



The House of Death

When 12 bodies were found buried in the garden of a Mexican house, it seemed like a case of drug-linked killings. But the trail led to Washington and a cover-up that went right to the top. David Rose reports from El Paso

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The following apology was printed in the Observer's For the record column, Sunday December 10 2006

The article below says 'the US media have virtually ignored this story', yet editing had removed a reference to narconews.com reporter Bill Conroy, who has reported it extensively. Apologies.

Janet Padilla's first inkling that something might be wrong came when she phoned her husband at lunchtime. His mobile phone was switched off. On 14 January, 2004, Luis had, as usual, left for work at 6am, and when he did not answer the first call Janet made, after taking the children to school, she assumed he was busy. Two weeks later she would learn the truth.

'It was love at first sight for Luis and me, and that's how it stayed, after two years dating at school and eight years of marriage,' says Janet. 'We always spoke a couple of times during the day and he always kept his phone on. So I called my dad, who owns the truckyard where he worked and he told me, "he hasn't been here". I called my in-laws and they hadn't seen him either, and they were already worried because his car was outside their house with the windows open and the keys in the ignition. He would never normally leave it like that.'

Luis Padilla, 29, father of three, had been kidnapped, driven across the Mexican border from El Paso, Texas, to a house in Ciudad Juarez, the lawless city ruled by drug lords that lies across the Rio Grande. As his wife tried frantically to locate him, he was being stripped, tortured and buried in a mass grave in the garden - what the people of Juarez call a narco-fossa, a narco-smugglers' tomb.

Just another casualty of Mexico's drug wars? Perhaps. But Padilla had no connection with the drugs trade; he seems to have been the victim of a case of mistaken identity. Now, as a result of documents disclosed in three separate court cases, it is becoming clear that his murder, along with at least 11 further brutal killings, at the Juarez 'House of Death', is part of a gruesome scandal, a web of connivance and cover-up stretching from the wild Texas borderland to top Washington officials close to President Bush.

These documents, which form a dossier several inches thick, are the main source for the facts in this article. They suggest that while the eyes of the world have been largely averted, America's 'war on drugs' has moved to a new phase of cynicism and amorality, in which the loss of human life has lost all importance - especially if the victims are Hispanic. The US agencies and officials in this saga - all of which refused to comment, citing pending lawsuits - appear to have thought it more important to get information about drugs trafficking than to stop its perpetrators killing people.

The US media have virtually ignored this story. The Observer is the first newspaper to have spoken to Janet Padilla, and this is the first narrative account to appear in print. The story turns on one extraordinary fact: playing a central role in the House of Death was a US government informant, Guillermo Ramirez Peyro, known as Lalo, who was paid more than \$220,000 (£110,000) by US law enforcement bodies to work as a spy inside the Juarez

cartel. In August 2003 Lalo bought the quicklime used to dissolve the flesh of the first victim, Mexican lawyer Fernando Reyes, and then helped to kill him; he recorded the murder secretly with a bug supplied by his handlers - agents from the Immigration and Customs Executive (Ice), part of the Department of Homeland Security. That first killing threw the Ice staff in El Paso into a panic. Their informant had helped to commit first-degree murder, and they feared they would have to end his contract and abort the operations for which he was being used. But the Department of Justice told them to proceed.

Lalo's cartel bosses told him whenever they were planning another killing, using a grisly codeword - carne asada, 'barbecue'. In the six months after Reyes's death, they used it on many occasions. Each time, says Lalo, he informed his handlers in Ice. They did not intervene.

El Paso, population 700,000, lies in Texas's far west. It is a V-shaped city almost bisected by the Franklin mountains, lashed by desert winds. Houston and Dallas are more than 600 miles away. Much closer, across a guarded fence and the river, here little wider than a stream, is Juarez. On the western side of the Mexican city are the barrios - dirt streets of ramshackle huts without sanitation, built from discarded wood and tyres, whose inhabitants live in sight of the gleaming offices of downtown El Paso.

Eastern Juarez is very different. There, in the campestre, the country club district, lie gated developments patrolled by security guards, armoured palaces of marble, with columns, fountains and huge golden domes. Most of the money comes from drugs. Los narcos control not only Juarez but the wider state of Chihuahua, ruling through corruption and fear. One organisation is paramount - the Juarez cartel led by Vicente Carrillo Fuentes. The US State Department claims he is responsible for shipping cocaine and marijuana worth billions of dollars a year and protects his business by killing. America is offering a \$5m reward for his arrest.

