

CASE STUDY

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COMMODITIES/CRIMES INVOLVED

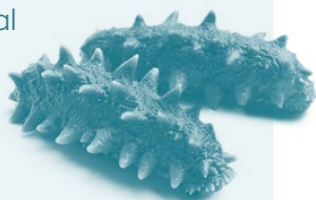
Shark, sea cucumber, illicit drugs, tax evasion, money laundering, and corruption

CONVERGENCE TYPOLOGIES

Embedded and transactional convergence

GEOGRAPHIC REGION

Central America



Recent research has highlighted the increasing convergence of drug trafficking and crimes in the fisheries sector in Mexico, as organised criminal groups such as the Sinaloa Cartel are systematically taking control of the fishing industry in some locations.⁶⁶ This case study focuses on reported links between the fishing industry in Mexico's Yucatán Peninsula — particularly the sea cucumber trade — with drug trafficking and other crimes including tax evasion, money laundering, and corruption.

On 16 June 2009, Mexican naval officers discovered 893 kg of cocaine concealed inside 97 frozen shark carcasses, which had been smuggled via container ship from Costa Rica to Puerto Progreso in the Yucatán Peninsula. The shipment was reportedly headed for Houston, United States with its final destination in Guadalajara, Mexico. Investigations in Costa Rica identified that the smuggling operation

was organised by a Mexican businessman and drug trafficker who had rented a dock in Puntarenas, Costa Rica where the cocaine was packed inside the sharks. The sharks had been supplied by a Costa Rican businessman, who admitted to selling his Mexican client tens of thousands of sharks in multiple consignments since August 2008. Between November to December 2008 alone, he indicated he had supplied 45,000 kg of sharks to the Mexican businessman, pointing to the scale of the operation.^{67,68}



Image 10: Cocaine shipment concealed in frozen sharks, seized at Puerto Progreso, Mexico in June 2009. Source: *elmundo.es*

Although the June 2009 incident was the only publicly reported seizure linked to the “shark case”, Mexican authorities claimed the smuggling operation continued up to 2017, when prominent seafood businessman Subject M was arrested. Subject M was alleged to have used refrigerated warehouses in Puerto Progreso belonging to one of his seafood companies

⁶⁶ Felbab-Brown, V. (2022). *China-Linked Wildlife Poaching and Trafficking in Mexico*. The Brookings Institution, pp.11-16.

⁶⁷ http://www.aldia.cr/ad_ee/2009/junio/19/nacionales2000726.html

⁶⁸ http://www.aldia.cr/ad_ee/2009/agosto/03/nacionales2042408.html



to store the cocaine-filled sharks as they moved along the trafficking route. The overall operation was attributed to the Sinaloa Cartel.^{69,70}

Subject M and his family have owned and operated a group of companies in Puerto Progreso dedicated to fishing, processing, and trading seafood products for more than 30 years.⁷¹ The seafood companies specialise in octopus, lobster, sea cucumber, fish, conch meat, and shark, exporting high volumes of product internationally, particularly to Hong Kong SAR and the United States. Produce is sourced directly from his own fishing fleet as well as bought from independent fishers working off the Yucatán coast. Locally, Subject M is known as *el rey del pepino de mar* ("the sea cucumber king"),⁷² although after reports surfaced of his connection to the shark case, the media began referring to him as a "drug trafficker".⁷³

Subject M has frequently been linked to public reports and formal complaints of unlawful sourcing of seafood products, sea cucumber theft, and seafood trafficking since at least 2011, and is said to be connected to the *mafia pepinera* (sea cucumber mafia). Financial investigation of his business operations in 2020 suggested potential involvement in money laundering or tax evasion schemes and allegedly uncovered additional evidence of his connections to the Sinaloa Cartel. Despite these claims, no cases against Subject M have been fully investigated or prosecuted and he continues to operate his seafood businesses with impunity.



Image 11: Sea cucumber catch landed in Yucatán, Mexico. Source: Instituto Nacional de Pesca y Acuacultura (INAPESCA).

