

A REUTERS SPECIAL REPORT

How Mexican narcos use remittances to wire U.S. drug profits home

Express Cellular in Columbus, Ohio, as shown in a Google Street View image from May 2019. The shop served as a front for laundering drug money via remittances, according to U.S. federal prosecutors.

Drug cartels are using remittances – money transfers favored by migrant workers – to send illicit earnings back to Mexico. They're hiring armies of people on both sides of the border to move small sums that are difficult to trace to narcotics kingpins, authorities say. Reuters visited Sinaloa, where some residents admitted to cashing remittances for the Sinaloa Cartel.

By [DIEGO ORE](#) | Filed Aug. 18, 2023, 11 a.m. GMT

CULIACÁN, Mexico

A Mexican mother walked into a bank in her home city of Culiacán in the Mexican state of Sinaloa, where an \$8,000 remittance from the United States was waiting. She withdrew the funds in local currency, then strolled across town and deposited nearly all of it into accounts at two different banks.

Money sent home by migrant workers is a lifeline for millions of Mexicans. But the woman had never met the person who wired her the funds, nor the owners of the accounts where she took the cash. What she did know: The deal had been carefully arranged by the Sinaloa Cartel, one of the world's largest drug trafficking groups, to repatriate profits from U.S. drug sales back to Mexico disguised as a routine remittance.

Her cut: \$230 worth of Mexican pesos.

It was the start of easy money for the woman, who said she previously had struggled to make ends meet cleaning houses. Recalling that day in April 2014 for Reuters, she estimated she had earned some \$17,000 over the years recruiting others into the scheme and cashing remittances totaling hundreds of thousands of dollars – but never too much or too often, so as to avoid scrutiny by banking authorities. She said a neighbor got her into the game, and that she had never met her bosses in person.

“Everything was by phone,” she said, “and the phone numbers changed every time.”

The woman showed Reuters WhatsApp messages on her phone that she said were from traffickers coordinating her remittance pickups and drop-offs. One from early 2022 said: “They are waiting for you outside. They know who you are. Give them the money.”

The Culiacán mother is part of an army of civilians recruited by the Sinaloa Cartel and other drug syndicates across Mexico to help move illicit drug profits earned in the United States south of the border. The criminal scheme essentially piggybacks on the vast legal network of money-transfer firms that help migrant laborers send money home to their families.

Remittances to Mexico, nearly all of which come from the United States, hit a record \$58.5 billion last year, according to data from Mexico’s central bank. That’s an increase of \$25 billion, or 74%, compared to 2018, when President Andrés Manuel López Obrador came to power. Mexico’s economy has been slow to recover from the coronavirus pandemic, a factor that has boosted migration to the United States in recent years along with the remittances that workers send home.

As legitimate remittances have ballooned, it has become ever easier for cartels to disguise their ill-gotten gains in small transfers sent to average people across Mexico who have no obvious links to organized crime, according to four U.S. and Mexican security officials.

\$4.4 billion

A March report by the Mexico think tank Signos Vitales estimated that at least \$4.4 billion, or 7.5%, of remittances sent to Mexico last year could come from illegal activity.

The cartels are awash in cash from U.S. sales of fentanyl, cocaine, heroin, methamphetamines and marijuana. Presently, up to 10% of all Mexico-bound remittances may be drug money moved by criminal organizations like the Sinaloa Cartel and the Jalisco New Generation Cartel, according to a U.S. government official who works on illicit finance and asked for anonymity because he is not authorized to speak publicly on the subject. A March report by the Mexico think tank Signos Vitales estimated that at least \$4.4 billion, or 7.5%, of remittances sent to Mexico last year could come from illegal activity.

Several features of the remittance sector make it an attractive vehicle through which criminal funds can enter the financial system, according to four industry executives and the Mexican and U.S. law enforcement officials. Chief among them is the worldwide reach of this network and the modest-sized cash transactions that drive it. Identification requirements for such transfers are more relaxed than those needed to set up a formal bank account or to wire significant sums of money.

Cases of crime groups using popular money-transfer services to conduct illegal activities have been documented before. Reuters reported previously on how gangs operating on both sides of the U.S.-Mexico border have kidnapped migrant workers and held them for ransom, [demanding that relatives wire remittances to free them](#).

