



Department of Justice

United States Attorney Laura E. Duffy
Southern District of California

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AUSA Joseph S. Green
(619) 546-6955

LAST OF THE ARELLANO-FELIX BROTHERS SENTENCED

Eduardo Arellano-Felix to Serve 15 Years

SAN DIEGO, CA - Eduardo Arellano-Felix, who acted as the chief financial officer of the notorious Mexican drug cartel that bears his family name, was sentenced today in federal court to 15 years in prison for laundering tens of millions of dollars in illicit drug proceeds.

Arellano-Felix is the last of four brothers to be targeted by U.S. prosecutors for leading what was once among the world's most violent and powerful multi-national drug trafficking organizations. He pleaded guilty in May to money laundering and conspiracy charges.

In handing down the sentence, U.S. District Judge Larry A. Burns told the defendant that even though he was less involved in the unsavory aspects of the drug business than his brothers, nevertheless he was "still an integral part" and "fully aware of the methods" of the cartel and "should be ashamed" of his actions, which have had "terrible and long-lasting effects" on this community and the relationship between the U.S. and Mexico.

According to court documents, the AFO 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.

In a sentencing memorandum, prosecutors wrote that Arellano-Felix was a major force within the cartel leadership. "In his position, Defendant advised his brothers as they orchestrated the importation of hundreds of tons of cocaine and marijuana into the United States, ordered the kidnap and murder of numerous people, and directed the widespread corruption of law enforcement and military personnel in Mexico. Defendant also personally laundered at least tens of millions of dollars in illicit proceeds, and purchased

large numbers of firearms for use by the AFO. Defendant's actions resulted in destroyed lives and untold suffering on both sides of the border."

U.S. Attorney Laura Duffy said: "The three living Arellano Felix brothers, who for decades lived as multi-millionaires while terrorizing the Southwest border, ordering assassinations and corrupting countless public officials - are now confined to maximum-security prison cells for a very long time. I urge others who aspire to take their place to take note."

Duffy praised the dedicated team of prosecutors and federal agents from the DEA, FBI and IRS for overcoming the extreme challenges of building successful cases against the highest-ranking leaders of a major trafficking organization, who are typically insulated and difficult to prosecute. "It was an audacious goal to take this cartel down, and I'm extremely satisfied with the outcome."

"The sentence that Eduardo Arellano-Felix received today marks the end of an era in cartel history. The AFO is finished, others have moved in and are attempting to take their place," says Special Agent in Charge of the DEA San Diego William R. Sherman. "Our warning to those who emulate the members of that once powerful cartel, take a good look at your future. Our commitment to hunting down and arresting those people trafficking drugs across the US/Mexico border has not wavered but has only grown stronger. DEA and our law enforcement partners are already actively pursuing all those who dare attempt to fill the void left by the demise of the AFO."

San Diego FBI Special Agent in Charge Daphne Hearn said, "Today's sentencing 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."

Jose A. Gonzalez, Special Agent in Charge for IRS Criminal Investigation's Los Angeles Field Office commented: "Today's sentencing of Eduardo Arellano- Félix, the last brother and a former leader who ran Arellano- Félix Organization's (AFO), is a significant contribution to the end of a brutally violent, multi-national drug cartel. Today is a triumph for prosecutors and federal agents who have worked for years to dismantle and bring key leaders to justice. Ill-gotten gains derived by the AFO were the essential backbone of this organization and IRS Criminal Investigation, working with our law enforcement partners, leveraged our financial expertise to assist in the dismantling of this dangerous and deadly drug cartel."

It's been a long road to get to this point.

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. 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. He entered his guilty plea nine months later.

Two brothers and former leaders of the Arellano-Felix Organization (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. Benjamin was sentenced to 25 years in prison; Javier is serving a life term. Ramon Arellano-Felix, the cartel's enforcer, was killed in a shootout with police in 2002.

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. Before he was extradited, Arellano-Felix spent almost four years in custody in Mexico, from October 25, 2008 to August 31, 2012.

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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