

Treasury Works with Government of Mexico Against Perpetrators of Corruption and their Networks

May 17, 2019

OFAC Sanctions a Magistrate Judge and Former Governor, Among Others

Washington – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated a Mexican magistrate judge and a former Mexican governor due to their involvement in corruption activities. OFAC designated Mexican magistrate judge Isidro Avelar Gutierrez pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act) because of his actions on behalf of the Cartel de Jalisco Nueva Generacion (CJNG) and the Los Cuinis Drug Trafficking Organization (Los Cuinis), two closely allied narcotics trafficking organizations designated pursuant to the Kingpin Act in 2015. Avelar Gutierrez received bribes from these narcotics trafficking organizations in exchange for providing favorable judicial rulings to their senior members.

OFAC also designated Roberto Sandoval Castaneda, the former governor of the Mexican state of Nayarit, pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act and targets perpetrators of serious human rights abuse and corruption. Sandoval Castaneda has engaged in an array of corruption activities, such as the misappropriation of state assets and the receipt of bribes from Mexican drug trafficking organizations, including CJNG. Additionally, OFAC designated six other Mexican individuals and six Mexican entities linked to CJNG or Los Cuinis pursuant to the Kingpin Act, as well as three other Mexican individuals and four Mexican entities pursuant to E.O. 13818 because of their links to Sandoval Castaneda.

“The U.S. government’s coordinated action with our Mexican counterparts advances our joint commitment to combating corruption,” said Sigal Mandelker, Under Secretary for Terrorism and Financial Intelligence. “Officials such as Isidro Avelar Gutierrez and Roberto Sandoval Castaneda callously enrich themselves at the expense of their fellow citizens. Whether they are receiving bribes from narcotics trafficking organizations or engaging in a variety of other illicit activities, these and other corrupt officials will face serious consequences including being cut off from the U.S. financial system. Working with our Mexican partners, Treasury will not hesitate

to sanction current or former officials and their networks whose corruption destabilizes financial systems and democratic institutions.”

As a result of today’s action, all property and interests in property of the individuals and entities named below, and of any entities that are owned, directly or indirectly, 50 percent or more by one or more designated persons, that are in the United States or in the possession or control of U.S. persons, are blocked and must be reported to OFAC. OFAC’s regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons.

KINGPIN ACT – CJNG AND LOS CUINIS

In addition to Mexican magistrate judge, Isidro Avelar Gutierrez, other persons designated today pursuant to the Kingpin Act have engaged in corruption activities on behalf of CJNG and Los Cuinis. Siblings Erika Gonzalez Valencia and Ulises Jovani Gonzalez Valencia have helped bribe government officials on behalf of CJNG and Los Cuinis. They also launder money in furtherance of these organizations’ international narcotics trafficking activities. Victor Francisco Beltran Garcia, a Guadalajara-based attorney, facilitates corruption activities on behalf of CJNG and Los Cuinis. Additionally, Ana Paulina Barajas Sahd helps operate businesses on behalf of her husband, Ulises Jovani Gonzalez Valencia.

OFAC also designated today under the Kingpin Act senior CJNG member Gonzalo Mendoza Gaytan, who is also known as “El Sapo.” Mendoza Gaytan and his subordinates are responsible for kidnappings and numerous killings. Additionally, Mendoza Gaytan controls the Puerto Vallarta, Jalisco “plaza,” or sphere of influence, allowing him to oversee this area’s drug trafficking and other criminal activities on behalf of CJNG. Liliana Rosas Camba, the wife of Mendoza Gaytan, was also designated. Rosas Camba manages business activities and launders drug proceeds on behalf of her husband and CJNG.

The six Mexican entities designated today pursuant to the Kingpin Act, all of which are located in the Guadalajara area of Jalisco, are: A&A Estudio Arquitectonico, S. de R.L. de C.V. (architecture firm), Arquitectura y Diseno en Balance, S.A. de C.V. (architecture and real estate firm), G Y R Arquitectos, S. de R.L. de C.V. (architecture and real estate firm), Granatura, S. de P.R. de R.L. de C.V. (organic products company), Jafiela Boutique, S.A. de C.V. (women’s clothing store), and Operadora Restaurantera del Sol Naciente, S. de R.L. de C.V. (restaurant management company).