Now the news agency is the first to detail how Mexican drug gangs have harnessed legitimate remittance networks to repatriate their U.S. drug profits, and the factors that make this activity so difficult for authorities to detect and thwart.

Reuters interviewed two dozen Mexico residents who said they had been paid by the Sinaloa Cartel to act as conduits for remittances, turning the money over to cartel operatives after receiving it. Records from eight U.S. federal court cases and interviews with a dozen industry insiders, analysts and law enforcement agents on both sides of the border paint a detailed picture of how the criminal venture works.

Seven money-transfer firms and banks that responded to Reuters’ queries said they are constantly working to thwart criminals. Colorado-based Western Union, the world’s largest money-transfer operator, said in a statement that it devotes “significant resources to help detect and deter the misuse of our services.”

Jorge Godínez, Americas director for WorldRemit, a London-based money-transfer service, was skeptical that crooks would turn to remittances to move vast sums of money in bite-sized chunks. “They would need to do a lot of transactions,” Godínez said. “I don’t rule it out, but it’s a little more work.”

But drug syndicates appear to be doing just that, due in part to the coronavirus.



REUTERS/Raquel Cunha

Remittances sent by migrant workers are a lifeline for millions of people in Mexico, where outlets to pick up these funds are ubiquitous. But authorities say Mexican drug cartels are piggybacking on this legal network to repatriate earnings from U.S. narcotics sales.

The use of remittances to move drug money was supercharged by the COVID-19 pandemic after long-established travel routes were upended by closures and lockdowns, according to four security officials from the United States and Mexico. Between March 2020 and November 2021, the U.S.-Mexico border was closed to all but “essential” travel. That made the traditional method of repatriating drug profits – bulk smuggling of cash hidden in southbound cars, trucks and cargo trailers – much harder. Traffickers turned to other means, the security sources said, resulting in a heavier reliance on remittances. It’s an approach that has endured even as the public health emergency has receded, they said, because the networks the narcos established are effective.

In a sign of growing concern within the U.S. government, the office of the Director of National Intelligence, the principal provider of intelligence to the president, included for the first time this year in its [annual threat assessment report](#) the “exploitation of legitimate remittances channels” by transnational crime organizations to launder money. The report did not single out any money-transfer companies.

The use of such transfers by narcos is not a new phenomenon, but the huge increase in remittances from the United States to Mexico in recent years “helps obfuscate this practice,” according to a person familiar with the report. The Sinaloa Cartel and Jalisco New Generation Cartel are believed to be among the drug syndicates using remittances to repatriate drug proceeds, the person said.

Remittances to Mexico

Billions of dollars



58.5

Source: Banco de México

'Many to many'

There is a clear pattern for how money is laundered via remittances, according to the U.S. official who works on illicit finance, people who have participated in the scheme in Mexico, and federal court documents reviewed by Reuters from U.S. money laundering prosecutions.

In the United States, much of the remittance trade is conducted through corner stores, chain retailers and currency exchanges. These businesses sign on as agents with one or more of the money-transfer companies, for example Western Union, and display the familiar logos of these firms in their shops to entice customers. The retailers receive training from the money-transfer companies on how to use their technology platforms, spot fishy transactions and comply with U.S. anti-money laundering laws. Agents are paid a commission for each transaction they process. Customers can bring cash to these storefronts and send it abroad. Neither senders nor receivers are required to have a bank account.

This fragmented network is key to the functioning of the scheme, according to the people and documents. Although money-transfer companies have internal systems designed to spot and curtail illegal activity, controls largely rely on checks done face-to-face with customers at the shop level. Thus, protections are only as robust as the honesty and diligence of these mom-and-pop agents, some of whom are purportedly in league with drug traffickers, according to law enforcement sources and the eight federal court cases reviewed by Reuters that involved alleged laundering of drug money via money transfers.

Republican U.S. Senator John Cornyn of Texas in 2019 [introduced a bill](#) that would require the Secretary of the Treasury to analyze the use of remittances by criminals for narcotics trafficking and other illicit activities, and come up with a strategy for stopping it. That proposed legislation became part of [a larger anti-money laundering bill](#) introduced last year by Senator Chuck Grassley of Iowa that failed to come up for a vote in Congress.

