

United States Department of Justice

**For Immediate Release**

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**Southern District of New York**

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**Former Governor of Mexican State Extradited for Conspiring to Import Hundreds of Tons of Cocaine and Laundering Millions in Bribe Payments Through Lehman Brothers**

NEW YORK—Mario Ernesto Villanueva Madrid, the former governor of the Mexican state of Quintana Roo, was extradited from Mexico on charges that he accepted millions of dollars in bribes from the notorious Juarez Cartel, in exchange for assisting in the importation of over 200 tons of cocaine onto American streets. Villanueva Madrid was also extradited on a second indictment in which he is charged with laundering nearly \$19 million in drug proceeds, through accounts at Lehman Brothers in New York and elsewhere, announced Preet Bharara, the U.S. Attorney for the Southern District of New York, and John P. Gilbride, the Special Agent-in-Charge of the New York Field Division of the Drug Enforcement Administration (DEA).

Villanueva Madrid was turned over by the Mexican Procuradoria General de la Republica (PGR), or Attorney General's Office, to agents of the DEA and deputies of the U.S. Marshals Service (USMS). He was flown by DEA Air Wing jet to White Plains, N.Y., and arrived late Sunday. Villanueva Madrid is expected to appear in Manhattan federal court later this afternoon.

According to the indictments and other documents filed in Manhattan federal court:

For over 20 years, the Juarez Cartel has been one of Mexico's most notorious and violent cocaine cartels, responsible for the importation of hundreds of tons of Colombian cocaine over the Southwest U.S. border. From 1994 to 1999 alone, led by Alcides Ramon Magana and Jesus Albino Quintero-Meraz, the Cartel transported over 200 tons of cocaine into Texas and Arizona, and subsequently to major U.S. cities including New York.

In 1994, the Cartel established operations in the eastern Mexican state of Quintana Roo, which is where the resort city of Cancun is located. Under arrangements made with Colombian cocaine organizations, Juarez Cartel speedboats with armed crews rendezvoused off the Atlantic coast of Central America with Colombian speedboats. The Colombian boats were laden with shipments of cocaine ranging from one to three tons. On the high seas, usually at night to avoid detection by U.S. Coast Guard and Mexican naval patrols, the cocaine was offloaded from the Colombian boats and loaded onto the Juarez Cartel boats. The ton-quantity shipments of cocaine were transported to Quintana Roo port cities, including Cancun and Calderitas, as well as the state capital, Chetumal. The shipments were also taken at times to the country of Belize, which borders Quintana Roo to the south, and transported to Quintana Roo by truck, or by small planes leaving from clandestine airstrips in Belize.

By 1994, Villanueva Madrid was the sitting governor of the state of Quintana Roo. He had

previously served as mayor of Cancun, and in April 1993 was elected governor of the state. In 1994, to ensure that its cocaine shipments would travel safely through Quintana Roo without interference from law enforcement, Juarez Cartel leaders Magana and Quintero reached an agreement with Villanueva Madrid. Under the agreement, Villanueva Madrid was paid between \$400,000 and \$500,000 for each shipment of cocaine that the Juarez Cartel transported through Quintana Roo.

From 1994 through 1999, the Juarez Cartel paid Villanueva Madrid millions of dollars in narcotics proceeds. In return, Villanueva Madrid placed the police and state government infrastructure of Quintana Roo at the disposal of the cartel. State and federal police officers provided armed protection for Juarez Cartel boat crews as they offloaded cocaine from speedboats, and escorted the cocaine shipments—which were hidden inside tanker trucks—as they traveled through the state. State government airplane hangars were used to store and offload cocaine shipments that arrived by plane from Belize. Cartel members were provided with state police identification cards and firearms permits, so that they could travel through Quintana Roo with impunity.

By late 1995, Villanueva Madrid had accrued millions of dollars in narcotics proceeds. During this time period, in an effort to hide the illicit funds, he began transferring them to bank and brokerage accounts in the United States, Switzerland, the Bahamas, Panama, and Mexico, many of which were held in the names of British Virgin Islands shell corporations. Several of these accounts were established at Lehman Brothers Inc., (Lehman) in New York, with the assistance of Consuelo Marquez, a Lehman registered representative.

In 1998, Mexican authorities began investigating Villanueva Madrid for violations of Mexico's narcotics, organized crime and corruption laws. In March 1999, Villanueva Madrid's term as governor of Quintana Roo expired, and with it his immunity from prosecution under the Mexican constitution. That month, Villanueva Madrid fled and remained a fugitive for over two years. In April 1999, the PGR disclosed that it had issued a warrant for Villanueva Madrid's arrest on narcotics, organized crime and corruption charges.