Today’s Kingpin Act designation marks OFAC’s 10th action against CJNG and Los Cuinis. In previous actions, OFAC designated a wide range of businesses and individuals linked to these

organizations. The previously designated businesses in Mexico include shopping centers, real estate companies, restaurants, agricultural companies, a music promotion business, and a luxury boutique hotel. Many of these Mexican entities have engaged in the laundering of drug proceeds and represent attempts by CJNG and Los Cuinis to become more integrated with the legitimate economy. Among the previously designated individuals is Miguel Jose Leone Martinez (a.k.a. Miguel Leone), a Venezuelan national who purports to be a fashion photographer but, in reality, helps to lead an international prostitution ring on behalf of Los Cuinis. Leone uses his profession to recruit models and beauty pageant contestants from South America, including Venezuela, to serve as prostitutes for senior members of Los Cuinis in Mexico and elsewhere.

These Kingpin Act sanctions apply continued pressure to CJNG and Los Cuinis, which OFAC designated on April 8, 2015, along with their respective leaders, brothers-in-law Nemesio Oseguera Cervantes (a.k.a. “Mencho”) and Abigael Gonzalez Valencia. According to the U.S. Department of Justice, CJNG is one of the five most dangerous transnational criminal organizations in the world, responsible for trafficking tons of cocaine, methamphetamine, and fentanyl-laced heroin into the United States, as well as for violence and significant loss of life in Mexico. In March 2014, following an investigation by the Drug Enforcement Administration’s (DEA) Los Angeles Field Division, a federal grand jury in the U.S. District Court for the District of Columbia indicted Oseguera Cervantes and Gonzalez Valencia on the charge of being the principal leaders of a Continuing Criminal Enterprise. Mexican authorities captured Gonzalez Valencia in late February 2015 and he is awaiting extradition to the United States. Oseguera Cervantes remains a fugitive. The U.S. Department of State’s Narcotics Rewards Program has issued a reward of up to \$10 million for information leading to the arrest and/or conviction of Oseguera Cervantes. Tips can be submitted to DEA by phone (+1-213-237-9990), through Twitter (@DEALosAngeles), and by email (MENHOTIPS@usdoj.gov).

E.O. 13818 GLOBAL MAGNITSKY – ROBERTO SANDOVAL CASTANEDA

Roberto Sandoval Castaneda, who faces multiple investigations in Mexico, has held numerous public offices in his home state of Nayarit, Mexico. Most recently, Sandoval Castaneda was Nayarit’s governor (2011-2017), and before that, he was the mayor of the state’s capital city, Tepic (2008-2011). During this time, Sandoval Castaneda misappropriated state assets and received bribes from narcotics trafficking organizations, including CJNG, in exchange for information and protection. In addition, Sandoval Castaneda previously accepted bribes from

the Beltran Leyva Organization, which President George W. Bush identified as a significant foreign narcotics trafficker pursuant to the Kingpin Act in 2008. Sandoval Castaneda also has ties to the Flores Drug Trafficking Organization and its leader, Raul Flores Hernandez, which OFAC identified as significant foreign narcotics traffickers pursuant to the Kingpin Act in 2017.

OFAC also designated today under E.O. 13818 three of Sandoval Castaneda's complicit family members who have acted or purported to act on his behalf by holding his ill-gotten assets in their names: Ana Lilia Lopez Torres (wife), Lidy Alejandra Sandoval Lopez (adult daughter), and Pablo Roberto Sandoval Lopez (adult son). Sandoval Castaneda and these family members continue to enjoy the illicit benefits from his corruption schemes.

Four Mexican entities were also designated today for being owned or controlled by Sandoval or a designated family member: Bodecarne, S.A. de C.V. (butcher business), Iyari (clothing and accessories store), L-Inmo, S.A. de C.V. (real estate holding company), and Valor y Principio de Dar, A. C. (land-holding foundation).

OFAC closely coordinated these actions with DEA and U.S. Customs and Border Protection's National Targeting Center, among other U.S. government partners.

[More information on the individuals and entities designated today.](#)

[View the Kingpin Act chart on individuals and entities designated today](#) .

[View the E.O. 13818 chart on individuals and entities designated today](#) .

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