"The overdose crisis in the United States makes attacking the cartels in their pocketbook all the more urgent," Grassley said in a statement to Reuters. He said he's working to reintroduce the legislation.

Cornyn's office did not respond to a request for comment.

The Financial Crimes Enforcement Network (FinCen) of the U.S. Department of the Treasury, whose job is to thwart money laundering, said in an emailed statement that it "consistently monitors and evaluates enforcement matters" against financial institutions, including remittance companies. The statement said that FinCen, as a matter of policy, doesn't comment on investigations or confirm whether a probe is under way.

Currently, [U.S. law mandates](#) that money transmitters keep records of all transactions of \$3,000 or more for five years, including names and addresses of people on both ends of each transfer. Suspicious activity must be reported to FinCen. To stay under the radar, crooks tend to keep their transactions below the \$3,000 threshold, according to the court documents and the people who said they laundered money this way.

Remittance shops have their own internal procedures as well, and many routinely require senders to show identification and provide telephone numbers for transfers of any size. But this information is easily fabricated, particularly by corrupt insiders running these storefronts, making it difficult for law enforcement to identify patterns, according to documents from the eight federal cases and officials on both sides of the border.

cities, couriers transport portions of the cash to complicit recording agents along with lists of payee names located in Mexico drug source cities. Recording agents collaborate with traffickers by fabricating different unique sender names and identities for every unique payee name. Those sender identities are often used no more than twice and then never appear again in transaction activity—all making it difficult for law enforcement to track and analyze. Involved recording agents then structure the falsified transactions to be just below the corporate MSB's identification threshold, which in turn enables the recording agent to send the most cash per transaction without also fabricating a fake government ID number. The involved recording

Excerpt from a 2019 criminal complaint filed by federal prosecutors in an Ohio drug trafficking case. It outlines general methods used by crooked U.S.-based remittance shops to stay off the radar of authorities when laundering drug money for narcos. United States District Court, Southern District of Ohio via Reuters

The process of dividing large amounts of money into smaller transactions to avoid reporting requirements is commonly known as “smurfing” or “structuring.” Mobilizing large numbers of people or “smurfs” to send and receive those modest sums is referred to as “many to many” by U.S. law enforcement agents.

U.S.-based accomplices sending money south can earn kickbacks from the cartels as high as 10% of the value of individual transfers that rarely exceed \$1,000, according to the U.S. official and a 2019 federal indictment of alleged criminals running an Ohio money laundering ring.

The average size remittance sent to Mexico in 2022 was \$390, according to data from the country’s central bank. Those funds often are sent to Mexican merchants including convenience stores, supermarkets, pharmacies and department stores.

Rosales-Guadarrama, as well as trained, and oversaw the development and operation of Dulce and Thania Rosales-Guadarrama’s stores. As for his own transfers, in total, from approximately 2013 until his arrest in the fall of 2019, Defendant, through Los Rosales, initiated thousands of wire transfers to Mexico of drug proceeds on behalf of multiple drug trafficking organizations, all in amounts between \$500 and \$999, and all totaling more than \$25 million.

II. Procedural History

Excerpt from a 2020 sentencing memorandum filed by federal prosecutors in the case of Jose Rosales-Ocampo. He was convicted of laundering drug money via remittances sent to Mexico from three family-owned cell phone stores in Columbus, Ohio. U.S. District Court, Southern District of Ohio, Eastern Division via Reuters

Two dozen Mexico-based smurfs who said they work for the Sinaloa Cartel told Reuters they prefer dealing with retailers because those businesses tend to ask fewer questions than banks do. They said they typically are required to show their official voter ID card; provide the name of the sender and their relationship to that person; and present a transaction tracking number that senders share only with recipients – details provided to them in advance by the cartel via texts or Whatsapp messages.

Receivers in Mexico typically keep 1% of the proceeds as compensation, the people said, with new recruits pocketing a larger share on their first transaction to entice them into the racket. Security officials said Mexican smurfs are paid less than their U.S. counterparts because the risk of arrest is lower. A Reuters search of Mexican court records dating back to 2012 turned up no cases involving money laundering through remittances.

