

A Cartel and a Briefcase: How Drug Cash Moves on a River of Gold

Alan Katz

Alanrkatz

May 5, 2016 — 3:00 AM CST

Mexican drug cartels operating in the U.S. have a problem: getting the profits home. Sometimes they try sending cash through banks, but that's grown difficult as the government forces financial institutions to beef up anti-money-laundering efforts. So at least one international organization moved its money on a river of molten gold.

The Sinaloa cartel, once led by serial prison escapee Joaquin "El Chapo" Guzman, used some of its proceeds from selling drugs in the U.S. to buy gold in pawn shops, according to allegations in court records. It shipped more than \$98 million in gold to a Florida company that had it melted down and sold for cash. Then the cartel used fake invoices to justify sending the proceeds to a company in Mexico.

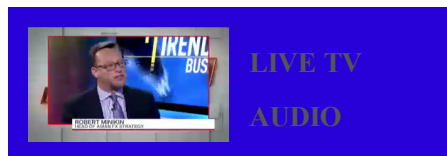
Court documents, plus interviews with people familiar with the alleged scheme, paint an unusually detailed picture of how gold can be used to hide an illicit money transfer.

"If I had a lot of money to launder, I would choose gold," says John Cassara, a former U.S. Treasury special agent and author of books on money laundering. "There really isn't anything else like it out there." Once it's melted down, the commodity's origins are difficult to trace. It can quickly be converted to cash. Many of the companies that deal in gold aren't held to the same compliance standards as banks.

Part of the suspected money laundering operation is laid out in documents from a federal court case in Chicago. People including alleged Sinaloa member Carlos Parra-Pedroza, who's among those facing charges, are accused of arranging for couriers to collect drug proceeds and then buy up gold bars and scrap pieces from jewelry stores and businesses in the Chicago area.

Parra-Pedroza has pleaded not guilty, and his attorney didn't respond to requests for comment. According to the Chicago documents, members of the group shipped the gold via FedEx to an unnamed company in Florida to be melted down for cash.

Boxes of Gold



Between 2011 and 2014, the Chicago complaint says, the company allegedly took in hundreds of boxes sent from the cartel, which used aliases such as Chicago Gold or Shopping Silver. The Florida company collected a commission of 1 percent, then forwarded the remaining money to a company in Mexico owned by Parra-Pedroza and called De Mexico British Metal, court documents allege. The records also say that falsified paperwork made it look as though De Mexico British Metal sold the gold to the unnamed Florida company, helping to make the transactions appear legitimate.

That unnamed company, say two people familiar with the matter, was Natalie Jewelry, which was the subject of a separate case in federal court in Florida. The trail that led U.S. authorities to the company began with a modest question, says one of the people who knows the case.

Lou Bock, a retired agent for the Department of Homeland Security, says U.S. Customs records posed a conundrum: “There’s just way too much gold going through Miami,” he says. He prodded his former agency to look into the uptick, which was suspicious, he believed, because virtually no jewelry is made in Miami.

In January 2014, based on Customs reports showing discrepancies between the volume and value of gold processed by the company, federal agents converged on Natalie Jewelry’s office in an industrial park just north of Miami. They seized cash and hundreds of kilograms of gold and silver. The agents had uncovered a tax-evasion scheme, according to two of the sources. Natalie Jewelry’s records revealed money-laundering links to drug rings including the Sinaloa cartel, the people say.

Guilty Pleas

Natalie Jewelry owners Jed and Natalie Ladin had set up an office for their company in Mexico City, court documents in the Florida case show. Natalie Jewelry would actually sell the gold it received to other companies, known as refineries. Refiners collect their own commission when they melt down scrap gold, then send proceeds back to the gold trader.

The Ladins pleaded guilty to conspiring to launder money on behalf of a separate Mexican drug dealer. They haven’t been charged with laundering funds for the Sinaloa cartel. Jed, who was sentenced to three years in prison, declined to be interviewed. Natalie was sentenced to time served and supervised release; she also declined an interview request, through her lawyer.

There was a bizarre incident during the Miami bust. With cars flashing blue lights and a SWAT team in front of the warehouse, a black sedan pulled up. A man got out, popped the trunk, pulled out a briefcase, and walked toward Natalie Jewelry’s door, a person who was at the scene says.



Close all those tabs. Open this email.

Get Bloomberg's daily newsletter.

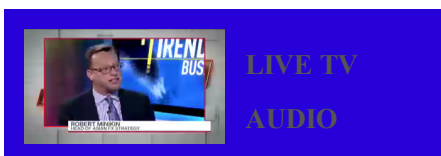
Sign Up



think they even cut his fingers off,” he said.

The man in Florida left with his receipt.

“I just need to drop off this gold and get a receipt,” the man was heard to say. “I need a receipt.” The man walked into the Natalie Jewelry office and dropped off the briefcase, which was full of gold. If he was a cartel courier, his insistence on documentation may be understandable: On surreptitious recordings, Parra-Pedroza described one courier who admitted losing money, after claiming it was seized by authorities. “I



[Terms of Service](#) [Trademarks](#) [Privacy Policy](#)

©2016 Bloomberg L.P. All Rights Reserved

[Careers](#) [Made in NYC](#) [Advertise](#) [Ad Choices](#) [Website Feedback](#) [Help](#)

