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U.S. Department of Justice
Drug Enforcement Administration



The Cali Cartel: The New Kings of Cocaine

Drug Intelligence Report

Intelligence Division

November 1994
DEA-94086

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152436

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Drug Enforcement Administration

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Drug Intelligence Report

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152436

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November 1994

CONTENTS


iii	Administrator's Message
1	The Cali Cartel: The New Kings of Cocaine
2	Profiles of the Cali Cartel Kingpins
6	Cali Cartel Operations in Latin America and the Caribbean
8	Cali Cartel Operations in the United States
9	Drug Law Enforcement Operations Against the Cali Cartel
10	Final Observations
11	Distribution

ADMINISTRATOR'S MESSAGE

Cocaine remains readily available throughout the United States at relatively low prices and high purities. The drug predominates abuse data in virtually all major U.S. cities. Because of widespread abuse, the nature of hard-core crack addiction, violence and crime, and the impact on our families and quality of life, cocaine remains our top priority. It is the Cali Cartel that supplies most of this cocaine.

Multinational counterdrug efforts crippled the Medellin Cartel that dominated the international cocaine trade in the 1980's and into the early 1990's. The Cali Cartel, a loose association of five independent trafficking organizations, took advantage of the Colombian Government's focus on the Medellin Cartel by consolidating its control of the international cocaine trade. Each year, the Cali Cartel smuggles hundreds of tons of cocaine into the United States and Europe, and launders billions of dollars in drug proceeds. The Cali Cartel kingpins direct and manage criminal enterprises employing thousands throughout Latin America, Europe, and the United States. These include investors, bankers, lawyers, logistics experts, exporters, importers, chemists, wholesalers, and retailers.

The Drug Enforcement Administration is committed to aggressively attacking Cali Cartel operations around the world. A firm commitment by the international drug law enforcement community is crucial if we are to disrupt, and eventually dismantle, the Cali Cartel.



Thomas A. Constantine
Administrator

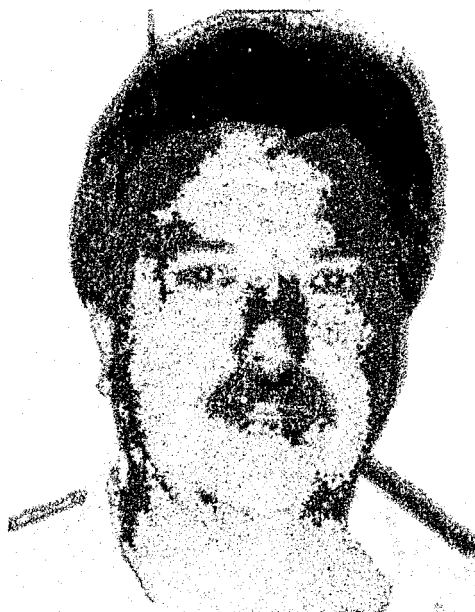
PROFILES OF THE CALI CARTEL KINGPINS

The principal leaders of the Cali Cartel oversee a vast international network of cocaine production, transportation, wholesale distribution, and money laundering operations. The Cali kingpins exercise direct control over the operations of their respective international drug trafficking organizations. A rigid "top down" command and control structure is characteristic of the Cali organizations.

Although each of the five major Cali trafficking groups are separate and independent criminal organizations, they are known to share certain resources when their interests coincide. For example, it is common for two or more Cali groups to combine cocaine shipments for transport to the United States. Likewise, different Cali groups may cooperate in drug money laundering operations. A thumbnail sketch of the Cali Cartel leaders and their respective organizations is provided below.

Gilberto and Miguel Rodriguez-Orejuela

Gilberto Rodriguez-Orejuela and his younger brother, Miguel, control what may be the most powerful of the Cali Cartel organizations. Gilberto, known by his associates as "The Chess Player" because he runs his drug business with cold calculation, is believed to be responsible for the organization's long-term "strategic planning." He appears to have distanced himself from the day-to-day operations of the organization. Miguel, on the other hand, is a "micro-manager" who insists on being involved in the minuscule details of the organization's daily operations. The Rodriguez-Orejuela organization is involved in all aspects of the cocaine trade, including production, transportation, wholesale distribution, and money laundering.