Mexico’s presidency and Attorney General’s office did not respond to requests for comment about the country’s strategy for combating alleged money laundering via remittances. The Financial Intelligence Unit, which investigates financial crimes, also declined to comment.

In the United States, at least seven drug trafficking cases that involved the use of remittances to send profits to Mexico have been successfully prosecuted since 2017 in federal courts in Colorado, Georgia, Ohio, Oklahoma, Texas, Virginia and Washington state. Collectively, those cases involved the laundering of more than \$100 million between 2013 and 2020, according to court documents filed by prosecutors. At least 81 individuals charged in those cases have pleaded guilty to crimes including conspiracy to commit money laundering and to distribute narcotics, and illegal possession of firearms.

“These defendants used their anti-money laundering training to help the drug proceeds flow to Mexico undetected.”

U.S. Attorney’s Office, Northern District of Georgia, in 2017 announcing guilty pleas from nine Atlanta-area remittance shop workers accused of wiring drug money to Mexico

Then-U.S. Attorney John Horn, who prosecuted the Georgia case, said Mexican cartels “may have found an effective means through unscrupulous remitters” to get their drug profits back to Mexico, according to a June 21, 2017, press release issued at the time of the Georgia indictments. Horn declined to comment.

The government in that case alleged that 11 defendants used remittances to launder more than \$40 million from 2013 to 2017 at nine small businesses in metro Atlanta that offered money-transfer services, including a gas station and a taco restaurant. Nine of the defendants pleaded guilty, while two remain fugitives. All were shop managers or employees whom prosecutors said

knowingly accepted large amounts of cash from drug traffickers, broke it up into small transactions to evade reporting requirements, and wired it under the names of fictitious customers in exchange for kickbacks.

Of the nine defendants sentenced to jail time, one remains in prison and six were released, according to Federal Bureau of Prisons records, which contained no information on the remaining two.

Reuters was unable to contact attorneys for six of those nine defendants because most records for the case are under seal, including names of defense counsel. Attorneys representing three defendants – Oscar Gustavo Perez-Bernal, Itzayana Guadalupe Perez-Bernal and Susan Fiorella Ayala-Chavez – did not respond to requests for comment.

In the Ohio case, federal prosecutors in 2019 alleged that a family-owned network of three cell phone stores in Columbus offering money-transfer services had moved \$44 million in illicit drug profits to Mexico between 2013 and 2019 in transactions that never exceeded \$1,000. Those shops – Express Cellular, Los Rosales and Los Rosales 2 – sold very little merchandise and were essentially money laundering fronts whose real clients were traffickers of heroin, fentanyl and marijuana who paid the owners up to 10% of each transfer, prosecutors said. The money was wired in the names of phony senders, the indictment said, and went to Nayarit, Jalisco, Michoacan and Sinaloa, Mexican states that are strongholds of organized crime.

Among those who pleaded guilty were four family members who operated the cell phone stores: Jose Luis Rosales-Ocampo, Josue Gama-Perez, Thania Rosales-Guadarrama and Dulce Rosales-Guadarrama.

The four were sentenced to prison terms ranging from six to 12 years. Attorneys for the defendants did not respond to requests for comment.

51. Witness #11 is a convicted narcotics trafficker and the former head of a DTO that distributed Heroin in the Southern District of Ohio. Witness #11 was instructed by one of his/her sources of Heroin to make contact with her (the woman from the store, **EXPRESS CELLULAR**). Witness #11 was instructed to take a shoe box that contained money to the woman at **EXPRESS CELLULAR**, and tell the woman that the shoes were for her. The source of the Heroin explained to Witness #11 that the woman already knew and would be waiting. The woman made up the names of the senders of the wire transfers. Witness #11 said that he/she made these cash deliveries once a week from approximately 2015 to 2017. The amount of cash delivered would normally be between \$30,000 and \$40,000. Witness #11 was shown photographs of **DULCE ROSALES** and **JOSUE GAMA** and identified them as the people he/she

Excerpt from a 2019 criminal complaint filed by federal prosecutors in an Ohio drug trafficking case. It describes how operators of a cell phone store worked with heroin traffickers to wire drug profits to Mexico. The defendants pleaded guilty to money laundering. United States District Court, Southern District of Ohio via Reuters

Federal prosecutors in Missouri last year unveiled charges against purported participants in an alleged \$4.7 million conspiracy to distribute heroin, fentanyl and methamphetamines on U.S. soil and send some of the proceeds to Mexico via remittances. Among the 44 people charged were the owners of three small Kansas City stores from where prosecutors say drug money was wired. The three proprietors – Ana Lilia Leal-Martinez, Ana Paola Banda, Maria de Lourdes Carbajal, all Mexican nationals – pleaded not guilty.

