

FAST AND FURIOUS MONEY LAUNDERING

Every time I read Treasury's updates of sanctions designations, I'm reminded that two of our three new trade partners—Colombia and Panama—are really centers for corruption, money laundering, and crime. One of three new kingpins added to the list is from Colombia (the other two from Mexico), something like 23 of 50-some people and companies being taken off the list are Colombian, and something like 8 are from or have ties to Panama. (Speaking of which, former Iraqi Oil Minister Dr. Safa Haji al-Habobi, congratulations on being de-listed!) While you could argue making it easy to import to the US might stem the corruption, you might also argue that our trade agreements just facilitate such corruption.

Which brings me to this story from yesterday's NYT, describing how the DEA helped drug traffickers launder money as part of an investigation into Colombian trafficker Harold Mauricio Poveda-Ortega.

American drug enforcement agents posing as money launderers secretly helped a powerful Mexican drug trafficker and his principal Colombian cocaine supplier move millions in drug proceeds around the world, as part of an effort to infiltrate and dismantle the criminal organizations wreaking havoc south of the border, according to newly obtained Mexican government documents.

The documents, part of an extradition order by the Mexican Foreign Ministry against the Colombian supplier, describe American counternarcotics agents, Mexican law enforcement officials and a Colombian informant working undercover together over several months in 2007. Together, they conducted numerous wire transfers of tens of thousands of

dollars at a time, smuggled millions of dollars in bulk cash – and escorted at least one large shipment of cocaine from Ecuador to Dallas to Madrid.

And since we've been tracking sealed dockets, the NYT includes this tidbit:

According to the newly obtained documents, Mexico agreed to extradite Mr. Poveda-Ortega to the United States last May. But the American authorities refused to say whether the extradition had occurred.

This story, of course, follows allegations made by a key Sinaloa cartel member that the US had developed a cooperation deal with the cartel.

Mexican soldiers arrested Zambada Niebla in late March 2009 after he met with DEA agents in a posh Mexico City hotel, a meeting arranged by a US government informant who also is a close confidant of Ismael Zambada and Chapo Guzman. That informant, Mexican attorney Humberto Loya Castro, by the US government's own admission in court pleadings in the Zambada Niebla case, serves as an intermediary between the Sinaloa Cartel leadership and US government agencies seeking to obtain information on rival narco-trafficking organizations.

"Toward the end of June 3, 2005, the CS [informant Loya Castro] signed a cooperation agreement with the United States Attorney's Office for the Southern District of California," states an affidavit filed in the Zambada Niebla case by Loya Castro's handler, DEA agent Manuel Castanon. "... Thereafter, I began to work with the CS. Over the years, the CS' cooperation resulted in the seizure of several significant loads of narcotics and precursor chemicals. The

CS' cooperation also resulted in other real-time intelligence that was very useful to the United States government."

According to Zambada Neibla, he and the rest of the Sinaloa leadership, through the informant Loya Castro, negotiated a quid-pro-quo immunity deal with the US government in which they were guaranteed protection from prosecution in exchange for providing US law enforcers and intelligence agencies with information that could be used to compromise rival Mexican cartels and their operations.

I understand the need for informants in such investigations. But I also wonder about the level of oversight that exists over such operations.

And I find it really ironic that, even while Republicans try to make gun-running their signature gotcha issue for the Obama Administration (in spite of Bush's use of the tactic as well), they're ignoring how much we seem to be fostering money laundering in the guise of law enforcement.