

# Reference Aid

(U) Mexico: The Sinaloa Drug Cartel

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*(U) Prepared by the DHS/I&A Border Security Division, Southwest Border Branch, and coordinated with DHS/Customs and Border Protection (DHS/CBP) and DHS/Immigration and Customs Enforcement (DHS/ICE).*

### (U) Scope

(U) Homeland Security Reference Aids provide baseline information on a range of homeland security issues. This product is one in a series of reference aids designed to provide operational and intelligence advice and assistance to regional, state, and local fusion centers on the nature and scope of the threat posed to the United States by a confederation of Mexican drug-trafficking organizations (DTOs). DHS/Office of Intelligence and Analysis (DHS/I&A) intends this background information to assist federal, state, tribal, and local homeland security and law enforcement officials in understanding such threats. To maintain timely and accurate intelligence, DHS encourages state and local law enforcement to respond with any updated information that they may have concerning the status, composition, or activities of DTOs in their jurisdictions.

(U//FOUO) The reference aid relies on reporting from DHS Components, Intelligence Community (IC) sources of varying reliability and access, and Mexican and U.S. open source material. CBP and ICE reporting provides good insight into the conflicts and alliances developing between cartels, and contributes to DHS/I&A's judgment on the relationship of the Sinaloa cartel and U.S. gangs. FBI reports supplement CBP reporting by providing anecdotal evidence of Sinaloa business ties in San Antonio. The majority of analytic judgments in this product rely on press reporting; however, DHS/I&A is confident in these judgments and has corroborated them with a body of classified reporting.

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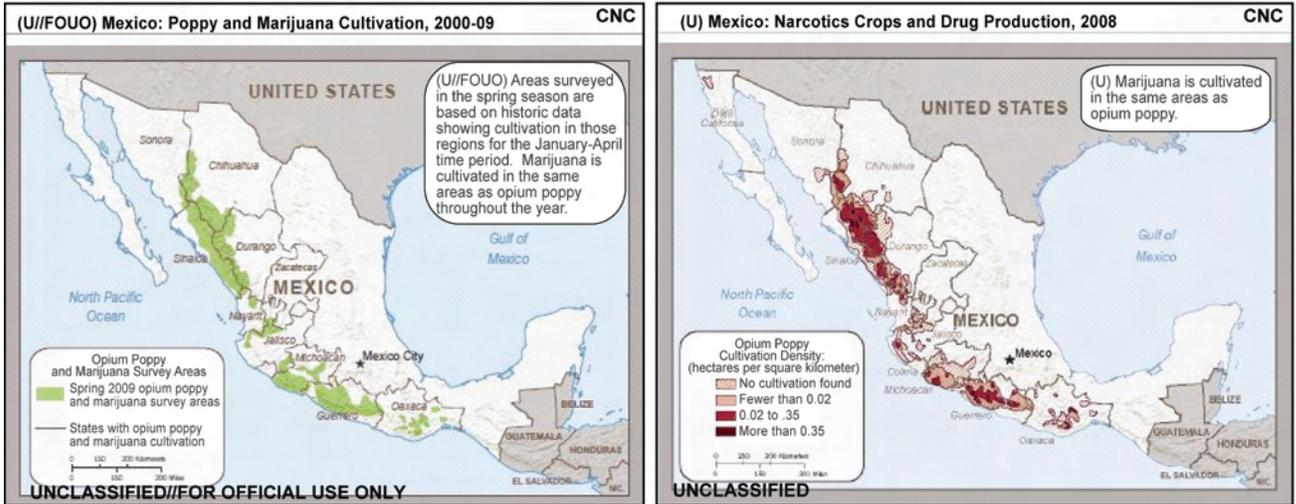
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**(U) Key Findings**

**(U//FOUO)** The powerful confederation of Mexican DTOs known as the Sinaloa cartel controls the majority of Mexico’s marijuana and methamphetamine production and distribution, as well as cocaine trafficking from South and Central American producers into the United States across the U.S. southwest border. The Sinaloa cartel conducts business with powerful U.S. gangs that largely control local drug distribution. As one of the most powerful cartels operating in Mexico, it has expanded operations throughout western Mexico and attempted to take control of new plazas from weaker organizations.\* Arrests of high-level members have not fractured the cartel or caused infighting—as was the case with several of its rivals—likely because of the cartel’s stable revenue sources, decentralized structure, family-based culture, and geographic breadth, which all contribute to its preeminence.