His cartel has penetrated Mexican law enforcement at all levels. Like many of its operatives, Lalo began as a policeman - in his case in the Mexican highway police. Having resigned from the force in 1995, he began transporting cocaine by the ton for a gang based in Guadalajara. Professing disgust at his criminal associates, he started working for the US government in February 2000, supplying information not only to Ice (then known as US Customs) but also the Drug Enforcement Administration (DEA), the Bureau of Alcohol, Firearms and Tobacco, and the FBI. A few months later, with his handlers' encouragement, he was recruited into the Juarez cartel by Il Ingeniero, the Engineer, one of Fuentes's key lieutenants and a man notorious for acts of savage violence. His real name was Heriberto Santillan-Tabares.

'The money I got from the Americans I invested in business,' says Lalo, 36. 'I had a used-car lot, a furniture store and a cellphone accessory place.' He settled with his wife and three children on the US side of the border. 'I spoke to my handlers three or four times a day. But when I went across the bridge to Juarez, I had no back-up. I was on my own.'

Lalo claims to have facilitated numerous drug seizures and arrests. But on 28 June, 2003, his loyalty came under suspicion when he was arrested by the DEA in New Mexico, driving a truck he had brought across the border containing 102lb of marijuana. He had not told his handlers about this shipment and, in accordance with its normal procedures, the DEA 'deactivated' him as a source.

Ice took a different view. Agents in its El Paso office were trying to use Lalo to build a case against Santillan, and to nail a separate cigarette-smuggling investigation. At a meeting with federal prosecutors the week after Lalo's arrest, Ice tried to persuade assistant US attorney Juanita Fielden that, if Lalo were closely monitored, he would continue to be effective. Fielden agreed. She says in an affidavit that she called the New Mexico prosecutor and got him to drop the charges. Lalo was released.

A month later, on 5 August, Santillan asked Lalo to meet him at a cartel safe house at 3633 Calle Parsonieros, in an affluent neighbourhood of Juarez. The Mexican lawyer Reyes would be there too, Santillan said, and with the help of some members of the Juarez judicial police - the local detective force - they were going to kill him.

When Lalo arrived, two cops were already there. He went out to buy the quicklime and duct tape, and when he returned Santillan turned up with Reyes. The policemen jumped on the lawyer, beating him and trying to put duct tape over his mouth. Lalo, wearing his hidden wire supplied by Ice, recorded Reyes's desperate pleas for mercy. 'They [the police] asked me to help them get him to the floor,' reads a statement he made later. 'They tried to choke him with an extension cord, but this broke and I gave them a plastic bag and they put it on his head and

suffocated him.' Even then, they were not sure Reyes was dead. One of the officers took a shovel 'and hit him many times on the head'.

When Lalo returned to El Paso on the day of Reyes's murder and told his Ice employers what had happened they were understandably worried. They knew that, if they were to continue using Lalo as an informant, they would need high-level authorisation. That afternoon and evening he was debriefed at length by his main handler, Special Agent Raul Bencomo, and his supervisor. Then he was allowed to go back to Juarez - Santillan had given him \$2,000 to pay two cartel members to dig Reyes's grave, cover his body with quicklime and bury it.

Meanwhile the El Paso Ice office reported the matter to headquarters in Washington. The information went up the chain of command, eventually reaching America's Deputy Assistant Attorney General, John G. Malcolm. It passed through the office of Johnny Sutton, the US Attorney for Western Texas - a close associate of George W. Bush. When Bush was Texas governor, Sutton spent five years as his director of criminal justice policy. After Bush became President, Sutton became legal policy co-ordinator in the White House transition team, working with another Bush Texas colleague, Alberto Gonzalez, the present US Attorney General.

Earlier this year Sutton was appointed chairman of the Attorney General's advisory committee which, says the official website, 'plays a significant role in determining policies and programmes of the department and in carrying out the national goals set by the President and the Attorney General'. Sutton's position as US Attorney for Western Texas is further evidence of his long friendship with the President - falling into his jurisdiction is Midland, the town where Bush grew up, and Crawford, the site of Bush's beloved ranch.

'Sutton could and should have shut down the case, there and then,' says Bill Weaver, a law professor at the University of Texas at El Paso who has made a detailed study of the affair. 'He could have told Ice and the lawyers "go with what you have, and let's try to bring Santillan to justice". That neither he nor anyone else decided to take that action invites an obvious inference: that because the only people likely to get killed were Mexicans, they thought it didn't much matter.'