In June 2011, Subject M was accused of orchestrating the armed robbery of a refrigerated storage warehouse in Progreso belonging to another seafood businessman and the theft of several tonnes of sea cucumber. The stolen product was reportedly loaded into trucks that took different routes headed towards Mérida, where the sea cucumber would later be illegally traded. Police investigations captured and arrested six men involved in the robbery and recovered part of the stolen product. However, Subject M fled the authorities before they could arrest him, and an injunction granted by the court suspended the arrest warrant against him.^{74,75,76}

⁶⁹ <https://www.eluniversal.com.mx/opinion/salvador-garcia-soto/el-cartel-de-sinaloa-y-el-caso-tiburon>

⁷⁰ http://tiempo.com.mx/noticia/casos_mas_importantes_unidad_de_inteligencia_financiera_2020_uif_narco_trata_infonavit_corrupcion/
⁷¹ <http://mexico-seafood.com/>

⁷² <https://www.yucatan.com.mx/yucatan/2021/1/14/morena-tiene-cuatro-aspirantes-en-progreso-232142.html>

⁷³ For example: <https://www.yucatanal instante.com/arrestan-a-eduardo-guadalupe-beltran-gomez/>

⁷⁴ <https://formalprision.com/2011/07/25/pide-amparo-el-empresario-pesquero/>

⁷⁵ <http://revistaopcion.blogspot.com/2011/06/arraigado-por-robo-de-pepino-de-mar.html>

⁷⁶ <https://www.revistayucatan.com/v1/noticias/capturan-a-ladrones-de-pepino-de-mar/>

It was noted that at first, 10 tonnes of sea cucumber were reportedly stolen, then 15.5 tonnes, and finally the official case file recorded 9.7 tonnes. The sea cucumber was also first reported to be the more expensive *Holothuria floridana* species, but later recorded as the cheaper species *Isostichopus badionotus* on the case file.⁷⁷ The contradictory reports could indicate corruption may have been at play to return the larger, more valuable product into illegal trade and replace the seized stock with a less significant tonnage of a cheaper species.

A few months after this incident, in August 2011, a fire in a warehouse in Progreso exposed the location of a clandestine sea cucumber processing operation. Seven butane gas cylinders, huge saucepans, stoves, and equipment for parboiling the sea cucumber were found onsite. Three people were arrested, and 500 kg of sea cucumber was seized. It was reported that the products belonged to Subject M.⁷⁸

Subject M was also implicated in a police operation in June 2013 that searched two warehouses in Mérida suspected to be used for storing and processing illegally harvested sea cucumbers. At the first property, a car owned by the Mérida City Council was seized along with more than one tonne of sea cucumber that was being processed. The car allegedly served the *mafia pepinera* for errands, allowing members to move easily between Mérida and various Yucatán ports to collect product from fishers and potentially pointing to the group's association with corrupt enablers in Mérida. At the second property, 700 kg of dried sea cucumber and 100 frozen sea cucumbers

were seized. The product in both seizures reportedly belonged to Subject M and another seafood businessman, Subject E. Subject E and an associate were arrested during this operation, but reports suggest he evaded prosecution and any penalties. Subject E is also allegedly linked to the Beltrán-Leyva drug cartel, which he denies, although he was subsequently arrested in September 2017 in connection to smuggling drugs and firearms.^{79,80,81}



Image 12: 17 tonnes of sea cucumber were seized at Cancún International Airport in May 2015. Source: Noticaribe.com.mx

Mexico's largest reported seizure of sea cucumber occurred in May 2015, when the Federal Police seized a shipment of 17 tonnes of sea cucumber alleged to have falsified invoices and shipping documents at Cancún International Airport.⁸² Six years later in July 2021, Subject M's network was under investigation again in response to reports that the 17 tonne seizure

⁷⁷ <https://www.zocalo.com.mx/cifras-contradictorias-en-caso-de-millonario-robo-de-pepino-de-mar/>

⁷⁸ <http://lomejordeprogreso.blogspot.com/2011/08/el-pepino-quemado-era-para-martin.html>

⁷⁹ <https://yucatanahora.mx/traficante-vinculado-a-alta-funcionaria-de-la-pgr-en-yucatan/>

⁸⁰ <https://www.yucataninstante.com/arrestan-a-eduardo-guadalupe-beltran-gomez/>

⁸¹ <https://visionpeninsular.com/mid/detienen-en-merida-a-familiar-los-beltran-leyva/>

⁸² <https://www.milenio.com/policia/pf-decomisa-cancun-17-toneladas-pepino-mar>



had allegedly been “irregularly” delivered to Subject M in May 2016 in collusion with the Federal Police and other officers handling the case. The investigation was initiated following a formal complaint to the Attorney General’s Office lodged by a Yucatán businessman who claimed to be the legitimate owner of the shipment. It was reported that the product was moved to Subject M’s warehouse in 2016 following an intervention by his lawyer with the officer handling the case. Meanwhile, the case against the Yucatán businessman continued for years with delaying tactics while he followed the legal process to prove the authenticity of the invoices and claim ownership of the product.⁸³

