orders were issued for 33 former mayors in the Mexican state of Veracruz on suspicion of corruption charges. Leonardo Mendoza, former mayor of Benito Juarez, was the first taken into custody.

Veracruz Deputy Attorney General Reynaldo Escobar told the Associated Press the ex-mayors were among 115 government employees in the state charged with corruption between 2004 and 2008.

Corruption among government officials is, of course, the key to the rise of the cartels.

- In May 2010, Mexican police arrested the *mayor of Cancun, Gregorio Sanchez*, and charged him with money laundering and association with drug smugglers.

Sanchez, was apparently feeding information to the Beltran Leyva and Los Zetas cartels.

That same month, former *governor of Quintana Roo, Mario Villanueva Madrid*, was extradited to the United States, after he was indicted on charges of corruption and aiding cocaine smugglers.

- In May 2009 alone, Mexican authorities arrested 10 mayors and 20 local officials after they were implicated through an investigation into the ultra-violent La Familia Cartel.

If La Familia cannot buy off a politician (often because they have already accepted bribes from a rival organization.), they simply kill him.

- In April 2009, congressional candidate Gustavo Bucio Rodriguez was shot to death at the gas station he owned. Only days earlier, the body of Lazaro Cardenas Mayor Nicolas Leon was discovered. Leon had been tortured and shot to death, with the initials “FM” (Familia Michoacana) left on his body.

An example of the tolerance Mexican authorities have for the cartels, came in April 2011, when the *Dallas Morning News* printed a letter to the editor from the Arturo Sarukhan, the Mexican ambassador to the United States, who wrote in response to an editorial which appeared in the paper entitled “*Let’s call Mexico’s drug cartels what they are: terrorists.*”

The editorial was written in support of U.S. Rep. Michael McCaul (R-TX)’s proposal to designate Mexico’s drug cartels as terrorist organizations.

Ambassador Sarukhan took issue with that opinion:

*These transnational criminal organizations, which operate in both our countries, are not terrorist organizations. They are very violent criminal groups that are well-structured and well-financed. They pursue a single goal. They want to maximize their profits and do what most business do: hostile takeovers and*

*pursue mergers and acquisitions. They use violence to protect their business from other competitors as well as from our two governments’ efforts to roll them back. There is no political motivation or agenda whatsoever beyond their attempt to defend their illegal business.*

Misunderstanding the challenge we face leads to wrong policies and bad policy making. If you label these organizations as terrorist, you will have to start calling drug consumers in the U.S. “financiers of terrorist organizations” and gun dealers “providers of material support to terrorists.” Otherwise, you really sound as if you want to have your cake and eat it too. That’s why I would underscore that the editorial page should be careful what it advocates for.

—Arturo Sarukhan, Ambassador of Mexico to the U.S., Washington, D.C.

And, since the July 2012 election of Institutional Revolutionary Party (PRI) candidate Enrique Pena Nieto, Mexico’s efforts against the cartels have been dramatically reduced.

The PRI controlled Mexico for more than 70 years, until 2000 when the more conservative National Action Party won the presidency.

Throughout his campaign, Pena vowed to stop focusing his nation’s resources on apprehending drug cartel leaders and attempting to stop the flow of drugs into the United States.

In May 2012, Pena’s campaign coordinator, Luis Videgaray, told the AP: “Each administration chooses its operational objectives, and the objective per se is not the extradition or capture of big bosses, or the burning of seized drugs.”

It has long been alleged that the PRI made deals with the drug cartels which ultimately led to their rise in power.

### **The international reach of the cartels**

In September 2011, the U.S. Customs and Border Protection Agency announced the seizure of 520 pounds of methylamine hydrochloride, the chief chemical component used in producing methamphetamine.

The shipment, which was found at an air cargo facility at Los Angeles International Airport, originated in China and was headed to Mexico.

A Drug Enforcement Agency official told Fox News that the amount of chemicals seized could have produced 330 pounds of methamphetamine, with a street value of as much as \$16 million.

That shipment was only one of many from China in support of Mexico’s drug trade...

- In August 2011, a shipment of gamma-Butyrolactone, the chief component in manufacturing gamma-Hydroxybutyrate, or the date-rape drug.

- In February 2011, Mexican authorities seized over 23 tons of ethyl phenylacetate, which is also used in the manufacture of methamphetamine. The drug component was discovered at the Pacific port of Manzanillo.

- In April 2010, Mexican officials seized 80 tons of phenylacetic acid and its derivatives shipped from Shanghai, China.

Imports of ethyl phenylacetate require authorization from the country's health ministry, so the shipments are intentionally mislabeled before leaving China.

Due to rampant corruption among port officials, the cartels are allowed to receive large shipments of the chemicals from China which are transported to meth labs throughout Mexico.

The chemicals are used in a production process known as phenyl-2-propanone (P2P method), and cost much less than pseudoephedrine, thus increasing the cartels' profits.

In 2009 alone, the Mexican police and military found 215 meth labs, a 400 percent increase of the labs discovered in 2008.

Ninety percent of the methamphetamine sold in the U.S. is brought into this country from Mexico and distributed by several street gangs such as the notoriously violent MS-13.

In addition to operating in every major city across the U.S., the cartels have branched out to the other side of the Atlantic...

In March 2012, U.S. officials announced that members of Britain's Serious Organized Crime Agency (SOCA) were meeting with U.S. law enforcement on the Texas-Mexico border to gain a better understanding of the threat posed by the Mexican drug cartels, as the Sinaloa Cartel is now reportedly operating in Europe.

U.S. Immigration and Customs Enforcement official, Oscar Hagelsieb told reporters:

*The most important lesson that we have shared with SOCA, is that if they are not prepared to deal with the Mexican cartels, they will spread like a cancer and will entrench themselves in the economy and community in an attempt to 'legitimize' their illicit profits. They must also be aware of the violence that will undoubtedly follow.*

According to Agent Hagelsieb, the Sinaloa Cartel has already set up operations in England, France, and the Netherlands.

In 2011, the Mexican news magazine *Contra-*

*linea* published an eye-opening report on the worldwide spread of Mexican cartels. What follows are the highlights of that report as translated by Insight Crime:

- A joint investigation by Italian and American officials has revealed deep links between Mexico's Gulf Cartel and the 'Ndrangheta, a criminal organization that controls Italy's Calabria region and traffics drugs between New York and Europe.

- According to Europol, Mexican cartels have increased their presence in the European markets. The agency notes a "striking" increase in cocaine trafficking from Mexico to Spain and Portugal.

- Japanese authorities have noted an increase in methamphetamine trafficking, primarily from Mexico via Africa and Iran.

- U.S. authorities have detected significant ties between the Peruvian mafia and the Sinaloa and Los Zetas cartels. Peru is the world's second largest cocaine producer.

- Law enforcement officials have also established links between Mexican traffickers and drug rings in Malaysia, India, and other parts of Southeast Asia.<sup>6</sup>

Furthermore, a 2011 United Nations report stated that Mexican drug bosses have established bases of operation in Africa and are now transporting the drugs into Europe by so-called narco-submarines.<sup>7</sup>

While the usual suspects such as the U.S. Chamber of Commerce, the Democratic Party, and Walmart have their own reasons for lobbying furiously to keep that border wide open, it is obvious that the Mexican drug cartels also wield great influence on this, the former "nation of laws." ■

### Endnotes

1. <http://www.newsmax.com/Newsfront/king-norquist-attacks-immigration/2013/07/18/id/515882>
2. <http://www.c-span.org/video/?191428-1/border-security>
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