In the days after Reyes's death, officials in Texas and Washington held a series of meetings. Finally word came back from headquarters - despite the risk that Lalo might become involved with further murders, Ice could continue to use and pay him as an informant. And although Santillan had already been caught on tape directing a merciless killing and might well kill again, no attempt would be made to arrest him.

Lalo's statement, made in Dallas in February 2004, is a record of cruelty and violence, the words of a man who thought himself untouchable because of his relationship with Ice. In the months after Washington decided not to move on Santillan, the garden of the house at 3633 Calle Parsonieros began to fill with bodies. One day in September 2003, 'Santillan called to ask me to bury a guy who had apparently died of a heart attack at the moment he was kidnapped', Lalo's statement says. 'Another execution I remember was on 23 November... Santillan ordered me to have these drug mules meet him in the little Parsonieros house ... Loya [a corrupt police commander] put tape around their heads, but they could still breathe and one of them began to moan loudly, so Loya shot him in the head... but he didn't die immediately.' They were killed because they were careless in their smuggling work.

Then, and on other occasions, Santillan told Lalo in advance he was going to hold a carne asada. The deposition gives details of 13 murders, all but one of whose victims were later found buried at Number 3633. Each time Lalo crossed into Mexico his Ice handlers sought and obtained formal clearance from headquarters to allow their source to travel to a foreign country while working for a US agency. Throughout the period, Lalo says, he continued to talk to his handler Bencomo up to four times a day - usually in person, at the Ice El Paso office. He says his meetings with Santillan were all covertly recorded, while documents show that Ice had arranged for Lalo's phone to be bugged.

Curtis Compton, Bencomo's Ice supervisor, insisted in an affidavit that it did not know of any murders before they occurred: 'We only learned about the murders through interviews of Lalo after the fact. I acted in good faith that all my actions were legal and proper.'

Lalo's last country clearance was issued on 13 January, 2004. Once again Santillan had called him, asking him to come to Juarez to unlock the Parsonieros house for a carne asada. Next morning Luis Padilla disappeared.

Although the Padillas had attended Socorro high school in El Paso and lived in the US from childhood, both remained Mexican citizens, resident aliens with green-card work permits. Their children, Luis jnr, Jacqueline and Jasmine, were born in the US. Luis snr was two years ahead of Janet at school and they did not speak to each other until they attended a mutual friend's quinceañera, a 15th birthday party.

Janet smiles at the memory: 'I liked everything about Luis straight away. He was silly, funny, a popular guy; he played a lot of sports. He was very religious and I started going to the same church, where he was president of the youth section.' For their first date he took her to a Mexican restaurant, and then a children's park: 'We just sat there on the swings, talking as if we'd known each other for years.' In 1996, when Janet was 16, they got married. They spent their wedding night in Juarez.

By 4pm on 14 January, Janet was on the point of phoning El Paso police when she received a call from a friend in Juarez. 'She told me, "I've just seen Luis over here. He was with some cops - they were putting him in a truck". I couldn't figure it out. He shouldn't have been in Mexico at all. At 8 o'clock I couldn't stand it any longer and I went over there myself. I went to all the different police stations. Nobody had him. Nobody knew where he was.'

Since they married Janet and Luis had only ever spent a night apart - when Luis junior was born; they had been living in Dallas, but she wanted to give birth in El Paso, in order to be near her family. In the fortnight after his disappearance, Janet and the children stayed with relatives. 'I couldn't go home. I couldn't be on my own. When he was lost, not knowing what had happened drove me crazy. When at last I heard something, at first I felt relief. A lot of people disappear in Juarez and you never know what happened to them.'

On 26 January, Janet got a call. Juarez police told her they had found some bodies. She was to meet them at the city mortuary. First, she was shown some photographs, but none was of Luis, 'I had to do it in person. I went in there and they had four bodies at that time. There were still ropes around their heads and their eyes were sticking out because they had been suffocated. It was horrible, horrible. One of them had a tattoo, one had silver teeth, another was too fat.'

Janet still did not believe this could have anything to do with Luis. 'He never took drugs and he never drank, beyond the odd beer. He never got into fights. He was still really into the church and he'd just been asked to coach middle-school sports. How could he be narco-fossa?' The police phoned again. This time they asked her to meet them at 3633 Calle Parsonieros. The place looked familiar. 'The hotel where we spent our honeymoon night backed on to the garden.'