**(U) Drugs and Illegal Activities**



**(U//FOUO)** The Sinaloa cartel controls the largest amount of drugs trafficked in Mexico, possibly as much as 45 percent, according to a Mexican academic expert. Nearly all of Mexico’s marijuana and poppy growing regions lie within territory dominated by the Sinaloa cartel. Mexico’s Secretariat of National Defense also attributes several major methamphetamine laboratories to Sinaloa operators—including a 22-building complex discovered in August 2009.

**(U//LES)** Compared to its rivals, the Sinaloa cartel has the geographic advantage of access to transshipment routes from Mexico’s southern border, the Guadalajara airport in Jalisco, and Pacific ports to ensure a steady supply of cocaine from Latin America, as well as precursor chemicals for methamphetamine production.

\* (U) A plaza is a geographic area where a criminal organization uses force to maintain monopoly control over all organized illicit activities. The organization in control of the plaza may carry out illegal activities on its own behalf, or it may allow other groups to engage in criminal activities in exchange for a fee or percentage of the profit.

- (U) The Mexican press reported that on 19 May 2010, Mexican authorities at the port of Manzanillo, Colima, seized 80 tons of phenyl ethyl acetate—a precursor chemical used to make methamphetamines—in a shipment from China.

(U) According to the Department of State Bureau of International Narcotics and Law Enforcement Affairs, the cartel primarily uses airplanes, trucks, and cars to ship drugs across the U.S. southwest border. Since 1990, however, the cartel has augmented these shipping methods with elaborate tunnels under the border—especially in the Tucson sector, which has the highest volume of tunnel discoveries.

(U//FOUO) Unlike some of its competitors—especially Los Zetas and the Vicente Carrillo Fuentes Organization (VCFO)—the Sinaloa cartel relies almost entirely on drug sales for revenue. Its control of supply and shipment apparently generates enough profit that it has little incentive to engage heavily in riskier enterprises. U.S. Department of State records, information obtained by the Mexican press, and Mexican and Nicaraguan law enforcement investigations detail alleged Sinaloa cartel operations in extortion, money laundering, kidnapping, and the arms trade, but these activities are secondary to its drug operations.

## (U) Senior Leadership

(U) Several key individuals lead the Sinaloa cartel's operations. These individuals control their own autonomous DTOs and, to a varying extent, direct smaller organizations—such as local gangs operating in the DTOs' areas of influence. The DTO leaders that direct the Sinaloa cartel independently run the day-to-day business of the cartel, but pool resources when convenient—to target a rival cartel, for example.

- (U) Joaquin “El Chapo” Guzman Loera is the founder and a principal leader of the Sinaloa cartel. He is a priority target for U.S. and Mexican authorities. Press attention has made him an icon of cartel power.



(U) Joaquin “El Chapo” Guzman Loera.

### (U) Guzman Loera's Long History with the Cartel

(U) Guzman Loera started in the 1970s as an apprentice to famed drug trafficker Miguel Angel Felix Gallardo and gained enough experience by 1980 to run his own organization. The cartel grew quickly, establishing operations in 17 Mexican states to become one of the largest trafficking organizations in the country. Arrested in 1993 and convicted on charges of conspiracy, bribery, and other crimes, Guzman Loera continued to lead the cartel from prison and escaped in 2001, allegedly by bribing prison officials.

(U) Source:

(U) “Joaquin Guzman Loera: Billionaire Drug Lord,” 13 March 2009, <http://www.time.com/time/world/article/0,8599,1884982,00.html>, accessed 11 March 2009.

(U) Ismael “El Mayo” Zambada Garcia’s low profile relative to the other leaders obscures his preeminent role in developing cartel strategy, maintaining the cocaine supply chain, and laundering money, according to the U.S. Department of State Bureau of International Narcotics and Law Enforcement Affairs. Department of State reporting connects him to front companies that include a large dairy, a bus line, and a hotel.



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(U) Ismael “El Mayo” Zambada Garcia.

