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## Questions Surround U.S. Drug Enforcement Administration's Undercover Money-Laundering Operations in Mexico

by Carlos Navarro

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The US Drug Enforcement Administration (DEA) conducted another major anti-drug operation in Mexico, possibly without the knowledge of the Mexican government. A recent report in *The New York Times* said the DEA laundered hundreds of thousands of dollars across the US-Mexico border in order to obtain vital information about drug cartels, including how they move their money, where they keep their assets, and who their most important leaders are. Officials for President Felipe Calderón's administration contend that they were not informed about the DEA activities and that they first heard about the operation via reports in the US media. But some members of the Mexican Congress are not fully convinced and have summoned key officials to testify about what, if anything, they knew about this operation.

The DEA's relationship with Mexico is already extremely fragile because of revelations that the Arizona office of the US drug agency conducted a secret operation to smuggle high-caliber weapons into Mexico to track their movement. The operation, known as Fast and Furious, seems to have backfired because a number of weapons were traced to several dozen drug-related murders in Mexico ([SourceMex, March 23, 2011](#)), including that of a US Immigration and Customs Enforcement (ICE) agent ([SourceMex, Feb. 23, 2011](#)). And new evidence came to light that the DEA previously conducted a similar operation known as Operation Wide Receiver ([SourceMex, Oct. 19, 2011](#)).

Unlike the weapons operations, the DEA did not give a name to its money-laundering operation. And US critics concede that the money-laundering operation does not pose the same safety concerns as the weapons-smuggling schemes.

Under the operation, undercover US drug-enforcement agents laundered or smuggled millions of dollars in drug proceeds into Mexico. In many instances, the agents deposited the drug proceeds in accounts designated by traffickers or in shell accounts set up by agents. By doing so, they attempted to track the movement of the funds.

"We tried to make sure there was always close supervision of these operations so that we were accomplishing our objectives, and agents weren't laundering money for the sake of laundering money," a former DEA senior agent told *The New York Times*.

The impact of these operations was not immediately known. "Building up the evidence to connect the cash to drugs, and connect the first cash pickup to a cartel's command and control, is a very time consuming process. These people aren't running a drugstore in downtown L.A. that we can go and lock the doors and place a seizure sticker on the window. These are sophisticated, international operations that practice very tight security. And as far as the Mexican cartels go, they operate in a corrupt country, from cities that the cops can't even go into," a former DEA agent said.

Still, there is little actual evidence to demonstrate whether the DEA operations have had any impact in disrupting the finances of the cartels, which are using proceeds from their drug sales to branch out to other legitimate and illegitimate economic activities ([SourceMex, Jan. 6 2010](#), and [Oct. 20, 2010](#)). And one drug kingpin, Joaquín "Chapo" Guzmán Loera, was listed by Forbes magazine as one of the world's "new billionaires" in 2009 ([SourceMex, March 18, 2009](#)).

"Last year, the DEA seized about US\$1 billion in cash and drug assets, while Mexico seized an estimated US\$26 million in money laundering investigations, a tiny fraction of the estimated US\$18 billion to US\$39 billion in drug money that flows between the countries each year," said The New York Times.

### *How much did Mexico know?*

There is also no evidence to indicate that the Mexican government was aware of the DEA operation, which would at the very least represent another breach of Mexican sovereignty by the US government. State Department deputy secretary Todd Robinson, who heads the Bureau of International Narcotics Affairs and Law Enforcement, said the DEA has worked closely with Mexico on a number of operations, although he did not specifically say that the Calderón government was in the know about these particular efforts to track down the movement of drug funds.

"We have several programs and many ways of collaborating with the Mexican government," Robinson said during a visit to the government-affiliated Instituto Nacional de Ciencias Penales (INACIPE) in Mexico City. "We are partners in the fight against organized crime and drug trafficking, and we are going to continue this collaboration."

Robinson justified the DEA operation, pointing out that the US would use "any tools that we can to fight organized crime."

While Robinson did not directly identify a role for the Calderón administration in the operation, there was plenty of speculation that the federal government at least knew about the money-laundering scheme.

The one official who would know about such an operation, ex-finance secretary Ernesto Cordero, adamantly denied to reporters that he knew anything about the DEA's money-laundering scheme.

But Cordero, one of three candidates seeking to represent the governing Partido Acción Nacional (PAN) in the 2012 presidential election, said it was important to review the information obtained by the DEA to determine its accuracy and how the Mexican government should respond.

Cordero called for tougher laws in Mexico that would give the government power to prosecute the drug cartels and seize their assets. "We need a norm that would allow us to create a judicial and criminal framework and allow us to seize the property of the criminals," the ex-finance secretary said in a radio interview.

Calderón did not offer any direct comments on the operation, but presidential spokeswoman Alejandra Sota denied that the executive had any knowledge of the DEA's scheme. "This is definitely something that must be investigated," said Sota. "But let me be clear. We deny that there was any knowledge by Mexican authorities about an operation of this nature."

Sota pointed out that the Procuraduría General de la República has initiated an investigation to determine who was responsible and whether any Mexican officials might have been involved.

## *Senator seeks investigation*

The administration's denials have not appeased Congress, which believes the Mexican government might have played a role in the operation. Sen. Felipe González, who chairs the public safety committee (Comisión de Seguridad) in the upper house, said he is planning to summon top officials, including Foreign Relations Secretary Patricia Espinosa, Attorney General Marisela Morales, and Interior Secretary Alejandro Poiré Romero to testify before a joint committee of the Senate and Chamber of Deputies.

González, a member of the PAN, said he wants to hear directly from these high-level officials what they knew. "We want to determine whether they were aware that this was taking place, how many Mexican agents were involved, and who gave permission to foreigners to conduct this type of illicit activity in Mexico."

Poiré, who has led the Secretaría de Gobernación (SEGOB) for only a few weeks, was appointed to the post after a helicopter crash claimed the life of his predecessor Francisco Blake Mora ([SourceMex, Nov. 16, 2011](#)). Still, Poiré was in a position to know about these types of operations in his former roles as coordinator of Calderón's public-safety campaign through the Secretaría de Seguridad Pública (SSP) and as chief spokesperson for the Consejo de Seguridad Nacional (CSN).

And even if it were true that the Calderón administration was not aware of the DEA operation, the administration would likely welcome any technical assistance that the US could provide in crippling the financial capabilities of the drug cartels.

"The truth is that the existing structures for detecting money laundering were simply overwhelmed by reality," Calderón said in a recent meeting with victims of his campaign against drug traffickers.

More than 43,000 people have died because of drug-related violence since the president launched the campaign at the end of 2006 ([SourceMex, Jan. 24, 2007](#)).

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