

1-6-2010

Drug-cartel Enforcers Zetas Branch Out Into Other Operations, Including Smuggling Stolen Fuel Products Into Texas

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Drug-cartel Enforcers Zetas Branch Out Into Other Operations, Including Smuggling Stolen Fuel Products Into Texas." (2010). <https://digitalrepository.unm.edu/sourcemex/5363>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Drug-cartel Enforcers Zetas Branch Out Into Other Operations, Including Smuggling Stolen Fuel Products Into Texas

by LADB Staff

Category/Department: Mexico

Published: 2010-01-06

The Zetas, a group of elite-military deserters who are known as the enforcers for the Gulf drug cartel, have branched out into other activities, including smuggling fuel products into the US and acquiring legitimate businesses in Mexican communities along both sides of the US-Mexico border.

The Zetas' ease in siphoning off fuel is a symptom of larger problems, including inadequate infrastructure and security for the state-run oil company PEMEX and ongoing corruption, with officials who know about the problem looking the other way. Former PEMEX employees are also hired to help with the oil theft. PEMEX loses more than US\$1 billion to fuel theft in two years. Fuel theft has been a problem for PEMEX in recent years (see SourceMex, 2004-03-10 and 2009-08-05), but authorities say the situation has worsened since President Felipe Calderon launched an intensive campaign against drug-trafficking organizations in January 2007 (see SourceMex, 2007-01-24).

PEMEX estimates losses from fuel theft in 2008 and 2009 at more than US\$1 billion, with most of the oil taken from pipelines crossing Veracruz and Tamaulipas states. Fuel thefts were also reported last year at PEMEX facilities in Puebla, Guanajuato, Baja California, Nuevo Leon, and Coahuila states and in Mexico City. The Mexican government believes the Zetas are largely responsible for the surge in theft, either stealing the fuel themselves through the use of sophisticated drilling equipment, rubber hoses, and tanker trucks, or by "taxing" other groups involved in the theft.

The Zetas have hired a number of former PEMEX employees to help with the theft. "[These individuals] are highly skilled people who have the technical knowledge to extract oil from the pipelines. They are now under the control of the Zetas," Ramon Pequeno Garcia, the director of an anti-drug unit for the Secretaria de Seguridad Publica (SSP), told The Washington Post.

Even though the Zetas continue to provide protection to the Gulf cartel, they are increasingly involved in independent activities, including extortion (see SourceMex, 2008-05-21). "The Zetas have formed a parallel government," said federal Deputy Eduardo Mendoza Arellano, who chairs the energy committee (Comision de Energeticos) in the lower house. "They practically own vast stretches of the pipelines, from the highway to the very door of the oil companies."

Zetas deeply involved in economic activities on US-Mexico border

Some officials say the Zetas, who now call themselves La Compania, are becoming more and more integrated into the economic and political activities of communities in the central and eastern areas of the US-Mexico border. An especially strong Zeta presence exists in Reynosa, Nuevo Laredo, and Matamoros in Tamaulipas state, and Ciudad Acuna and Piedras Negras in Coahuila state.

"They own used-car lots on both sides of the border, restaurants, discotheques, liquor stores," said Robert Garcia, a detective with the Laredo Police Department and an expert on the Zetas. "Basically, anything anywhere that moves to and from the border, or anything and anywhere they can launder large amounts of money, the Zetas have a hand in. They even own a dog-racing track."

The Zetas have become so powerful that the US government has added some members of the organization to a list of top drug dealers, allowing US authorities to seize their assets in the US. In July 2009, the US Treasury Department added four individuals involved with the Zetas and the Gulf Cartel to the list of Narcotics Kingpins. They are Antonio Ezequiel Cardenas Guillen, Jorge Eduardo Costilla Sanchez, Heriberto Lazcano Lazcano, and Miguel Trevino Morales. In the past, drug trafficking organizations became involved in Mexico's political life by buying off public officials. Some observers see the possibility that members of the Zetas might take the bold step of trying to get into office themselves. "We could see them running for mayor, even governor, in the future," a civic leader in Nuevo Laredo told The Dallas Morning News.

Despite its entry into legitimate business and political activities, the organization continues to place a high priority on its traditional work outside the law. Officials say one of the group's top operations in the US is its distribution hub in northern Texas, which is used to manage the flow of smuggled weapons into Mexico. Additionally, the group remains largely responsible for the continuing murders of members of rival cartels, public officials, and journalists, not only in northern states but also in the interior of the country.

