

United States Senate
WASHINGTON, DC 20510-0908

May 10, 2023

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Yellen:

Illicit fentanyl kills an estimated 175 Americans each day. It is incumbent on the U.S. government to pursue all tactics to stop the illicit trafficking of this deadly drug. As such, we write to urge you to take immediate steps to close off a newly-emerging source of funding for the cartels, which actively ship this deadly drug into our country.

Since at least 2018, the *Cártel de Jalisco Nueva Generación* (CJNG), a cartel sanctioned by the United States for its role in trafficking narcotics and fentanyl, has been involved in the sale of tobacco products to generate a new revenue stream. Media reports indicate that Mexico's Financial Intelligence Unit (UIF) has opened an investigation into Tobacco International Holdings Switzerland SA (TIH), which is suspected of having ties with CJNG. According to this report, TIH, with the overt assistance of former and current members of Mexican government bodies, and the threat of CJNG reprisal, has monopolized the tobacco market in several Mexican states.

Publicly available information suggests the existence of a direct relationship between CJNG and TIH, which many in Mexico now call the "Cartel del Tabaco." Vendors across Mexico who agreed to only sell products produced by TIH reportedly received letters indicating they were under the protection of CJNG. Several vendors have claimed that members of CJNG have tortured, beaten, and threatened to kill those vendors who refuse to only sell TIH products. CJNG attempted to legitimize this clear protection racket by relying on the services of brothers Carlos Alberto, Hugo Antonio, and Genaro Cedano-Filippini, who used their status as former employees of Mexico's Attorney General's office, to convince store owners that "government regulations" banned the sale of non-TIH products. The Cedano-Filippini brothers and TIH's registered owner, Jose Guadalupe Varela Gonzalez, all have been previously investigated or charged with drug trafficking by the United States and Mexico.

The scale of this expansion cannot be underestimated. In 2019, the Mexican tobacco industry garnered an estimated \$4 billion in annual sales. Even a small portion of those sales could underwrite an unacceptable expansion of CJNG's fentanyl trafficking operations. It is also reported that TIH has several subsidiaries, including Sijara International Manufacturing and Braxico Manufacturing in Mexico, as well as at least one registered in the United States.

Recognizing TIH's role in trafficking dangerous drugs into our communities, we request that the Office of Foreign Assets Control sanction TIH, its registered owner Jose Guadalupe Varela-Gonzalez, the Cedano-Filippini brothers, and all of its subsidiaries and affiliates. Congress has provided multiple authorities to go after entities that enable the illicit trafficking of fentanyl, including the Fentanyl Sanctions Act and the Foreign Narcotics Kingpin Designation Act. Last month, the Treasury Department used these same authorities to sanction eight Mexican companies engaged in a timeshare fraud to fund CJNG. Before it is able to further spread its mafia-like business practices into the United States, it is imperative the same action be taken for TIH.

We thank you for your attention to this important matter.

Sincerely,



Marco Rubio
U.S. Senator



Tom Cotton
U.S. Senator



Rick Scott
U.S. Senator



Bill Hagerty
U.S. Senator



Bill Cassidy, M.D.
U.S. Senator