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## **U.S. Treasury Report Says More Than 200 Companies in Mexico Have Direct Connections to Drug Trade**

by Carlos Navarro

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A recent report from the Office of Foreign Assets Control (OFAC) revealed that 216 companies in Mexico have direct connections to the drug trade, with the majority of these firms in the states of Jalisco, Sinaloa, and Baja California. Furthermore, a large share of the 163 companies identified by OFAC in these three states have connections to the major drug-trafficking organizations on Mexico's West Coast, including the Sinaloa cartel, also known as the *Cártel del Pacífico*, and the Caro Quintero organization in Jalisco.

The OFAC report released in March of this year said an average of 17 companies have been added every year between 2002 and 2014 to the list of Mexican business with drug connections. All these companies are in 16 of Mexico's 32 states.

Despite recent high-profile efforts to stem the laundering of drug profits in Mexico ([SourceMex, Feb. 26, 2014](#), and [Jan. 21, 2015](#)), activity remains strong because of Mexico's weak financial system, said Raúl Benítez, an expert at the Centro de Investigaciones sobre America del Norte (CISAN) at the Universidad Nacional Autónoma de México (UNAM).

Benítez said Mexican drug traffickers laundered about US\$30 billion in 2014, which means that 2% of Mexico's GDP could be generated by illegal activities.

### ***Sanctioned companies conduct business with Mexican government***

Even though the US Treasury has questioned the business practices of these companies, many continue to conduct business with the Mexican government, said the report.

"The problem is that in Mexico it is not customary to act upon this type of information," Benítez said in an interview with the daily newspaper *El Universal*.

For example, in 2005, OFAC identified nine companies linked to the Arriola Márquez brothers, traffickers with connections to Sinaloa cartel leader Joaquín "El Chapo" Guzmán Loera, and the Carrillo Fuentes family of the Juárez Cartel.

One of those companies was Corrales San Ignacio SPR de RL de CV, in Chihuahua, which had won two contracts from the federal government to issue health certificates for the Secretaria de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA). The company, which won its first contract in 2004, continues to be listed in the directory of health-certificate issuers in Mexico.

More recently, Estancia Infantil Niño Feliz, a day-care center under contract with the Instituto Mexicano del Seguro Social (IMSS), was allegedly used to launder drug profits for the Sinaloa cartel. The day-care center had operated in the coastal city of Culiacán since November 2001, and the owner was María Teresa Zambada Leyva, one of the daughters of Ismael "Mayo" Zambada who was listed as part of the Sinaloa cartel's financial network.

Zambada has been in the sights of the US Treasury for a long time. OFAC has sanctioned Zambada García and his family several times under the Foreign Narcotics Kingpin Designation Act (Kingpin Act). In 2007, US authorities published the names of all his daughters and several of his businesses.

Former IMSS director Daniel Karam said he gave the Procuraduría General de la República (PGR) the documentation related to the alleged laundering operations, but the federal prosecutor failed to act. Estancia Infantil Niño Feliz continues to operate under the auspices of the IMSS, and the Zambada family obtained a new contract through December 31, 2016. The social security institute pays the day-care center about 7.6 million pesos (US\$509,000) per year to take care of more than 200 children, said the US Treasury.

### *Sinaloa cartel tops OFAC list*

OFAC said 35 of the 39 companies identified in Sinaloa in the latest report are associated with the *Cártel del Pacífico*. The drug-trafficking organization continues to thrive despite the arrest of Guzmán Loera in February 2014 ([SourceMex, Feb. 26, 2014](#)).

The cartel has become a sophisticated global business organization ([SourceMex, Feb. 27, 2013](#)), and its leaders remain a top target for the US government. Since the beginning of the year, OFAC has designated Víctor Manuel Félix Beltrán, Alfonso Limón Sanchez, Dámaso López Nuñez, and Inés Coronel Barreras under the Kingpin Act.

"With today's designation of Víctor Félix Beltrán, we are yet again targeting Joaquín Guzmán Loera's organization, one of the world's most influential drug-trafficking networks," former OFAC director Adam Szubin said on Jan. 27. "This action demonstrates our determination to target both emerging and established leaders within the Sinaloa Cartel, including Félix Beltrán as well as Alfonso Limón Sánchez, and to combat their illicit activities through financial sanctions."

The US Treasury sanctioned López Nuñez for his role in the drug-trafficking activities of Guzmán Loera and for playing a significant role in international narcotics trafficking. López Nuñez, also known as *El Licenciado*, helped Guzmán Loera escape from the Puente Grande federal prison in Jalisco in 2001 ([SourceMex, Jan. 24, 2001](#)). "He has since become one of the top lieutenants of the Sinaloa Cartel, which is responsible for multiple-ton shipments of narcotics from Mexico into the US," said the US Treasury.

OFAC also used the Kingpin Act to add Inés Coronel Barreras to the list. Coronel, who is the father of Guzmán Loera's third wife Emma Coronel Aispuro, was sanctioned because of his participation in the Sinaloa cartel's drug-trafficking operations.

### *OFAC sanctions emerging cartels in Jalisco*

The US Treasury report said 44 of the 89 companies listed in Jalisco have direct connections to the Caro Quintero organization. The businesses used to launder profits for the cartel include car washes, restaurants, and construction and real estate companies. The real estate business is a favored activity for the Caro Quintero cartel to launder drug profits. The Treasury Department report says OFAC added 14 real estate companies linked to Rafael Caro Quintero to its sanctions list.

The US Treasury has added two organizations in Jalisco to its sanctions lists under the Drug Kingpin Act, the *Cartel de Jalisco Nueva Generación (CJNG)* and *Los Cuinis*. The designation included the

leaders of the two cartels, Nemesio Oseguera Cervantes of the CJNG and Abigael González Valencia of Los Cuinis.

The US Treasury report said the new drug-trafficking organizations came on the scene as the historically powerful Milenio cartel weakened. "These two organizations have rapidly expanded their criminal empire in recent years through the use of violence and corruption and now rank among the most powerful drug-trafficking organizations in Mexico," acting OFAC director John Smith, who replaced Szubin in February, said while announcing the actions against the two cartels. "Today's action demonstrates our determination to reverse this trend and to significantly disrupt the activities of their leaders."

The US Treasury report said the CJNG emerged approximately five years ago from the remnants of the Milenio cartel, which was dismantled following the capture of its designated leader, Armando Valencia Cornelio, and his successors. CJNG has expanded beyond Jalisco to other Mexican states, including Michoacán and Colima. In Michoacán, the CJNG has fought with the Cabellerios Templarios for control of the state ([SourceMex, May 29, 2013](#)).

The CJNG has also further developed its ties to other criminal organizations around the world, including in the US, Latin America, Africa, Europe, and Asia.

"Oseguera Cervantes is the leader of CJNG and has been significantly involved in drug trafficking activities since the 1990s," said the report. "He was convicted of conspiracy to distribute heroin in the US District Court for the Northern District of California in 1994 and served nearly three years in prison. Following his release from custody, Oseguera Cervantes returned to Mexico and reengaged in drug trafficking activity."

Los Cuinis came on the scene in the 1990s as a faction of the Milenio cartel and is involved primarily in trafficking cocaine and methamphetamines. "The close alliance between CJNG and the Los Cuinis is due not only to their origins in the Milenio Cartel but also because the leader of the Los Cuinis, Abigael González Valencia, is the brother-in-law of Oseguera Cervantes," said the US Treasury report. [Peso-dollar conversions in this article are based on the Interbank rate in effect on April 8, 2015, reported at 14.91 pesos per US\$1.00.]

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