Banda's attorney, Henri Watson, said "the case is complex and the government has not yet furnished all the discovery needed to adequately defend the case." Lawyers for Leal-Martinez and Carbajal did not respond to requests for comment.

No money-transfer companies whose independent agents were ensnared in the dragnet were charged in the eight federal cases. Still, prosecutors in those cases mentioned several of those firms in court documents because they said the defendants had used their platforms to wire drug money.

The companies mentioned were: Texas-based DolEx, Florida-based Girosol, Boss Revolution (owned by New Jersey-based IDT Corporation), Miami-based Intermex, New Jersey-based Omnex, Ria (owned by Kansas-based Euronet), California-based Sigue, and New York-based Transfast.

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DolEx, Girosol, Intermex, Omnex, Euronet and Sigue did not respond to requests for comment. IDT declined to comment.

Sangita Bricker, senior vice president of global communications at payments giant Mastercard, which acquired Transfast in 2019, said the company uses the latest technology and best practices to monitor suspicious activity and report it to law enforcement authorities.

At least four of those companies – Intermex, Ria, Sigue and Transfast – became aware of potential drug money laundering on their platforms and moved to stop it, according to a 2019 affidavit filed by an IRS investigator who assisted federal prosecutors in taking down the Ohio cell phone store owners. Each of the four firms investigated suspicious transactions performed by one or more of the cell phone shops that used their platforms, then terminated their agent agreements with those businesses between 2015 and 2017 based on what they found, the document said.

2014; and October 31, 2014. According to Intermex, these transactions were suspicious for the following reasons:

- A. There were consecutive transactions under a \$1,000.
- B. Time and date of the transactions make them appear to be a cluster of transactions.
- C. Customers that have no history with Intermex.
- D. Senders with no apparent relationship with the beneficiary.
- E. High dollar amounts.
- F. Transactions with Tepic, Nayarit; an area on the money laundering radar.

83. Intermex called all of the senders of these wire transfers and the numbers were either disconnected, out of service, or did not belong to the customers.

Excerpt from a 2019 criminal complaint filed by federal prosecutors in an Ohio drug trafficking case. An independent agent for Miami-based money-transfer company Intermex was charged with helping narcos use remittances to send illicit drug proceeds to Mexico. An internal investigation by Intermex showed multiple suspicious transactions executed by the agent, according to the complaint. United States District Court, Southern District of Ohio via Reuters

Sigue, for example, examined 375 transactions performed by Express Cellular from March to August of 2017 and found multiple indicators of “wire transfers related to narcotics trafficking,” the affidavit said. Among the warning signs noted in the document: Nearly two-thirds of the transactions were sent to the “high risk” Mexican state of Nayarit, a place renowned as a center of opium poppy cultivation. And many of the transactions were for amounts between \$800 and \$999, a range Sigue flagged as indicative of “narcotics proceeds.” Sigue terminated its relationship with Express Cellular in November 2017, the affidavit said.

The document did not indicate whether Sigue, Intermex, Ria and Transfast launched their internal probes of the cell phone stores on their own, or in response to federal law enforcement officials investigating suspicious activity at those shops.

Prosecutors and the IRS did not respond to requests for comment.

Some major players have been accused in the past of allowing crooks to use their networks. In 2017, Colorado-based Western Union agreed to pay \$586 million to settle allegations by the U.S. Department of Justice and Federal Trade Commission that it failed to prevent criminals from using its service for money laundering and fraud. As part of that deal, the company agreed to strengthen consumer protections and improve oversight of its agents in exchange for not being criminally prosecuted.

In an emailed statement, Western Union said the company “made significant investments in people, processes, and technology” to fulfill its agreement with the government, which closed the criminal case in March 2020.