Gilberto Rodriguez-Orejuela



Miguel Rodriguez-Orejuela

Although the Rodriguez-Orejuela brothers have attempted to avoid the indiscriminate violence associated with the Medellín Cartel, they show no qualms about engaging in kidnapping and physical threats—and in some cases murder—to intimidate business associates and competitors. Likewise, bribes and threats are used extensively to co-opt or intimidate Colombian Government officials by offering them the proverbial choice between "lead or silver" ("*plomo o plata*").

The Rodriguez-Orejuela organization uses a wide variety of sophisticated transportation and smuggling techniques to deliver its cocaine to the United States. Tons of cocaine are smuggled into Mexico each year by way of aircraft and vessel for subsequent shipment across the U.S. southwest border. The Rodriguez-Orejuela brothers usually contract the services of independent Mexican drug transportation groups to smuggle cocaine from Mexico to the United States via land vehicle. Southern Florida also is used by the Rodriguez-Orejuela organization as a key point of entry for cocaine smuggled aboard vessels. After the cocaine is smuggled into the United States, wholesale distribution operations are carried out in Houston, Los Angeles, Miami, New York City, and other U.S. cities. The Rodriguez-Orejuela organization also runs drug money laundering operations in these major U.S. cities.

To capitalize on the fact that wholesale prices for cocaine in Europe are higher than those realized in the United States, the Rodriguez-Orejuelas also are active throughout Western Europe. Wholesale prices for cocaine in Europe generally range from \$30,000 to \$50,000 per kilogram, compared to \$10,500 to \$40,000 per kilogram in the United States. The Iberian Peninsula serves as a key "gateway" for the organization's cocaine destined for the major cocaine markets in France, Germany, Italy, the Netherlands, and the United Kingdom.

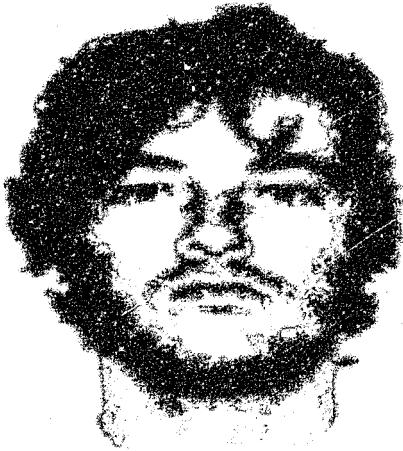


Jose Santacruz-Londono

Jose Santacruz-Londono

Jose Santacruz-Londono has been characterized by associates as a low-key, non-presumptuous person who commands respect from his subordinates. However, he is considered to be one of the more violent Cali kingpins. Although Santacruz-Londono's talent seems to lie in managing international cocaine transportation networks, his organization also is involved in drug production, wholesale distribution, and money laundering. Reporting suggests that Santacruz-Londono plays a key role in the Cali Cartel's intelligence collection efforts.

Santacruz-Londono's major U.S. wholesale cocaine distribution and money laundering operations tend to center around the New York City metropolitan area. The Santacruz-Londono organization also has been linked to limited cocaine HCl production operations in the Northeast. In June 1992, the Drug Enforcement Administration (DEA) seized two cocaine conversion laboratories in Brooklyn, New York, that were connected to Santacruz-Londono. DEA investigations also have tied Santacruz-Londono to drug money laundering operations in various cities in Europe and the Americas.



Helmer "Pacho" Herrera-Buitrago
(photo at least 15 years old)

Helmer "Pacho" Herrera-Buitrago

Pacho Herrera has been depicted by colleagues as a quiet, decisive, and dependable individual; his word is his bond. In the 1980's, Herrera personally directed cocaine distribution and money laundering activities in the New York City area on behalf of the Rodriguez-Orejuela organization. By 1990, he had established his own family-run cocaine trafficking operations. Today, the Herrera organization is involved in cocaine production, transportation, wholesale distribution, and money laundering.

