



Federal Jury in Austin Convicts Four in Multi-Million-Dollar Money Laundering Conspiracy Involving Los Zetas Drug Trafficking Proceeds, Extortion, and Bribery

Cash from the Sale of Drugs was Laundered to Purchase, Train, Breed, and Race American Quarter Horses in U.S.

May 09, 2013

In Austin, four men face up to 20 years in federal prison after a jury convicted them of their roles in a complex conspiracy to launder millions of dollars in illicit Los Zetas drug trafficking proceeds to purchase, train, breed, and race American quarter horses in the United States, announced United States Attorney Robert Pitman; FBI Special Agent in Charge Armando Fernandez; Richard Weber, Chief, Internal Revenue Service Criminal Investigation; and DEA Special Agent in Charge Javier Pena.

Jurors convicted 46-year-old Balch Springs, Texas resident Jose Trevino Morales, the brother of purported Los Zetas leaders; Miguel Trevino Morales (aka "40") and Oscar Omar Trevino Morales (aka "42"), as well as 52-year-old Mexican businessman Francisco Colorado Cessa, 30-year-old horse trainer and purchasing agent Fernando Solis Garcia, and 49-year-old horse trainer Eusevio Maldonado Huitron of one count of conspiracy to commit money laundering. Jurors acquitted horse trainer and home builder Jesus Maldonado Huitron of Austin of the money laundering conspiracy charge. No sentencing date has been scheduled for the four convicted this afternoon.

"This trial documented the violence, brutality, and corruption generated by Mexican drug cartels—in this case the particularly ruthless Los Zetas. The government was able to show how the corrupting influence of drug cartels has extended into the United States with cartel bosses using an otherwise legitimate domestic industry to launder proceeds from drug trafficking and other crimes," stated United States Attorney Robert Pitman.

U.S. Attorney Pitman added, "The Department of Justice, the Treasury Department and all our federal, state, and local law enforcement partners are committed to drawing a line in the sand to prevent the Mexican cartels from importing their brand of violent crime, corruption, and ruthlessness into the United States. When we find evidence of cartel activity, whether in the form of drug trafficking, firearms smuggling, or money laundering, we will work tirelessly to root out the perpetrators, deprive them of their profits, and seek the punishment appropriate to their crimes."

Evidence presented during the 12-day trial revealed that Los Zetas are a powerful drug cartel based in Mexico and generate multi-million-dollar revenues from drug trafficking. Since 2008, Miguel and Oscar Trevino Morales would direct portions of the bulk cash generated from the sale of illegal narcotics to Jose Trevino and his wife, Zulema Trevino, for purchasing, training,

breeding, and racing American quarter horses in the United States. Testimony also revealed a shell game by the defendants involving straw purchasers and transactions worth millions of dollars in New Mexico, Oklahoma, California, and Texas to disguise the source drug money and make the proceeds from the sale of quarter horses or their race winnings appear legitimate. Furthermore, the defendants implemented a scheme to structure cash deposits in amounts under \$10,000 in order to circumvent mandatory bank reporting requirements.

“Today’s verdict affirms the hard work and dedication of The FBI and our law enforcement partners in combating drug cartels and their attempts to influence and control legitimate enterprises. The FBI will continue to combat the efforts of organized criminal enterprises, including the Zetas, who would seek to endanger our communities,” stated FBI SAC Armando Fernandez.

Over 400 quarter horses seized by federal authorities in June as part of the above mentioned money laundering operation have been sold for approximately \$9 million. Most of the horses were sold at Heritage Place Auction Facility in Oklahoma City, Oklahoma, in the past year including A Dash of Sweet Heat, which sold for \$1 million. Approximately 100 broodmares were sold prior to auction for \$35,000. The federal government still retains possession of nine quarter horses, including Tempting Dash, winner of the Dash for Cash at Lone Star Park race track in Grand Prairie, Texas, on October 24, 2009; Mr. Piloto, \$1 million All American Futurity winner at Ruidoso Downs on Labor Day, 2010; Dashin Follies; Separate Fire; and Y516, a yearling seized on Zule Farms in Lexington, Oklahoma. Four of the nine quarter horses, none of which are named above, are scheduled for sale at auction at Heritage Place Auction Facility in Oklahoma on May 11, 2013.

U.S. Attorney Pitman noted that the proceeds from the sale of these quarter horses are held in escrow pending the resolution of a forfeiture action. Furthermore, the government seeks the forfeiture of farm and ranch equipment; horse racing equipment; real property in Lexington, Oklahoma, and in Bastrop County, Texas; and funds contained in three bank accounts allegedly used in the defendants’ scheme. The government also seeks a monetary judgment in the amount of \$60 million, representing the amount of money derived from the conspiracy.

“This verdict is an important victory for the American public,” said Richard Weber, Chief, IRS Criminal Investigation. “The Los Zetas used U.S. businesses to legitimize their illegal drug proceeds. Today, the Los Zetas cartel was brought to justice for their drug trafficking and money laundering operations. By following the money trail, IRS-CI special agents were able to financially disrupt and dismantle this major drug trafficking organization. The fall of the Los Zetas cartel is an example of the great work our agents do on a daily basis.”

Authorities continue to seek the apprehension of seven co-defendants in this case including purported leaders of the Los Zetas, 35-year-old Miguel Trevino Morales (aka “40”) and his brother, 39-year-old Oscar Trevino Morales (aka “42”), as well as 32-year-old Victor Manuel Lopez, Sergio Guerrero Rincon, 41-year-old Luis Gerardo Aguirre, Erick Jovan Lozano Diaz, and Gerardo Garza Quintero. Co-defendants Zulema Trevino, the wife of Jose Trevino Morales; Alexandra Garcia Trevino, the daughter of Jose Trevino Morales; 21-year-old Raul Ramirez; 23-year-old Adan Farias; and 29-year-old Felipe Alejandro Quintero entered pleas of guilty to related charges prior to jury selection and are awaiting sentencing.

This investigation was conducted by agents with the Federal Bureau of Investigation, Internal Revenue Service-Criminal Investigation, and the Drug Enforcement Administration, with assistance from the United States Marshals Service, Immigration and Customs Enforcement

Homeland Security Investigations (ICE-HSI), and U.S. Customs and Border Patrol, as well as local law enforcement agents in Irving, Texas; Lorena, Texas; Bruceville Eddy, Texas; Fort Worth, Texas; and Laredo, Texas. The investigation received assistance from the Texas Army National Guard; Cleveland County, Oklahoma Sheriff's Office; and the Oklahoma and New Mexico Racing Commissions. The U.S. Attorney's Office for the Eastern District of Texas prosecuted several members of the Los Zetas drug cartel on drug trafficking charges related to this conspiracy and provided substantial assistance to this investigation. The U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) provided assistance with the forfeiture action in this case.