‘Most of my family has done it’

Barely 28,000 people live in the Sinaloa town of Costa Rica, located about 35 kilometers south of Culiacán, the state capital. It is an area of low migration to the United States, according to Mexican government data. Yet Costa Rica boasts a thriving financial cluster: Six branches of the country’s main banks are located there, as well as convenience stores, pharmacies and other retailers where residents can pick up remittances.

UNITED STATES

100 km

MEXICO

In a visit to the town last year, Reuters saw at least five people on motorcycles, wearing fanny packs and accompanied by bodyguards, collecting cash from people exiting branches of Banco Azteca, Banorte and BanCoppel located on the poorly paved main drag. Six locals told Reuters these couriers worked for the Sinaloa Cartel picking up drug money sent as remittances, without elaborating further.

Juan de Dios Gámez, the mayor of Culiacán whose municipal jurisdiction includes the city of Costa Rica, did not respond to a request for comment. A spokeswoman from the office of Sinaloa Governor Rubén Rocha referred Reuters to the federal Attorney General’s office, which did not respond to a request for comment.

Grupo Elektra, which owns Banco Azteca, told Reuters in an emailed statement that it goes beyond the standard regulatory requirements to protect against money laundering and fraud by using technology that allows the bank to do real-time background checks on those using its services. The company said it has its own financial intelligence unit that “permanently” shares information with Mexican authorities that it did not name.

Still, it acknowledged that it was difficult to weed out people who are paid to perform transactions on behalf of someone else. “No institution is completely protected from people who individually and illegally charge commission to act for others,” the statement said.

BanCoppel declined to comment. Banorte said it hadn’t identified any money laundering cases through its remittance payment system, but said it had the tools to stop any attempt to do so. Banorte did not provide further details.

Costa Rica is not the only community whose residents say the Sinaloa Cartel hires locals to launder money via remittances.

Across Sinaloa, 49 people familiar with this activity – many of whom have participated themselves – told Reuters it’s a common side hustle for residents. A mother from El Tepuche, a small rural town about 18 kilometers outside Culiacán, said she had been cashing remittances for the Sinaloa Cartel for four years. “I’ve done it, most of my family has done it,” she said.



A woman who cashes remittances for the Sinaloa Cartel poses in Culiacán, Mexico. The woman, who didn't want to be identified, estimates she has earned around \$17,000 since 2014 by helping the cartel repatriate drug money to Mexico, and from recruiting others into the scheme. REUTERS/Stringer



The woman said some of her relatives retrieve remittances for the cartel using a smartphone app from Albo, a Mexican fintech company. Here she shows Albo debit cards linked to three of those accounts. Albo did not respond to requests for comment. REUTERS/Stringer

While U.S. officials are increasingly concerned about the use of remittances to move drug money, López Obrador has stressed the importance of the vast and growing sums being sent from the United States. Mexico last year received the second highest amount of remittances globally, behind only India and surpassing China, according to the World Bank. Remittances last year accounted for 4.3% of Mexican GDP, nearly double the percentage from 2015, government data show. Almost 2 million Mexican households received remittances last year, according to Mexico's central bank.

"This goes to the poorest people," López Obrador said at a Feb. 2 press conference in Mexico City, where he praised migrant workers for sending remittances.

His office did not respond to requests for comment about law enforcement allegations that Mexican cartels are using remittances to launder drug money.

Mexican think tank Signos Vitales examined the recent surge in remittances and concluded that increased migration alone cannot explain the rapid expansion. "Money laundering, closely related to drug trafficking activities," appears to account for at least some of the growth, the report said.

That [March 2023 study](#) pointed to a variety of data points that Signos Vitales analysts found highly unusual. Among them:

- Eight U.S. states with relatively modest numbers of residents of Mexican origin showed outsized growth in remittances to Mexico between 2018 and 2022. The biggest outlier was Minnesota. Senders using money-transfer services there last year wired \$4.7 billion to Mexico, or 8% of the 2022 total, according to central bank data, ranking Minnesota third behind only California and Texas, and ahead of states such as Arizona, Colorado, Florida, Illinois, New Mexico and Nevada, all places with significantly higher numbers of Latino residents. Minnesota is home to roughly 200,000 people of Mexican descent. They all would have had to send an average of around \$23,000 each to approach \$4.7 billion, a "powerful reason" to doubt that workers alone could manage to send such high levels of remittances to Mexico, Signos Vitales said.
- In the first nine months of last year, 227 Mexican municipalities received so many money transfers that every single household in those places could have received at least one remittance per month. "Statistically speaking, such phenomena are unlikely," Signos Vitales said. Collectively, those places received \$10.5 billion, or nearly 25% of all remittances sent to Mexico in the first three quarters of 2022.