'I saw his shoes and his jacket. I went into the garden and they were probing the ground with a pole. That's when they found his body.' The police exhumed him, 'but it was hard to ID him because he was so decomposed. I looked at his hands and touched them. The flesh fell off.'

Two other men had been murdered on 14 January, both of them from Juarez. The next day Santillan told Lalo he had been asked to kill them as a favour for some associates of Vicente Carrillo Fuentes - Santillan had nothing against them personally. In such circumstances, murderers can make mistakes.

While Santillan and Lalo went on killing, Bencomo, his Ice colleagues and Assistant US Attorney Fielden were assembling their case. In December 2003 Fielden drew up a sealed indictment against Santillan. But although there was already some evidence of his involvement in killings, the indictment was only for trafficking, not murder. Before they could lure him to America and arrest him, they needed permission from the DoJ. They got it on 15 January, a day after Luis Padilla died.

But this did not bring the House of Death killings to an end. Under torture, one of Santillan's victims had revealed the address of Homer Glen McBrayer - a DEA special agent resident in Juarez who operated under diplomatic cover. At 6pm on 14 January, two men rang his doorbell continuously for 10 minutes. Afraid, his wife phoned him at work. McBrayer rushed home and ushered his wife and daughters into their car. As soon as they left the estate where they lived, they were stopped by a Mexican police car. Two civilian vehicles hemmed McBrayer's car in. Their occupants got out and waited while McBrayer talked to the cops. They were Santillan's men.

Having showed his diplomatic passport, McBrayer phoned a DEA colleague, who arrived within minutes. Unwilling, perhaps, to abduct two US agents, a woman and two children on a busy street, the cartel men backed off. As the standoff unfolded, Santillan twice called Lalo. He asked him to find out what he could about an

American called Homer Glen - the corrupt police had not given McBrayer's surname. Santillan, claimed Lalo, said he thought he worked for the tres letras - code for the DEA - and intended to blow up his house.

The McBrayers were lucky to be alive, and the DEA, kept in the dark about the continued use of Lalo after the first murder six months earlier, reacted with fury. Even as Ice debriefed Lalo, it refused the DEA access to him and to recordings of the events of 14 January. Every principle governing informant handling and inter-agency co-operation appeared to have been flouted, and the Mexican government was not told of the carnage taking place on - and under - its soil.

Ice got Lalo to arrange a meeting with Santillan in El Paso and on 15 January Il Ingeniero was arrested. Two days later, Ice finally told the Mexicans that the garden at 3633 Calle Parsonieros was a mass grave. After bureaucratic delays, digging began on 23 January. On 18 February, Johnny Sutton filed a new indictment against Santillan, charging him with trafficking and five murders - including those of Reyes and Padilla.

The House Of Death suddenly seemed set to become a major national scandal. Bill Conroy, a reporter who works for an investigative website, Narconews.com, was about to publish an article about it. On 24 February, Sandy Gonzalez, the Special Agent in Charge of the DEA office in El Paso, one of the most senior and highly decorated Hispanic law enforcement officers in America, wrote to his Ice counterpart, John Gaudio.

'I am writing to express to you my frustration and outrage at the mishandling of investigation that has resulted in unnecessary loss of human life,' he began, 'and endangered the lives of special agents of the DEA and their immediate families. There is no excuse for the events that culminated during the evening of 14 January... and I have no choice but to hold you responsible.' Ice, Gonzalez wrote, had gone to 'extreme lengths' to protect an informant who was, in reality, a 'homicidal maniac... this situation is so bizarre that, even as I'm writing to you, it is difficult for me to believe it'.

But Ice and its allies in the DoJ were covering up their actions, helped by the US media - aside from the Dallas Morning News, not one major newspaper or TV network has covered the story. The first signs came in the response to Gonzalez's letter to Gaudio - not from Ice, but from Johnny Sutton.

He reacted not to the discovery of corpses at Calle Parsonieros, but with concern Gonzalez might talk to the media. He communicated his fears to a senior official in Washington - Catherine O'Neil, director of the DoJ's Organised Crime Drug Enforcement Task Force. Describing Gonzalez's letter as 'inflammatory,' she passed on Sutton's fears to the then Attorney General, John Ashcroft, and to Karen Tandy, the head of the DEA, another Texan lawyer.

