



# Department of Justice

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Eastern District of Texas

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## **Eight Individuals Indicted for Transnational Drug Trafficking, Money Laundering, and Financial Crimes**

### *Registration of Thousands of Aircraft in Onalaska, Texas Linked to Charged Misconduct*

SHERMAN, Texas – A federal grand jury in the Eastern District of Texas has returned an indictment charging eight individuals with various federal violations related to a complex international drug trafficking conspiracy, announced Acting U.S. Attorney Nicholas J. Ganjei today.

Debbie Mercer, 58, and Kayleigh Moffett, 33, both of Oklahoma City; Federico Machado, 53, of Florida; Carlos Villaurrutia, 40, of McAllen, Texas; and four others were named in an indictment charging them with conspiracy to manufacture and distribute cocaine, conspiracy to commit money laundering, conspiracy to commit wire fraud, conspiracy to commit export violations, and conspiracy to commit federal registration violations involving aircraft. The indictment details approximately \$350 million in alleged criminal activity since 2016. The seven-count superseding indictment was returned by a federal grand jury earlier this week and unsealed today. The defendants have already been arrested and will be arraigned in federal court next week.

“The threat posed by transnational crime cannot be overstated,” said Acting U.S. Attorney Nicholas J. Ganjei. “The use of United States-registered aircraft by these criminal organizations and their networks of associates poses a clear and present danger to the security of our nation. The American public can expect EDTX to be relentless in its fight against the sometimes invisible, but always dangerous, threat of transnational organized crime.”

“The indictments resulting from this highly complex investigation showcases HSI’s unique and far-reaching authorities, serving as an example of what the global law enforcement community can accomplish when we work together,” said Ryan L. Spradlin, Special Agent in Charge, HSI Dallas. “We were able to deliver a significant blow to the transnational criminal organizations around the world by exposing a money laundering and drug trafficking scheme perpetuated by sophisticated drug cartels.”

“As this case demonstrates, we will aggressively investigate the illegal exportation of aircraft contrary to U.S. national security interests,” said Trey McClish, Special Agent in Charge of the U.S. Department of Commerce, Bureau of Industry and Security – Office of Export Enforcement’s Dallas Field Office. “Alongside our Federal and State partners, OEE will

leverage its unique criminal and administrative enforcement powers to detect and disrupt serious criminal schemes that violate U.S. export control law.”

“The indictment in this case demonstrate that individuals who choose to circumvent Federal regulations pertaining to aircraft registration and ownership will be pursued to the fullest extent of the law,” said Todd Damiani, Special Agent-In-Charge, Southern Region, U.S. Department of Transportation Office of Inspector General (DOT-OIG). “The collaborative nature of this investigation is representative of the ongoing investigative work DOT-OIG performs to ensure aviation safety and maintain national security interests in order to prevent the nefarious acts these defendants are being charged with from occurring.”

According to unsealed court documents, the defendants allegedly purchased and illegally registered aircraft under foreign corporations and other individuals for export to other countries. The indictment specifically alleges that Mercer and Moffett, through their company Aircraft Guarantee Corporation (AGC), registered thousands of aircraft in Onalaska, Texas, an east Texas town without an airport.

According to the indictment, several of the illegally registered and exported aircraft were used by transnational criminal organizations in Colombia, Venezuela, Ecuador, Belize, Honduras, Guatemala, and Mexico to smuggle large quantities of cocaine destined for the United States. The indictment further alleges that illicit proceeds from the subsequent drug sales were then transported as bulk cash from the United States to Mexico and used to buy more aircraft and cocaine. According to the indictment, aircraft purchases were typically completed by wiring funds from casa de cambios and/or banks in Mexico to shell corporations operating in the United States as aircraft sellers/brokers.

The indictment describes that foreign governments seized United States-registered aircraft containing multi-ton shipments of cocaine. According to the indictment, the aircraft were held in trust by AGC for the benefit of foreign corporations or individuals. The indictment identifies Federico Machado, through his company South Aviation, and Carlos Villaurrutia, who used his companies TEXTON, TWA International, and Ford Electric, as aircraft sellers/brokers operating in the United States.

The indictment separately charges Mercer, Moffett, and Machado with engaging in a fraud scheme related to the acquisition of aircraft. According to the indictment, Machado recruited investors to invest in aircraft purchase deposits for sales transactions that never took place. Investors allegedly placed their funds in an escrow account held by Wright Brothers Title Company, which was owned and managed by Mercer and Moffett. Machado then allegedly used these funds for purposes other than the purchase of aircraft.

If convicted, the defendants face a minimum of 10 years and up to life in federal prison for the drug conspiracy charges and up to 20 years for the money laundering, export and wire fraud violations.

This is an Organized Crime Drug Enforcement Task Force (OCDETF) case and is being investigated by Homeland Security Investigations (Dallas, Brownsville and Laredo offices); Department of Commerce, Bureau of Industry and Security (Dallas and Houston offices);

Department of Transportation Office of Inspector General (DOT-OIG); Polk County Constable Precinct 1; Southeast Texas Export Investigations Group; Internal Revenue Service; and Federal Aviation Administration (FAA). This case is being prosecuted by Assistant U.S. Attorneys Ernest Gonzalez, Colleen Bloss and Robert Wells. OCDETF is the largest anti-crime task force in the country and its mission is to disrupt and dismantle the most significant drug trafficking and transnational criminal organizations that threaten the United States. The prosecutor-led, intelligence-driven, multi-agency task forces leverage the authorities and expertise of federal, state, and local law enforcement.

It is important to note that a complaint, arrest, or indictment should not be considered as evidence of guilt and that all persons charged with a crime are presumed innocent until proven guilty beyond a reasonable doubt.

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