In the weeks and months surrounding his flight, Villanueva Madrid, assisted by Marquez liquidated the millions of dollars in narcotics proceeds he had deposited at Lehman, through a series of wire transfers totaling over \$11 million. These transfers were made through an account at the Mexican bank Banamex that Marquez had secretly opened for Villanueva Madrid in the name of "Lehman Brothers Private Client Services." A large portion of the illicit proceeds—over \$7 million—were then deposited into an account at Lehman that Marquez had opened in the names of a non-existent Mexican family. Marquez was previously convicted in Manhattan federal court in connection with this matter.

May 2001, Villanueva Madrid was located by Mexican authorities with the assistance of the Mexico City Country Office of the DEA, and arrested. Villanueva Madrid had grown a long beard and shoulder-length hair, and had been hiding in remote areas in the Yucatan peninsula, assisted by a network of criminal associates and former aides.

All of Villanueva Madrid's illicit funds at Lehman and in other U.S. accounts, totaling over \$19 million, were seized and later forfeited by U.S. authorities.

Following his arrest, Villanueva Madrid was prosecuted by Mexican authorities and convicted in a Mexican court on organized crime and corruption offenses. He was serving his Mexican sentence when he was extradited.

Villanueva Madrid is charged with cocaine importation conspiracy and cocaine distribution conspiracy in indictment S11 01 Cr. 021. Villanueva Madrid is also charged with conspiring to launder narcotics proceeds, and 13 separate additional counts of money laundering, in indictment S5 02 Cr. 416.

If convicted, Villanueva Madrid faces a mandatory minimum sentence of 10 years in prison and a maximum sentence of life in prison on the narcotics charges, and a maximum sentence of 20 years in prison on each of the 14 money laundering counts.

Mr. Bharara praised the extraordinary investigative efforts of the DEA's New York Organized Crime Drug Enforcement Strike Force—which is comprised of agents and officers of the DEA, the New York City Police Department, the U.S. Internal Revenue Service Criminal Investigation Division, the Department of Homeland Security U.S. Immigration and Customs Enforcement, FBI, and the New York State Police—as well as the DEA's Mexico City Country Office and Merida, Mexico, Resident Office, which together led the investigation. Mr. Bharara also recognized the DEA's Offices in Houston and Pittsburgh, as well as the U.S. Attorney's Office in Houston, and the Mexican PGR, for their invaluable assistance in the investigation. Mr. Bharara also thanked the U.S. Marshals Service and the Department of Justice's Office of International Affairs for their assistance in effectuating the extradition.

U.S. Attorney Preet Bharara stated: “The seeds of today’s violent turmoil in Mexico were first sewn over a decade ago by alleged criminals like Mario Villanueva Madrid. The indictment charges that Villanueva Madrid turned the Mexican state of Quintana Roo into a virtual narco-state, selling its infrastructure and even its police to one of the world’s most dangerous mafia enterprises. By allegedly corrupting his powerful office for profit, Villanueva Madrid permitted the Juarez Cartel to pump 200 tons of poison through Mexico and onto American streets. Today, the former Governor of Quintana Roo finally faces justice in an American courtroom. We are profoundly grateful for the courage the government of Mexico has demonstrated through this extradition, and we applaud the hard work and perseverance of the DEA, our partners in this and so many other vital international organized crime cases.”

DEA Special Agent-in-Charge John P. Gilbride stated: “The apprehension of Mario Villanueva Madrid exemplifies international law enforcement collaboration at its best. Villanueva allegedly abused the trust placed in him by the citizens of Quintana Roo, when he facilitated drug trafficking and money laundering across international borders. I congratulate the law enforcement officials on both sides of the U.S. Mexico border for ending Villanueva's abuse of power and corruption.”

This extradition is part of the department's Southwest Border Strategy, announced in March 2009, which uses federal prosecutor-led task forces that bring together federal, state, and local law enforcement components to identify, disrupt, and dismantle the Mexican drug cartels through investigation, prosecution, and extradition of their key leaders and facilitators and seizure and forfeiture of their assets. Through continued joint cooperation at all levels of the Obama and

Calderon administrations, the Department of Justice and its partners are actively working to stem the flow of illegal narcotics, weapons and bulk cash moving across the U.S./Mexico border.

This case is being prosecuted by the Office's Terrorism and International Narcotics Trafficking Unit. Assistant U.S. Attorneys Anirudh Bansal and Jocelyn E. Strauber are in charge of the prosecution.