- (U) Among other Sinaloa leaders, Juan Jose “El Azul” Esparragoza Moreno has a reputation as a skillful negotiator, which may have been instrumental in forming Sinaloa’s truces and alliances.

(U//LES) The cartel’s decentralized structure insulates it to a large degree from the fate of its primary leaders. The Mexican military’s 19 July 2010 killing of Sinaloa kingpin Ignacio “Nacho” Coronel Villarreal during an arrest raid in a suburb of Guadalajara, Jalisco, may hurt his subordinate organization, but the Sinaloa cartel will likely rebound quickly. Coronel Villarreal had a leading role in the organization’s domestic methamphetamine production, according to the U.S. Department of State Bureau of International Narcotics and Law Enforcement Affairs, and had been given the nickname “King of Crystal.” According to an ICE source of unknown reliability, Coronel Villarreal also traded in South American cocaine, coordinating maritime shipments of multiton loads to the United States.



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(U) Ignacio “Nacho” Coronel Villarreal.

- (U) In addition to the Mexican military killing Coronel Villarreal, Mexican police and military arrested three of his top lieutenants; Oscar Orlando “El Lobo” Nava Valencia and Angel Bejar Chavez on 28 October 2009—according to a press release from Mexico’s Office of the President—and Juan Carlos “El Tigre” Nava Valencia on 6 May 2010. At the scene of Juan Carlos Nava Valencia’s arrest, soldiers found photocopied pages of a sensitive Office of the Attorney General of Mexico document that had been leaked to him, demonstrating the level of protection they receive.

(U) Mexico in March 2009 announced rewards of up to \$2 million for information leading to the arrests of any of the principal leaders, and the U.S. Government since 2004 has been offering a \$5 million reward specifically for the capture of Guzman Loera.

## **(U) Cartel Size and Geographic Area of Operations**

(U//FOUO) The IC calls the organization the Sinaloa cartel in reference to its origins and geographic stronghold in Sinaloa State, but the cartel is also called “the Pacific”—reflecting its expansive operations along the Pacific coast of Mexico in the states of Aguascalientes, Chiapas, Colima, Durango, Jalisco, Nayarit, Oaxaca, Quintana Roo, Sinaloa, Sonora, Yucatan, and Zacatecas. Cartel leadership has pursued an aggressive strategy to expand operations, resulting in several intercartel wars.



- (U//LES) An alliance with Teodoro “Teo” Garcia Simental—until his arrest in January 2010—pushed Sinaloa’s influence westward from Mexicali. The Sinaloa cartel may try to secure the lucrative Tijuana plaza and likely already has inroads based on their former alliance, but is unlikely to engage in conflict without strong local allies.
- (U//LES) Sinaloa cartel operations as of June 2010 extended as far east as Valle de Juarez—just east of Ciudad Juarez, Chihuahua, according to a reliable CBP source. Guzman Loera, seeking to gain control of Ciudad Juarez, has waged a violent conflict there since January 2008 using local hit squads to combat the rival VCFO. In April 2010, the *Associated Press* presented indications that the Sinaloa cartel had gained an upper hand in Ciudad Juarez. High levels of violence reflect the ability of the VCFO to remain a viable rival.

(U//FOUO) DHS/I&A lacks information to make a high confidence estimate on the number of Sinaloa cartel operatives. The cartel’s area and scale of operations, however, suggest that it has one of the largest memberships among rival organizations. The cartel has a large, decentralized network of small-scale drug traffickers with a loose association to its several large and powerful organizations. Some smaller organizations—especially those involved in drug cultivation and production—may sell drugs to the local cells of several DTOs that operate in the region.

## (U) Rivalries and Alliances

(U//FOUO) The Sinaloa cartel has engaged in several major conflicts with rival cartels. Some confrontations arose as a result of cartel principals' shifting allegiances—Arturo Beltran Leyva broke with Sinaloa in 2008 after blaming leadership for his brother's arrest, and continues to contend for control of Sinaloa State—but the majority of the cartel's rivalries stem from their attempts to wrest control of new territories and weaken competition.