Pacho Herrera's wholesale cocaine distribution and money laundering operations in the United States are handled by numerous compartmentalized criminal groups (cells) that are responsible for specific functions in a given region of the country. In late 1991, the New York Drug Enforcement Task Force dismantled two of Herrera's cocaine distribution cells operating out of the New York City metropolitan area. The Herrera organization remains most active in the Northeast, and dominates the lucrative wholesale cocaine market in the Queens/Jackson Heights area of New York City. The group also operates out of Houston, Los Angeles, Miami, and other U.S. cities.

Jairo Ivan and Julio Fabio Urdinola-Grajales

The Urdinola brothers are extremely violent drug traffickers, and may be responsible for the torture and murder of more than 100 people in Colombia. The murder charges against Jairo Ivan Urdinola, however, have been dismissed by Colombian authorities. In April 1992, the Colombian National Police (CNP) arrested Jairo Ivan Urdinola on "illicit enrichment" charges. Although Jairo Ivan remains in custody, he may



Jairo Ivan Urdinola-Grajales

be released in the near future as a result of a plea-bargain agreement with the Government of Colombia (GOC). His incarceration notwithstanding, Jairo Ivan has continued to direct many aspects of the group's operations. Julio Fabio assumed control over many of the organization's day-to-day activities after Jairo Ivan's arrest. Julio Fabio surrendered to the GOC in March 1994, and still is negotiating with the GOC for a final sentence.

The Urdinola organization distributes multiton quantities of cocaine throughout the United States, including Chicago, Houston, Los Angeles, Miami, Newark, and New York City. The group also has expanded somewhat into the production and trafficking of Colombian heroin.



Julio Fabio Urdinola-Grajales

Raul Grajales-Lemos and Luis Grajales-Posso

Raul and Luis Grajales, who are first cousins and related to the Urdinola-Grajales family by marriage, have been careful to portray themselves as legitimate businessmen. In fact, they use their numerous business enterprises as fronts for their drug and money laundering operations. The Grajales are known to use both aircraft and sea vessels to transport tons of cocaine to Western Europe. One smuggling method closely associated with the Grajales organization has been the concealment of cocaine inside containerized shipments of fruit.

The Grajales organization has been very active in Western Europe, and now is attempting to exploit Eastern Europe's difficult transition from communism to establish new cocaine transshipment routes. Most of the cocaine transported through Eastern Europe and the independent countries of the former Soviet Union is destined for Western Europe.



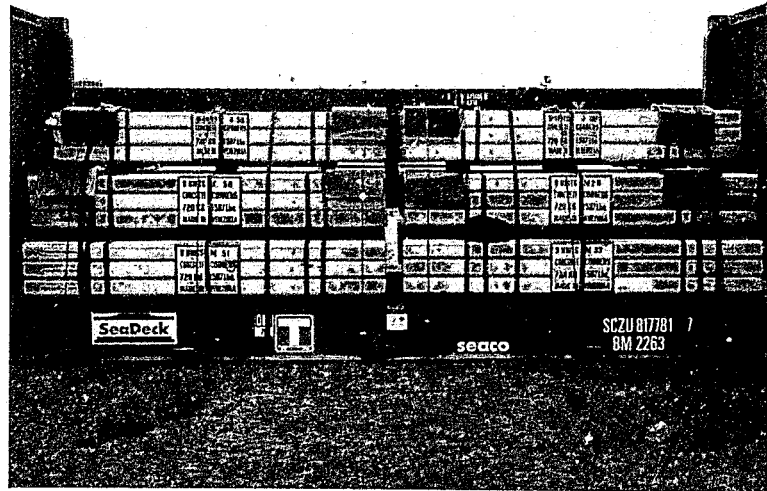
Raul Alberto Grajales-Lemos



Luis Alfredo Grajales-Posso

CALI CARTEL OPERATIONS IN LATIN AMERICA AND THE CARIBBEAN

The leaders of the Cali Cartel exert direct command and control over all major aspects of the international wholesale cocaine trade. Cali Cartel organizations import cocaine base from Peru and Bolivia, convert it into cocaine HCl at clandestine laboratories in Colombia, and smuggle the finished cocaine abroad for wholesale distribution. The world's total maximum potential cocaine production in 1993 was estimated in the *1994 International Narcotics Control Strategy Report* to be between 770 metric tons and 805 metric tons. The Cali Cartel was responsible for the vast bulk of this cocaine production.