More recently, it appears that Subject M’s main business activities have shifted to the octopus and lobster fishing industries, and he has been publicly linked to poaching and illegal trade allegations in both high-value products. In July 2022, he was named by a fishing and aquaculture cooperative as being a key vessel owner engaging in illegal lobster harvesting, sending his boats to fish without having lobster capture permits and encouraging poaching.⁸⁴ At the same time, an association of fishing vessel owners highlighted the threats of rampant poaching and illegal capture now facing the octopus industry, and pointed to Subject M’s heavy involvement in this fishery as well as the now-collapsed shark and sea cucumber fisheries.⁸⁵

Image 13: A fisherman diving for sea cucumber off Progreso, Yucatán.
Source: Noticias Telemundo.



⁸³ <https://estamosaqui.mx/2021/07/29/mafia-pepinera-de-martin-velazquez-a-la-vista-fiscalia-general-de-la-republica-atrae-caso/>

⁸⁴ <https://www.yucatan.com.mx/yucatan/2022/7/10/piratas-acechan-las-costas-yucatecas-por-langosta-332325.html>

⁸⁵ <https://www.yucatan.com.mx/yucatan/2022/7/7/baja-el-precio-del-pulpo-en-yucatan-esto-cuesta-el-kilo-en-progreso-331636.html>

Financial investigations conducted by the Mexican Financial Intelligence Unit (UIF) in 2020 allegedly found that between 2007 and 2019, Subject M's seafood company had made bank deposits amounting to MXN 272 million and withdrawals of MXN 1,783 million, while its tax returns reported a cumulative income of MXN 6.4 million from 2014 to 2018. Additionally, the UIF allegedly identified financial transactions occurring in 2018 and 2019 between the company accounts and a subject identified as being connected to the Sinaloa Cartel.^{86,87}

Research by the Brookings Institution suggests that wildlife trade businesses can be ideal vehicles for money laundering and value transfer due to the huge markup of prices from source point to the final retail value. For example, a Mexican fisher may be paid USD 1 for a sea cucumber that could sell in Hong Kong for USD 70, providing ample margins in which to hide illicit money.⁸⁸ The research also highlights that Mexican drug cartels are increasingly using the trade in wildlife products as a value transfer mechanism to Chinese traders in exchange for the precursor chemicals to produce illegal drugs such as fentanyl and methamphetamine.⁸⁹

Given this, and Subject M's suspected association with the Sinaloa Cartel, further investigation is warranted to ascertain whether he could be collaborating with the drug cartel in a money laundering scheme.

This case suggests an embedded convergence between fisheries-related crimes, corruption, tax evasion and/or money laundering. Subject M's alleged connections to influential political figures and government officers appear to underpin his business operations such as by providing cover to source and transport illegally caught seafood and orchestrating stock thefts. The business may potentially be reliant on tax evasion and/or money laundering schemes to maintain its profitability against dwindling seafood stocks or to hide illicit proceeds from unreported or illegally sourced catches. The ability of Subject M to continually evade the criminal justice system despite several arrests and extensive public reports of criminality also indicates he may be protected by corrupt connections.

Meanwhile, based on available information, there could be a transactional convergence between Subject M's seafood businesses and drug trafficking, with drug trafficking networks reportedly using fisheries infrastructure and products to conceal drug shipments between 2009 and 2017. Furthermore, if the networks are indeed collaborating to launder illicit drug proceeds through legitimate seafood businesses, this would also suggest a transactional convergence in the way these services are provided and exchanged. However, if Mexican organised crime continues to deepen its integration in the fisheries sector more broadly, this could potentially develop into an embedded convergence in the future.

⁸⁶ <https://www.eluniversal.com.mx/opinion/salvador-garcia-soto/el-cartel-de-sinaloa-y-el-caso-tiburón>

⁸⁷ http://tiempo.com.mx/noticia/casos_mas_importantes_unidad_de_inteligencia_financiera_2020_uif_narco_trata_infonavit_corrupcion/

⁸⁸ Felbab-Brown, V. (2022). *China-Linked Wildlife Poaching and Trafficking in Mexico*. The Brookings Institution, p.19.

⁸⁹ Ibid, p.1.



