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**THREE-YEAR PROSECUTION OF MAJOR INTERSTATE COCAINE TRAFFICKING
ORGANIZATION CULMINATES IN LEADER'S GUILTY PLEA AGREEMENT
TO SENTENCE OF 20 YEARS TO LIFE IMPRISONMENT**

To Date Multi-Agency Operation Nets 14 Convictions, 197 Kilos of Cocaine Valued at Close to \$3 Million; over \$2 Million in Cash; 2 Homes; and One Co-defendant Extradited from the Republic of Mexico

FRESNO, Calif.—United States Attorney Lawrence G. Brown and DEA Special Agent-in-Charge, San Francisco Field Division, Anthony D. Williams and Scott O'Briant, Special Agent-in-Charge, Internal Revenue Service—Criminal Investigation, Oakland Field Office, announced today that SERGIO REYNOL PADILLA, 42, formerly of Merced, CA; and LORENA PEREZ, 41, of Merced, CA, pled guilty today to drug trafficking charges as the last defendants in a wide-ranging interstate cocaine trafficking conspiracy based in the Central Valley.

This case is a product of the Organized Crime and Drug Enforcement Task Force (OCDETF). OCDETF is a focused interagency program investigating and prosecuting the most significant drug trafficking organizations throughout the United States by leveraging the combined expertise of federal, state and local law enforcement agencies. Members of the OCDETF task force in this case included the U.S. Drug Enforcement Administration; California State Department of Justice – Bureau of Narcotic Enforcement; Internal Revenue Service—Criminal Investigation; Merced Police Department; Merced Multi-Agency Narcotics Task Force; Fresno County Sheriff's Office; and the Sheriff's Department in Douglas County, Nebraska.

The operation dubbed, "Cocaine Convoy" took its name from the scheme uncovered in the drug trafficking conspiracy whereby the defendants would smuggle large shipments of cocaine from Mexico to the Central Valley and then distribute it to the eastern United States in semi-trucks.

" This case embodies the outstanding collaborative efforts made in this region to target large-scale drug trafficking organizations who bring their poison into the Central Valley from Mexico for distribution throughout the United States," stated United States Attorney Brown.

Stated DEA San Francisco Field Division Special Agent-in-Charge, Anthony D. Williams, "In a unified effort, law enforcement at all levels worked diligently to dismantle this major drug trafficking organization, responsible for smuggling significant quantities of cocaine and drug proceeds through California's Central Valley. This investigation demonstrates law enforcement's conviction to put these organizations out of business."

According to IRS Criminal Investigation Special Agent-in-Charge Scott O'Briant, "These guilty pleas put an end to this nationwide drug distribution ring. Drug dealers, like many other criminals, are largely motivated by greed and financial gain. IRS Criminal Investigation's unique role and expertise is in following the money trail left by drug dealers to discover and seize their illicit profits and thereby assist in disrupting and dismantling their criminal organizations. This investigative attack on money laundering is an essential element in the war on narcotics."

According to Assistant U.S. Attorney Karen A. Escobar who is prosecuting this operation, as a jury was awaiting to be empaneled this morning for trial before Senior U.S. District Court Oliver W. Wanger, both defendants entered their guilty pleas. PADILLA pled guilty to two counts. The first is Conspiracy to Distribute and to Posses with Intent to Distribute Cocaine and the second is Conspiracy to Conduct Financial Transactions Involving the Proceeds of Drug Trafficking Activity. PEREZ pled guilty to one count of Interstate Transportation of Drug Proceeds.

In his plea agreement, PADILLA agreed to a sentence of no less than 20 years imprisonment to a maximum of life imprisonment. PADILLA specifically admitted that between on or about January 1, 2000, and on or about May 22, 2006, in the Eastern and Central Districts of California, Eastern District of Pennsylvania, District of Nebraska, and elsewhere, a conspiracy existed between himself and co-defendants LORENA PEREZ, PHILIP BRIZAN, GILBERT FRANKLIN, TRINIDAD ANGULO, DANIEL ANGULO, GERARDO VARGAS GALICIA, WAYNE BRIZAN, aka Cornelius James, FRANCHESKA BRIZAN, JUDE BRIZAN, DAMON GUNN, HOWARD GORDON, JR., and others, to distribute and to possess with the intent to distribute 150 kilograms or more of cocaine for the purpose of shipping it in semi-tractor trailers, often filled with legitimate agricultural products, to the East Coast of the United States for distribution in the Philadelphia, Pennsylvania area. In sum, PADILLA admitted to being involved in transactions amounting to 197 kilograms of cocaine valued at approximately \$2,851,759. He also admitted that he laundered \$100,000 in drug proceeds, which he ultimately used to purchase an apartment complex in Merced.

In her plea agreement, PEREZ admitted between on or about January 1, 2000, and continuing to on or about May 22, 2006, within the Eastern and Central Districts of California, Eastern District of Pennsylvania, District of Nebraska, and elsewhere, defendant PADILLA and others were involved in a drug trafficking conspiracy. PEREZ further admitted that she assisted in the cocaine trafficking conspiracy by handling PADILLA's drug proceeds. During the intercept of court-authorized wiretaps from PADILLA's cellular telephone, PADILLA contacted PEREZ to obtain money which she stored at her residence. At least on one occasion, PEREZ acknowledged that PADILLA used the funds to purchase 35 kilograms of cocaine. Thereafter, drug agents seized 35 kilograms of cocaine from a load vehicle driven by co-defendant DANIEL ANGULO after PADILLA and ANGULO retrieved the narcotics from PADILLA's Mexican source of supply in the Los Angeles area. Pursuant to a federal search warrant, drug agents seized \$1,089,190 in cash from PEREZ' residence after that transaction. PEREZ admitted that the money was drug proceeds derived from PADILLA's interstate drug trafficking activities.

Senior U.S. District Judge Oliver W. Wanger set sentencing for January 11, 2010. The penalties that PADILLA faces are a minimum of 20 years to a maximum of life imprisonment. The penalties that PEREZ faces are a maximum of 5 years imprisonment. However, any sentence will be imposed at the discretion of the Court in consultation with the advisory U.S. Sentencing Guidelines and any other relevant sentencing factors.

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