



Department of Justice

United States Attorney Laura E. Duffy
Southern District of California

FOR IMMEDIATE RELEASE
FRIDAY, MAY 24, 2013
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AUSA Joseph S. Green
(619) 546-6955

LAST OF THE ARELLANO FELIX BROTHERS ENTERS GUILTY PLEA

Eduardo Arellano-Felix Pleads Guilty

SAN DIEGO, CA - Eduardo Arellano-Felix, 56, the last of four brothers to be targeted by U.S. prosecutors for leading one of the world's most notorious multi-national drug trafficking organizations, pleaded guilty today in federal court in San Diego to money laundering and conspiracy charges.

The plea marks the conclusion of the U.S. government's 20-year legal battle to dismantle the Arellano Felix Organization (AFO), which moved hundreds of tons of cocaine and marijuana from Mexico and Colombia into the U.S. and made hundreds of millions of dollars in the process. The cartel terrorized the Southwest border and beyond with executions, torture, beheadings, kidnappings and bribes to law enforcement, military personnel and government officials.

"I'm proud to say this is the end of an era," said U.S. Attorney Laura Duffy. "When this ruthless cartel was thriving in the 1990s, we made what some considered an audacious and impossible commitment to wipe out the organization. Today, we can say we have done just that."

"This plea agreement pounds the final nail in the coffin of what used to be the Arellano-Felix Organization," says DEA San Diego Special Agent in Charge William R. Sherman. "The AFO, once a brutally violent cartel, now becomes a footnote in history books, while DEA and our partners focus on dismantling the drug trafficking organizations that have moved in since the AFO's demise. We will be just as relentless in our pursuit of these new trafficking organizations and they will be brought to justice in the same manner as the AFO."

In his plea agreement, Arellano-Felix – a medical doctor nicknamed "El Doctor" - admitted he was a senior member of the AFO. He also admitted that he laundered hundreds of millions of dollars in drug trafficking proceeds and used some of the income to pay AFO members to commit crimes; to buy firearms, ammunition and vehicles; to

travel on AFO-related business; to pay bribes; and to purchase drugs. He signed his plea agreement, “Dr. Eduardo Arellano Felix.”

In connection with his plea, Arellano-Felix will also forfeit \$50 million and the parties will jointly recommend that he be sentenced to serve 15 years in prison. Before he was extradited, Arellano-Felix spent almost four years in custody in Mexico, from October 25, 2008 to August 31, 2012. Sentencing was set for August 19, 2013 at 9:30 a.m., before U.S. District Judge Larry A. Burns.

“We have effectively dismantled the leadership of a notorious cartel that operated with impunity for more than a decade,” Duffy said. “Given the mission’s overall success and the prosecution challenges of building a case against the highest-ranking members of a major trafficking organization, this resolution is a very favorable disposition for the United States.”

“Today’s guilty plea by Eduardo Arellano-Felix is the final major blow to this powerful and vicious drug trafficking organization whose criminal enterprise included an elaborate money laundering scheme,” said Special Agent in Charge Jose A. Gonzalez, IRS Criminal Investigation, Los Angeles Field Office. “IRS Criminal Investigators can and will unravel sophisticated money laundering schemes, working side-by-side with our law enforcement partners, in the dismantling of these dangerous and deadly drug cartels.”

San Diego FBI Special Agent in Charge Daphne Hearn said, “Today’s guilty plea demonstrates the unwavering commitment of the FBI to continue working with our domestic and international law enforcement partners to disrupt and dismantle violent criminal enterprises such as the Arellano-Felix Organization, that instill fear and threaten the safety of our citizens.”

The resolution of this case was a long time in coming.

Arellano-Felix was first indicted in 1998, along with his brothers, on drug conspiracy charges. Then in 2002, prosecutors added charges of racketeering, money laundering and conspiracy to distribute and import marijuana and cocaine in a subsequent indictment. He was arrested by Mexican authorities in Tijuana, Baja California, Mexico on October 25, 2008, following a gun battle with a Mexican Special Tactical Team. A final order of extradition to the United States was granted in 2010.

After two years of unsuccessful appeals, Arellano-Felix was extradited by the government of Mexico to the United States on August 31, 2012, to face charges in the Southern District of California.

Brothers and former leaders of the AFO, Benjamin Arellano-Felix and Francisco Javier Arellano Felix, were captured in 2002 and 2006, respectively, and are currently serving sentences in the United States following their convictions for racketeering, drug

trafficking, and money laundering charges. Ramon Arellano-Felix, the cartel's enforcer, was killed in a shootout with police in 2002.

In addition to the brothers, this office has convicted a long line of top AFO lieutenants, including, in part, Arturo Paez-Martinez in 2002, Ismael and Gilberto Higuera-Guerrero in 2007 and Jesus Labra-Aviles in 2010.

This case (Case Number: 97cr2520-LAB) was investigated by agents from the Drug Enforcement Administration, the Federal Bureau of Investigation, and the Internal Revenue Service-Criminal Investigation and prosecuted in the Southern District of California by Assistant United States Attorneys Joseph S. Green, James P. Melendres, and Daniel E. Zipp.

The Criminal Division's Office of International Affairs provided significant assistance in the extradition. The investigation of Eduardo Arellano-Felix was coordinated by an Organized Crime Drug Enforcement Task Force (OCDETF). The OCDETF program was created to consolidate and coordinate all law enforcement resources in this country's battle against major drug trafficking rings, drug kingpins, and money launderers.

SUMMARY OF CHARGES IN GUILTY PLEAS

Count 1	Title 18, United States Code, Sections 371 (Conspiracy to launder monetary instruments) Maximum penalty: 5 years of custody.
Count 2	Title 21, United States Code, Sections 854(a) and 846 (Conspiracy to use and invest illicit drug profits) Maximum penalty: 10 years of custody.

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