- (U//LES) Since the Sinaloa cartel's January 2008 push against the VCFO in Ciudad Juarez, violence there has increased to unprecedented levels. The Sinaloa cartel reportedly is behind some of the violence in the areas it controls east of Ciudad Juarez, according to ICE sources of unknown reliability; but gangs hired in the city by each cartel largely drive the violence.
- (U//LES) The cartel also has attempted to wrest control of the Tijuana plaza from the Arellano Felix Organization (AFO). It lost its closest local ally in early 2010 when Mexican police arrested AFO breakaway faction leader Garcia Simental and his two likely successors. A local military commander assessed that the Garcia Simental organization could not survive these setbacks. Press reports suggest that Jose Antonio Soto Gastelum may have replaced Garcia Simental and continues to work with the Sinaloa cartel, in which case the Sinaloa cartel may attempt to increase operations in the plaza.
- (U) The Sinaloa cartel may be allied at least temporarily with the Gulf cartel to combat Los Zetas, which broke away from the Gulf cartel in February 2010. A banner appeared on 8 March 2010 in the Sinaloa stronghold of Guadalajara, Jalisco, signed by "United Cartels against Los Zetas."

(U) La Familia Michoacana (LFM) runs an autonomous organization specializing in the production and trafficking of methamphetamines. Press reports indicate that the organization has been collaborating with the Sinaloa cartel since at least 2009, probably because the LFM depends on other cartels with access to the border to transport drugs to the U.S. market.

## (U) U.S.-Based Distribution Network

(U//LES) Law enforcement officers in cities along the U.S. southwest border and in the West Coast, South, and Mid-Atlantic regions reported that local gangs do business with the Sinaloa cartel and distribute its drugs in the United States, according to an assessment by the National Drug Intelligence Center.

- (U//LES) Reports suggest that U.S.-based gangs exercise a high degree of control over the U.S. distribution of Sinaloa drugs. An FBI source indicated that the Texas Mafia<sup>USPER</sup> prison gang manages all aspects of the cartel's drug sales in San Antonio.

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- (U//LES) CBP reports also indicate that the Sinaloa cartel subcontracts pieces of their drug distribution operations. A detained Mara Salvatrucha (MS-13) gang member, in an interview with CBP, stated that Guzman Loera frequently hires MS-13 members as bodyguards and to transport drugs.
- (U//LES) A National Drug Intelligence Center report assessed that the Sinaloa cartel also conducts business with Hermanos de los Pistoleros Latinos<sup>USPER</sup>, the Mexican Mafia<sup>USPER</sup>, Los Tangos<sup>USPER</sup>, 18<sup>th</sup> Street<sup>USPER</sup>, and the Hells Angels<sup>USPER</sup> based on FBI, National Gang Intelligence Center, Organized Crime Drug Enforcement Task Force, and San Antonio Police Department information.

(U//LES) Other parts of the Sinaloa cartel's U.S. network include front companies that launder drug proceeds and send them back to Mexico. The U.S. Department of the Treasury in 2008 identified 14 companies and 17 individuals that composed an illicit finance network led by Guzman Loera associate Rigoberto Gaxiola Medina. The cartel also uses local businessmen in the United States for its finance operations—the Yuma Joint Terrorism Task Force identified an employee at an auto sales company in Arizona, for example, as leader of a money laundering operation.

## **(U) Outlook**

(U//FOUO) The Sinaloa cartel has a strong foundation that limits its vulnerability. It is unique among Mexican drug cartels because of its control of significant portions of Mexico's drug cultivation, its control of key supply and distribution networks, its reputation for corrupting high-level public officials, and its status as a syndicate of DTOs. These features have enabled the cartel to maintain power for more than 30 years. The cartel's influence may increase if its forces in Ciudad Juarez or Baja California make significant gains, but the apparent stalemate in Ciudad Juarez and uncertain future of Sinaloa operations in Baja California suggest that serious gains or losses are unlikely in the coming months.

(U//FOUO) Mexican officials could disrupt the Sinaloa cartel's operations by arresting any of its principal leaders. Guzman Loera has become the priority target for U.S. and Mexican officials. The Mexican military has operated with increasing success this year. In particular, the arrest of Garcia Simental and the killing of Beltran Leyva and Coronel Villareal suggest that the Mexican Government has improved its operational capabilities. Even so, a takedown of Guzman Loera likely would cause only a short-term setback, since the Sinaloa cartel has shown the capacity to adapt quickly.

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