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Southern District of New York*

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**175 ALLEGED GULF CARTEL MEMBERS AND ASSOCIATES ARRESTED
IN MASSIVE INTERNATIONAL LAW ENFORCEMENT OPERATION**

*"Project Reckoning" Leads to the Seizure of \$60 Million and
More Than 40 Tons of Illegal Drugs From One of
Mexico's Largest Drug Trafficking Cartels*

Attorney General MICHAEL B. MUKASEY announced that 175 individuals were arrested today and on Sept. 16, 2008, on charges related to an international drug trafficking cartel in a coordinated enforcement action by hundreds of international, federal, state and local law enforcement officials throughout the United States and Italy. Including the operations announced today, a long-term investigation of one of Mexico's largest drug trafficking cartels and its U.S. and international distribution networks has resulted in the arrest of more than 500 individuals in the United States, Mexico and Italy to date.

"Project Reckoning," a multi-agency law enforcement effort led by the DEA, targeted the Mexican drug trafficking cartel known as the Gulf Cartel. Among those indicted are the three alleged leaders of the Gulf Cartel: EZEQUIEL CARDENAS-GUILLEN, HERIBERTO LAZCANO-LAZCANO and JORGE EDUARDO COSTILLA-SANCHEZ. These individuals, each designated as Consolidated Priority Organization Targets (CPOTs) by the Organized Crime Drug Enforcement Task Force (OCDETF), have been indicted in U.S. District Court in the District of Columbia on charges that they conspired to import drugs into the United States from Mexico. A CPOT designation is reserved for significant narcotics traffickers who are believed to be the leaders of drug trafficking organizations responsible for the importation of large quantities of narcotics into the United States.

The Gulf Cartel is responsible for the transportation of multi-ton quantities of cocaine, methamphetamine, heroin and marijuana from Colombia, Guatemala, Panama and Mexico to the United States, as well as the distribution of those narcotics

within the United States. The Gulf Cartel is also believed to be responsible for laundering multiple millions of dollars in criminal proceeds. Individuals indicted in the cases are charged with a variety of crimes, including: drug trafficking charges related to cocaine and marijuana; solicitation and conspiracy to kidnap; attempted murder; conspiracy to use a firearm in a violent crime; conspiracy to kill and kidnap in a foreign country; interstate and foreign travel in aid of racketeering; money laundering; and other related crimes.

To date, Project Reckoning has resulted in the arrest of 507 individuals and the seizure of approximately \$60.1 million in U.S. currency, 16,711 kilograms of cocaine, 1,039 pounds of methamphetamine, 19 pounds of heroin, 51,258 pounds of marijuana, 176 vehicles and 167 weapons. Project Reckoning, a 15-month investigation, combined into one centrally coordinated effort several multi-district enforcement operations that all involved individuals with close ties to the Gulf Cartel. Operation Dos Equis, Operation Vertigo, Operation Stinger and Operation The Family as well as numerous local operations combined to form Project Reckoning.

"By spreading dangerous drugs and resorting to brutal violence, international drug cartels pose an extraordinary threat both here and abroad," said Attorney General MICHAEL B. MUKASEY. "The scope of the threat demands a deliberate and sustained response and the success we have had, such as the takedowns announced today, is due to the combined efforts of federal, state, local and international law enforcement. Although I am pleased with the efforts so far, we cannot and will not rest on these successes. The threat posed by international drug cartels is too great. It will take all of us working together to prevail."

"We successfully completed a hard-hitting, coordinated and massive assault on the powerful and extremely violent Gulf Cartel," said DEA Acting Administrator MICHELE M. LEONHART. "We have arrested U.S. cell heads, stripped the cartel of \$60 million in cash, imprisoned their brutal assassins and significantly disrupted their U.S. infrastructure. DEA will continue our relentless attack against this cartel, aiming to dismantle them and stop the violence they inflict on Southwest Border communities."

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Nine individuals were charged in an Indictment filed in the Southern District of New York for their participation in an

international trafficking ring that shipped large quantities of cocaine from the United States to Italy. According to the Indictment in United States v. Giulio Schirripa, et al. (the SDNY case), which was unsealed in Manhattan federal court:

GUILIO SCHIRRIPA, CHRISTOPHER CASTELLANO, and others purchased cocaine in the United States and caused the cocaine to be transported to Italy, where it could be sold at substantially higher prices. Co-defendants VINCENT SCHIRRIPA, JAVIER GUERRERO, IGNACIO DIAZ, a/k/a "Nacho," a/k/a "Sofilio Fernandez," MARK TADEO, STACEY MARGOLIES, LUIGI ALBANESE, and WANDA COLLADO were also charged for their various roles and participation in the conspiracy, including supplying cocaine to GUILIO SCHIRRIPA and CASTELLANO, arranging for the payment of narcotics related debts, discussing the exchange of Euros to dollars, and traveling from New York to Italy.

GUILIO SCHIRRIPA, CASTELLANO, VINCENT SCHIRRIPA, GUERRERO, DIAZ, MARGOLIES and COLLADO were arrested earlier this morning in the greater New York area and were arraigned this afternoon in Manhattan federal court by United States Magistrate Judge DEBRA FREEMAN. GUILIO SCHIRRIPA, VINCENT SCHIRRIPA, GUERRERO, and DIAZ were ordered detained. CASTELLANO is detained pending a bail hearing scheduled for Friday, September 19, 2008. MARGOLIES and COLLADO were released on bail. ALBANESE is in the custody of Italian law enforcement officials in Italy. TADEO remains at large. The case has been assigned to Southern District of New York United States District Judge WILLIAM H. PAULEY III.

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MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, praised the collaborative efforts in this investigation, stating, "This case and the others announced today across the nation demonstrate what can be accomplished when domestic and international law enforcement partners work together to dismantle international narcotics trafficking rings."

"This operation exemplifies the European vision of the international fight against drug trafficking," said Dr. NICOLA GRATTERI, Italian Public Prosecutor for the Anti-mafia District Attorney's Office of Reggio Calabria, Italy.

The cases announced today are being handled by attorneys in the Southern District of New York; Northern District of Georgia; Southern District of Texas; Northern District of

Texas; Western District of Texas; District of New Jersey; Eastern District of Louisiana; District of New Mexico; Southern District of Florida; Eastern District of North Carolina; and the Criminal Division's Narcotic and Dangerous Drug Section and Office of International Affairs. In addition, local prosecutions in this case will occur in the states of California, Georgia, Illinois, North Carolina and Missouri.

Assistant United States Attorneys JOHN P. CRONAN and TODD W. BLANCHE are in charge of the prosecution of the SDNY case.

The investigative efforts in Project Reckoning were coordinated by the Justice Department's Special Operations Division, the DEA, FBI, U.S. Immigration and Customs Enforcement, Internal Revenue Service, U.S. Marshals Service and attorneys from the Criminal Division's Narcotic and Dangerous Drug Section. More than 200 federal, state, local and foreign law enforcement agencies contributed investigative and prosecutorial resources to Project Reckoning through the OCDEF. Significant assistance was also provided by a coalition of international investigative agencies spearheaded by DEA offices located in Colombia, Guatemala, Mexico, Panama and Italy with assistance from foreign counterparts in each of those countries.

The charges in the SDNY case were the result of an international investigation coordinated between the New York Drug Enforcement Task Force -- which consists of agents and officers of the DEA, New York City Police Department, and New York State Police -- U.S. Immigration and Customs Enforcement, and Italian law enforcement authorities.

The charges and allegations contained in the Indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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