The Zetas are thought to be responsible for a large portion of the 2,400 murders in Ciudad Juarez in recent years (see SourceMex, 2009-01-14 and 2009-10-17). "The Zetas, by far, remain the biggest threat to Mexican security," said a US law-enforcement official. "They're extremely dangerous, sophisticated and organized."

Zetas use revenues from fuel theft to finance operations

Still, the fuel theft and smuggling operation remains a major concern for Mexican authorities, who say revenues from the sale of the stolen product are used to finance the Zeta's illicit activities. The Zetas sold an estimated US\$2 million in stolen fuel to US customers in 2007-2009. "When they steal this oil, it's not just a normal crime," said Deputy Mendoza Arellano, a member of the opposition center-left Partido de la Revolucion Democratica (PRD). "It becomes a crime against society, because the people who steal [the proceeds from] this oil the next day are using it to kidnap us. Tomorrow, with that oil money, they are shipping drugs."

The government has taken major steps to reduce fuel theft, deploying personnel from several agencies to protect pipelines and attempting to catch the thieves in the act. Among other things, authorities have installed electronic detection devices inside the pipelines, increased the number of security agents at PEMEX facilities, and conducted helicopter overflights in some of the remote areas where the pipelines are located. Authorities have also set up random stations at border crossings in Tamaulipas to inspect tanker trucks crossing into the US. In one such operation in mid-December at the Reynosa-Pharr crossing in Tamaulipas, officials inspected the cargo of more than 140 tanker trucks. The operation involved personnel from the Army, PEMEX, the federal police

(Policia Federal Preventiva, PFP), and the federal customs agency (Servicio de Administracion Tributaria (SAT)).

As part of the operation, technical personnel for PEMEX have installed three mobile laboratories to conduct chemical tests on the shipments, while the SAT officials inspect the documentation. Authorities said the Zetas have been using false import documents to bring the oil to a storage facility in Brownsville, Texas, from where it is distributed to US buyers.

But some shipments have been easy to detect, as the Zetas have been very bold in their approach. Officials from the US Department of Homeland Security (DHS) said tanker trucks with the smuggled fuel were frequently painted with a red "Z" on the back of the vehicle. A DHS spokesperson said the fuel was sold to Texas-based companies Continental Fuel and Valley Fuel Ltd.

For the Zetas, finding customers for the stolen fuel was easy because of a decision by the US government in 2008 to allow companies to buy petroleum products from independent parties at below-market value during a time when oil prices were at record-high levels. Prices eventually came down following the economic crisis that followed the crisis in the US mortgage market in 2008.

US government moves against US buyers of stolen fuel

But the Zetas operation may have suffered a blow, as the US government moved against some of the group's US customers in 2009. Affidavits filed by US investigators indicate that at least six companies were investigated for illegal distribution and/or purchase of stolen fuel products. These companies include Texas-based BASF, Trammo Petroleum, Y Gas & Oil, Continental Fuels, Valley Fuel Ltd., and Murphy Energy of Oklahoma. Investigators from the US Immigration and Customs Enforcement (ICE) and the DHS said information supplied by San Antonio-based Continental Fuels helped bring cases against other companies.

In September and October 2009, some executives from these companies pleaded guilty in a Texas court to purchasing the stolen fuel. The executives were sentenced to five years in prison and had to pay US\$250,000 in fines. None of the companies implicated in the case were accused of drug-trafficking activities, and spokespersons for some of the firms said they were unaware that the fuel products they were handling or had purchased had been stolen.

But documents filed during a September arraignment in the Texas court indicated that former executives Donald Schroeder of Trammo and Arnoldo Maldonado of Y Oil and Gas were aware that the products they were acquiring were stolen. Schroeder pleaded guilty to buying US\$2 million worth of stolen condensate, while Maldonado presented the same plea for receiving US\$327,000 to coordinate at least three deliveries of tankers filled with stolen condensate to Continental Fuels.

Schroeder resold the condensate to BASF, earning a US\$150,000 profit from the transaction. BASF was not aware that the oil it was purchasing was stolen, so no charges were filed against that company. PEMEX has been able to recover some of the money lost during the fuel-theft operations.

Using some of the fines obtained from the US companies, the US government sent a check of US\$2.4 million to the Mexican government last year.

-- End --