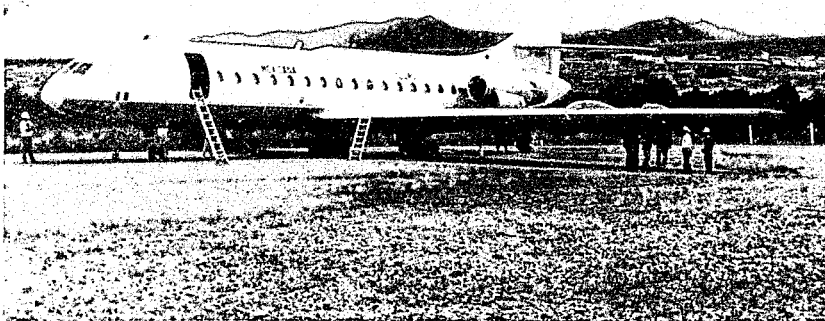


Concrete posts containing 1,075 kilograms of cocaine.

Independent Peruvian and Bolivian trafficking organizations supply the Cali Cartel with cocaine base and some finished cocaine HCl. Colombian traffickers move most of this cocaine base from Peru and Bolivia to cocaine conversion laboratories in Colombia by twin-engine general

aviation aircraft. Cocaine laboratories have been discovered throughout Colombia, particularly in the remote plains and jungles. Some of these laboratory operations involve large, "industrial-type" facilities that employ 20 or more workers and produce in excess of 250 kilograms of

cocaine per week. The cocaine produced in these laboratories is smuggled out of Colombia to foreign markets by traffickers using a combination of air, land, and sea routes.



Jet aircraft, similar to this Aerospatiale Caravelle, are used by the Cali Cartel to transport cocaine to Mexico.

Concealment of cocaine in legitimate containerized and bulk maritime cargo has been an effective method used by Colombian traffickers to smuggle multiton quantities of cocaine into the United States and Europe. Cocaine is secreted in the false bottoms and walls of containers, mixed-in with perishable cargo (such as seafood, frozen vegetables, and cut flowers), and hidden

Major Worldwide Cocaine Seizures Linked to the Cali Cartel

DATE	LOCATION	AMOUNT (in metric tons)	CONCEALMENT METHOD
August 1991	United States	12.2	concrete fence posts
April 1992	United States	6.7	frozen broccoli
July 1992	Panama	5.4	ceramic tiles
February 1993	Russia	1.1	canned meat
October 1993	Mexico	8	false wall of vessel
November 1993	Mexico	6.8	open marine cargo
March 1994	Italy	5.5	shipment of shoes
June 1994	Mexico	4	false wall of vessel
August 1994	Colombia	5.6	cocaine storage sites

inside commercial products (including concrete fence posts and ceramic tiles). The means used to conceal cocaine has been limited only by the resources and ingenuity of the traffickers. Cali Cartel groups even have experimented with using submarine-like "semi-submersible" vessels to smuggle hundred-kilogram quantities of cocaine from Colombia's North Coast to Puerto Rico, and perhaps elsewhere in the Caribbean, for subsequent shipment to the United States.

General aviation aircraft are used to transport cocaine from Colombia to clandestine airstrips in Central America and Mexico. From Mexico or Central America, most of this cocaine is transported by land vehicle into the southwestern United States. Traffickers also use private aircraft to airdrop bales of cocaine in the waters off The Bahamas, Puerto Rico, and other Caribbean islands, for retrieval by boats which then transport the cocaine into the United States.