Tandy was horrified by Gonzalez's letter. 'I apologised to Johnny Sutton last night and he and I agreed on a "no comment" to the press,' she replied on 5 March. Gonzalez would have no further involvement with the House of Death case and was ordered to report to Washington for 'performance discussions to further address this officially'.

Gonzalez was told that Sutton was 'extremely upset'. Gonzalez, who had enjoyed glittering appraisals throughout his 30-year career, was told he would be downgraded. On 4 May, DEA managers in Washington sent him a letter. It said that, if he quietly retired before 30 June, he would be given a 'positive' reference for future employers. If he refused, a reference would dwell on his 'lapse'. Gonzalez resigned, and launched a lawsuit - part of which is due to come to court tomorrow.

'I've been written off,' he says. 'They dismiss my complaints, saying I'm just a disgruntled employee. But once they knew about the carne asadas, they were legally and morally obligated to do something. They already had a solid case against Santillan for drugs and murder. What the fuck else did they need? As for the DEA, they held my feet to the fire and joined the cover-up.' He had been neutralised, but there remained the danger that details of Ice's relationship with Lalo would surface at Santillan's trial.

Janet Padilla had also been dealt with. Ice has no legal responsibility for investigating murder, but after her husband's funeral Lalo's former handler, Bencomo, came calling. 'He told me that he was going to help me find my husband's killers and bring them to justice,' Janet says. 'He said to tell him anything I knew, because he would be in charge of the case. I saw him three or four times, and later I also met Juanita Fielden.' It did not occur to Janet that she ought to contact the police or other agencies.

For Janet, Santillan's indictment for murder was a moment of hope: 'I thought I was going to get justice for Luis.' But on 19 April Sutton announced a deal with Santillan - in return for his pleading guilty to trafficking and acceptance of a 25-year sentence the murder charges were dropped. 'All of the murders were committed in Juarez, by Mexican citizens, and all of the victims were citizens of Mexico,' Sutton said.

No one had any further use for Lalo. In August 2004 someone tried to shoot him at an El Paso restaurant - instead killing an innocent bystander. After that, he was taken into protective custody. And then, on 9 May 2005, Ice, the agency that had cherished him, decided that his US visa was irregular and began legal proceedings to deport him to Mexico - without doubt a death sentence. He is now in a maximum-security jail in the Midwest, fighting his former employers through the courts. In October The Observer won clearance to visit him with his lawyer, Jodi Goodwin. On the eve of the interview he was abruptly moved to a different facility where officials said a visit was impossible. Goodwin passed on a message: 'I'm not mad, I'm sad and disillusioned. Every time I did a job and brought them information, I was congratulated. Now they want to deliver me to my death.'

'If Congress and the media start to look at this properly, they will be horrified,' Sandy Gonzalez says. 'It needs a special prosecutor, as with the case of Valerie Plame [the CIA agent whose name was leaked to the media when her diplomat husband criticised Bush over Iraq's missing weapons of mass destruction]. But Valerie is a nice-looking white person and the victims here are brown. Nobody gives a shit.'

For the three children who lost their father, and their mother, now struggling to make ends meet, it is difficult to cope. 'It's worst at night, when I put them to bed,' Janet Padilla says. 'I guess that's when it hits them. I tell them, "come on you guys, we got to make a prayer. Don't worry. Your daddy's watching you." But you know, it's very hard to make it as a dad as well as a mom.'

Who's who

- **Sandy Gonzalez** Special Agent in charge of the DEA in El Paso who was forced to resign after complaining about the official handling of the House of Death case
- **Vicente Carrillo Fuentes** Believed to lead the Juarez drug cartel. The US has a \$5m bounty on his head.
- **Heriberto Santillan-Tabares** Known as 'the Engineer', he is a key henchman of the Juarez gang and the man who arranged the killings at the House of Death.
- **Guillermo Ramirez Peyro** Known as Lalo, he is a US government informant who worked as a henchman inside the Juarez drug cartel. Now in a maximum-security US jail.
- **Fernando Reyes** A Mexican lawyer, murdered at the House of Death. His killing was tape-recorded by Lalo
- **Johnny Sutton** US Attorney for Western Texas and ex-adviser to Bush. Approved indictments against Santillan.
- **Raul Bencomo** The Ice Special Agent who was Lalo's main handler.

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