



Cocaine Incorporated



Illustrations by Steve McNiven; Coloring by R. Kikuo Johnson.

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Mexico's Sinaloa cartel is a complex, multi-billion-dollar business operating in more than a dozen countries.

By PATRICK RADDEN KEEFE
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One afternoon last August, at a hospital on the outskirts of Los Angeles, a former beauty queen named Emma Coronel gave birth to a pair of heiresses. The twins, who were delivered at 3:50 and 3:51, respectively, stand to inherit some share of a fortune that Forbes estimates is worth a billion dollars. Coronel's husband, who was not present for the birth, is a legendary tycoon who overcame a penurious rural childhood to establish a wildly successful multinational business. If Coronel elected to leave the entry for "Father" on the birth certificates blank, it was not because of any dispute over patrimony. More likely, she was just skittish about the fact that her husband, Joaquín Guzmán, is the C.E.O. of Mexico's Sinaloa cartel, a man the Treasury Department recently described as the world's most powerful drug trafficker. Guzmán's organization is responsible for as much as half of the illegal narcotics imported into the United States

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from Mexico each year; he may well be the most-wanted criminal in this post-Bin Laden world. But his bride is a U.S. citizen with no charges against her. So authorities could only watch as she bundled up her daughters and slipped back across the border to introduce them to their dad.



How the Sinaloa Cartel Smuggles Drugs Across Borders



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disclosures, and no auditor examines their books. Instead, we're left with back-of-the-envelope extrapolations based on conjectural data, much of it supplied by government agencies that may have bureaucratic incentives to overplay the problem.

So in a spirit of empirical humility, we shouldn't accept as gospel the estimate, from the Justice Department, that Colombian and Mexican cartels reap \$18 billion to \$39 billion from drug sales in the United States each year. (That range alone should give you pause.) Still, even if you take the lowest available numbers, Sinaloa emerges as a titanic player in the global black market. In the sober reckoning of the RAND Corporation, for instance, the gross revenue that all Mexican cartels derive from exporting drugs to the United States amounts to only \$6.6 billion. By most estimates, though, Sinaloa has achieved a market share of at least 40 percent and perhaps as much as 60 percent, which means that Chapo Guzmán's organization would appear to enjoy annual revenues of some \$3 billion — comparable in terms of earnings to Netflix or, for that matter, to Facebook.

Known as El Chapo for his short, stocky frame, Guzmán is 55, which in narco-years is about 150. He is a quasi-mythical figure in Mexico, the subject of countless ballads, who has outlived enemies and accomplices alike, defying the implicit bargain of a life in the drug trade: that careers are glittering but brief and always terminate in prison or the grave. When Pablo Escobar was Chapo's age, he had been dead for more than a decade. In fact, according to the Drug Enforcement Administration, Chapo sells more drugs today than Escobar did at the height of his career. To some extent, this success is easily explained: as Hillary Clinton acknowledged several years ago, America's "insatiable demand for illegal drugs" is what drives the clandestine industry. It's no accident that the world's biggest supplier of narcotics and the world's biggest consumer of narcotics just happen to be neighbors. "Poor Mexico," its former president Porfirio Díaz is said to have remarked. "So far from God and so close to the United States."

The Sinaloa cartel can buy a kilo of cocaine in the highlands of Colombia or Peru for around \$2,000, then watch it accrue value as it makes its way to market. In Mexico, that kilo fetches more than \$10,000. Jump the border to the United States, and it could sell wholesale for \$30,000. Break it down into grams to distribute retail, and that same kilo sells for upward of \$100,000 — more than its weight in gold. And that's just cocaine. Alone among the Mexican cartels, Sinaloa is both diversified and vertically integrated, producing and exporting marijuana, heroin and methamphetamine as well.

Estimating the precise scale of Chapo's empire is tricky, however. Statistics on underground economies are inherently speculative: cartels don't make annual

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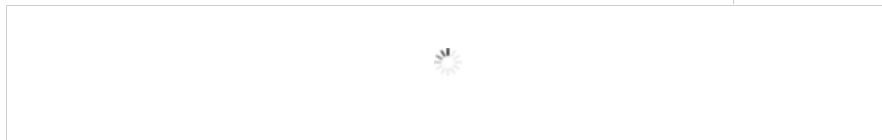
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