Cali Cartel traffickers usually "contract out" to independent Mexican or Caribbean drug transportation groups. These groups will transport the cocaine from Mexico, Central America, or the Caribbean to the United States. Key U.S. points of entry for cocaine include Houston, Los Angeles, Miami, New York City, and Phoenix.

In addition to the routine use of general aviation aircraft, some trafficking organizations have increased their use of large, long-range, multiengine aircraft to transport multiton cocaine shipments into Mexico. In rare incidents, aircraft have been used to smuggle cocaine directly into North America. In November 1992, for example, the Royal Canadian Mounted Police seized a Convair 580 aircraft loaded with 4.3 metric tons of cocaine.

CALI CARTEL OPERATIONS IN THE UNITED STATES

The principal Cali Cartel trafficking groups—particularly the Pacho Herrera organization—have established “cells” that operate within a given geographic area. Some cells specialize in a particular facet of the drug trade, such as cocaine transport, storage, wholesale cocaine distribution, or money laundering. Each cell, which may be comprised of 10 to 25 or more employees, operates with little or no knowledge about the membership in, or drug operations of, other cells. The head of each cell reports to a “regional director” who is responsible for the overall management of several cells. The regional director, in turn, reports directly to one of the Cali kingpins in Colombia or their chiefs of operations.

The Cali Cartel dominates wholesale cocaine trafficking in New York City, and conducts extensive trafficking operations in Chicago, Houston, Los Angeles, Miami, and other major cities. From these regional distribution hubs, cocaine is supplied to the cartel’s wholesale customers across the country. It should be noted, however, that the Cali Cartel is not involved in drug trafficking at the retail, or street level. A diverse assortment of ethnic and African-American gangs are responsible for most of the domestic street trade in cocaine “powder” and “crack.”



The Cali Cartel uses a variety of means to return drug profits to Colombia. In the photograph above, more than \$3.5 million in cash and money orders were to be returned to Cali via Federal Express.

In addition to the complex logistics of wholesale cocaine distribution, Cali-based traffickers face enormous problems in managing their financial operations—processing, stashing, transporting, and laundering vast amounts of money. The volume of cash generated by the drug trade exceeds the volume of the drugs. The Cali Cartel kingpins usually allow their financial and legal experts to manage the money laundering apparatus. Only when something goes wrong, such as the seizure of foreign bank accounts, do the cartel leaders become directly involved in the drug money laundering process.

The success of Operation GREEN ICE has compelled the Cali Cartel to seek more secure methods to launder drug money.² In an effort to avoid the risks associated with direct deposits in U.S. or European banks, or the international electronic transfer of drug monies, the Cali Cartel has returned to the simplest of money laundering methods, the bulk movement of cash. Millions of dollars in drug money are smuggled from the United States to Colombia inside maritime containerized cargo and air cargo. Also, drug money is converted into postal money orders and travelers checks for shipment to Colombia.

² In September 1992, a Drug Enforcement Administration international money laundering enforcement operation, code-named GREEN ICE, culminated with 192 arrests and the seizure of more than \$47 million from trafficker accounts. Law enforcement agencies from Canada, the Cayman Islands, Colombia, Costa Rica, Italy, Spain, the United Kingdom, and the United States participated in Operation GREEN ICE.

DRUG LAW ENFORCEMENT OPERATIONS AGAINST THE CALI CARTEL

The international drug law enforcement community is engaged actively in a collective effort to strike at the Cali Cartel's drug production, drug transportation, communications, wholesale drug distribution, and money laundering networks. Notable recent successes against the Cali Cartel are examined below.

Drug Production

Drug law enforcement agencies in Bolivia, Colombia, and Peru continue to target cocaine laboratories and the essential chemicals used to make cocaine. These operations have been successful in hindering the traffickers' ability to process cocaine. In March 1994, the CNP, with support from DEA, carried out a major enforcement action against one of Colombia's most important suppliers of essential chemicals. Colombian authorities raided eight field offices of Holanda Chemicals International and seized 1,754 metric tons of essential chemicals. To date, this remains the largest seizure of essential chemicals in history. An estimated 136 metric tons of cocaine could have been produced with these chemicals.