Oquitoa is a hamlet of around 500 people located in a region of Sonora state dominated by the Caborca Cartel. As recently as 2017, Oquitoa registered no remittances. Last year it received \$2.5 million.

Signos Vitales also found hundreds of municipalities that have only started receiving money transfers in the past few years. Among them is Oquitoa, a hamlet of around 500 people located in a region of Sonora state dominated by the Caborca Cartel. As recently as 2017, Oquitoa registered no remittances. Last year it received \$2.5 million, central bank data show.

"There is a lot of information that...at the very least, raises suspicions of some kind of illegal activity," said Enrique Cardenas, president of Signos Vitales.

The offices of Minnesota Governor Tim Walz and state Attorney General Keith Ellison did not respond to requests for comment.



Yoli's Western Wear, Dallas, Texas. Source: Google Street View, July 2018

Cell phone shops, restaurants, markets, check-cashing outlets and a Western wear store. Defendants convicted of money laundering in seven federal cases since 2017 used a variety of small businesses to wire drug proceeds to Mexico on behalf of narcotics traffickers, U.S. court records show. (Slide show)

Shot dead

In Culiacán, the former house cleaner who began cashing remittances for the Sinaloa Cartel in 2014 said she had initially been nervous about getting involved with narcos, but did so “out of necessity.”

She had recently returned with her daughter to Mexico from the United States and was struggling to live on her \$150 monthly earnings when a neighbor suggested a way to make some easy money.

Her initial cut of \$230 went towards paying that month’s rent. Soon, she was retrieving remittances regularly, but no more than three times a month, a limit imposed by the cartel. Sometimes, her handlers messaged that she must “take a break” for a few months, she said.

The woman said she received about 1% of each remittance she cashed. But a good chunk of her total earnings – around \$8,000 – came from bringing others into the ring. She said she was paid \$40 a head for people she recruited herself, \$20 for each person her enlistees brought in, followed by a final payout of \$10 per person from the next layer of the pyramid.

She said the work hasn’t made her rich, but it has made life a little more comfortable. “We used the money to improve the house,” she said.

One of her direct recruits was a Sinaloan truck driver in his 50s, who told Reuters he eventually brought his daughter in on the action. He said she and other younger recruits used Albo, a Mexican fintech, or mobile payments company, to receive money for the cartel.

The daughter’s activities cast light on how new banking technology offers traffickers fresh ways of laundering money, a trend confirmed by security experts and 13 smurfs who said they cash remittances for the Sinaloa Cartel. Some fintechs offer app-based services that wire money internationally in seconds, and provide users with a debit or credit card to make purchases with those funds.

Albo works with WorldRemit, the London-based money-transfer firm, to enable people in the United States to send remittances to Albo users in Mexico. The truck driver said he stuck to the traditional method of cashing remittances at banks and retailers because he wasn’t as familiar with smartphone apps.

He said his daughter received the transfers via a virtual wallet on the Albo app. Then she would transfer the funds electronically to a bank account number passed to her by the cartel over WhatsApp. He showed Reuters an Albo debit card with his daughter's name on it that he said had been linked to the virtual wallet.

Albo didn't respond to requests for comment. WorldRemit said it uses market-leading security features to fight suspected financial crimes on its platform, without providing further details.

The truck driver said his daughter cashed remittances for the Sinaloa Cartel for three years. Then, in June 2019, two unidentified men shot her dead.

The father suspects the money that had landed in her Albo account had proved too much of a temptation for her. In the months before she was killed, he said, she moved to a new place, upgraded her wardrobe, replaced her smartphone and bought a new television.

"They shot my daughter, here in front of my house," he said. Reuters viewed a copy of her death certificate. It said she died of gunshot wounds.

The man said he still cashes remittances for the Sinaloa Cartel. He's afraid they'll harm him if he stops.

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