Drug Transportation

Small general aviation planes and large jet aircraft are used to smuggle cocaine from Colombia. International drug law enforcement efforts to identify and seize these aircraft have led to the confiscation of numerous planes in the United States, Latin America, and the Caribbean. In the last 3 years, DEA's Operation EMERALD CLIPPER has been responsible for the seizure of over 73 aircraft, including 1 jet aircraft valued at \$10 million.

Communications

The intricate logistics of international drug transportation and money laundering requires thousands of telephone calls, facsimile transmissions, and radio conversations each month among Cali Cartel associates around the world. The monitoring and analysis of trafficker communications have allowed DEA to disrupt and dismantle Cali Cartel distribution cells in the United States and to identify high-level traffickers overseas.

Wholesale Drug Distribution

The dismantling of Cali Cartel cocaine distribution cells in the United States always has been a top priority for DEA. Through intelligence and investigative sources and methods, DEA has been able to dismantle specific cocaine distribution cells and thereby disrupt Cali Cartel operations. In cooperation with various Federal, State, and local police agencies, DEA targeted Cali Cartel transportation cells in Chicago, Los Angeles, Miami, New Orleans, New York City, San Antonio, and San Francisco. The 2-year investigation led to the arrest of 166 individuals linked to Cali Cartel transportation cells throughout the United States, and the seizure of over \$13 million in cash and 6 tons of cocaine.

Drug Money Laundering

The billions of dollars generated each year by Cali Cartel drug sales in the United States and Europe create unique "business challenges" for the drug kingpins and their money brokers. Bulk amounts of drug money must be converted into forms of wealth that are accessible to the kingpins and that appear to be legitimate. International drug law enforcement's ability to identify, freeze, seize, and forfeit Cali Cartel bank accounts and other financial assets, as demonstrated by Operation GREEN ICE, strikes at the economic incentive that holds the cartel together (i.e., the profit motive).

FINAL OBSERVATIONS

Colombia is at the heart of the international cocaine trade. Accordingly, Colombia's efforts in the counterdrug arena are of critical importance to the United States and other members of the international community. Since early 1993, the Government of Colombia has been negotiating with Cali Cartel representatives on the terms under which the kingpins and their associates would surrender to Colombian authorities. DEA is concerned that the surrender of the Cali Cartel leadership, if realized under lenient terms, would not have a significant impact on the export of illicit drugs from Colombia.

Unfortunately, bringing the Cali drug lords to real justice in the United States, or Colombia, is problematic at best. In 1991, Colombia outlawed the extradition of Colombian citizens. Consequently, extradition of the Cali kingpins from Colombia to the United States is not possible. Likewise, the fact that the Cali Cartel leaders rarely travel outside of Colombia make it unlikely that they can be arrested and prosecuted in the United States or another country.

Furthermore, the unprecedented economic, political, and social power and influence wielded by the Cali kingpins inside Colombia make it difficult to bring these drug lords to justice in their own country. These obstacles notwithstanding, the serious prosecution and incarceration in Colombia of the Cali-based leadership remains a worthwhile goal, and DEA is steadfast in its determination to assist Colombian authorities locate, arrest, and prosecute the kingpins.

DEA is committed to working with the brave men and women in Colombia who are leading the fight against drug trafficking. In particular, it is fitting to recall that the people of Colombia have paid a high price in their struggle against drug trafficking. Over 250 members of the CNP's elite antinarcotics branch have been killed in the line of duty since 1991. Likewise, it is undeniable that Colombia has achieved many notable successes in its counterdrug efforts, including the serious disruption of the Medellín Cartel, large-scale opium poppy eradication, and significant cocaine and marijuana seizures. Colombia and the United States are at an important crossroad in their joint effort to continue a serious antidrug strategy that promotes our common interest in disrupting, and eventually dismantling, the Cali Cartel.

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