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## The House of Death

### An interview with DEA whistleblower Sandy Gonzalez

Radley Balko | September 30, 2008

Sandalio “Sandy” Gonzalez recently retired after a 32-year career in law enforcement, 27 as an agent for the Drug Enforcement Administration (DEA), at one point serving as its head of operations in South America.

Three years ago, Gonzalez’s career came to an abrupt end after he blew the whistle in a horrifying case now known as the “House of Death,” in which Immigration and Customs Enforcement (ICE) agents stand accused of looking the other way while one of their drug informants participated in torturing and murdering at least a dozen people in the border town of Ciudad Juarez, Mexico.

The House of Death case was first reported by Alfredo Corchado at the *Dallas Morning News*, then followed up with a series of extensive reports by journalist Bill Conroy at *Narco News*, a website that covers the Latin American drug trade. Conroy, a reporter for a business journal in San Antonio, Texas who covers the drug war in his spare time, has had his own problems with federal retaliation. Federal agents have visited both his home and his office since he began reporting on the case.

At the center of the House of Death case is Guillermo Ramirez Peyro, also known as “Lalo,” a federal drug informant the U.S. government has over the years paid more than \$220,000. Lalo was a valuable asset. He had worked his way into the upper echelons of Mexico’s Juarez drug cartel. As of 2003, Lalo was one of the federal government’s key contacts in an investigation targeting Heriberto Santillan-Tabares (“Santillan”), the cartel’s third in line behind leader Vicente Carrillo Fuentes. Fuentes and Lalo worked closely together on a number of drug smuggling operations, and Lalo’s esteem in the cartel grew with Santillan’s ascendance.

In August 2003, Santillan and Lalo committed their first murder at the abandoned house near the Texas-Mexico border—the House of Death—torturing and killing a man named Fernando Reyes, a Mexican attorney and childhood friend of Santillan. After the murder, Lalo briefed his handlers at ICE about what he had done. ICE agents would later testify that word of Lalo and Santillan’s first murder went out to ICE and Justice Department officials in Mexico City, El Paso, and Washington, D.C., including the office of U.S. Attorney Johnny Sutton. But the federal government allowed the investigation to continue. Over the ensuing months eleven more people would be murdered at the House of Death, including a legal U.S. resident, at torture sessions Juarez cartel elites would grotesquely refer to as *carne asadas*, or “barbecues.”

In January 2004, while under torture at the House of Death, one man gave his captors the address of a DEA agent assigned to the agency’s office in Juarez. The gruesome murders of Mexican citizens may not have moved the U.S. government to cut short its investigation, but threats against a federal agent

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apparently did. Gonzalez, who was in Washington at the time, received news of the threat, and flew to El Paso to oversee the crisis. Over the next several weeks, Gonzalez grew increasingly outraged as he learned about ICE's handling of Lalo and the Santillan investigation.

Rather than give up a drug operation (and apparently an unrelated cigarette smuggling operation), Gonzalez learned that federal agents had allowed a paid government informant to participate in a dozen brutal murders—all but the first of which could have been prevented.

When Gonzalez sensed that internal investigations of the case were headed toward a cover-up, he fired off a letter to his counterpart at ICE demanding he take responsibility. Gonzalez's letter reached the highest levels of the Justice Department, including the desk of DEA Administrator Karen Tandy.

But instead of praising Gonzalez's efforts to expose this egregious mishandling of a paid government informant, Tandy and other government officials *reprimanded* him for creating a record of ICE's transgressions. Tandy and U.S. Attorney Sutton called Gonzalez "hysterical," warning him not to talk to the media. They eventually forced him into an early retirement in 2005.

Since then, Gonzalez has been frustrated in his attempts to get the executive branch, Congress, or the media to investigate what happened in Juarez.

In August, **reason** Senior Editor Radley Balko spoke with Gonzalez by phone.

**reason:** When did you first hear about the House of Death murders?

**Gonzalez:** In January 2004. I was in the D.C. area on business when one of my assistants called me and said that Customs or ICE had contacted our office, and said that we had to evacuate all of our personnel from the Juarez office because they were in danger. I didn't wait to get into specifics at the time. I just issued instructions to my staff to assist our Mexico City office and ICE in whatever they were doing.

So, that was the first inkling. When I went back to El Paso, I started looking into it. I started getting reports of what was going on, and eventually dug until I learned about the murders. I then spoke to my counterpart at ICE, and when I got the picture of what was going on, I just couldn't believe it. It was outrageous.

**reason:** You then wrote a letter detailing what you knew and demanding an investigation. Who got a copy of that letter? And what was the reaction to it?

**Gonzalez:** This all started as a threat against some agents and their families. So even if ICE didn't want to get into the murders, they had to at least investigate the threats to the agents. The DEA flew in a supervisor from Mexico City. He was operating out of my office in El Paso. When I finally found out what was going on with the House of Death, I wrote the letter to my counterpart at ICE. The letter basically said to him: Unless you can come up with a really good explanation, you're responsible for this whole mess. These were murders, and we had the possibility of federal agents looking the other way, knowing the murders were taking place. Allowing an informant to take part in violent crimes is a very serious matter, so I also sent a copy to the U.S. Attorney's Office.

Their reaction was completely negative. The U.S. Attorney never even contacted me to discuss the matter. Instead, he complained about me directly to the Justice Department. I got a call from the number three person in the DEA, who instructed me not to talk to the media, and not to write any more letters.

He told me that everyone was very upset. No one wanted to discuss the issues I had raised. They just wanted me to shut up. I think at that point they realized that this whole mess was now a matter of record. So they went after the guy who put it on the record.

**reason:** You've said you wrote the letter because you saw signs that the investigation was looking more like a cover-up than an actual investigation.

**Gonzalez:** DEA was doing their investigation and ICE was doing theirs. When the officials met in Washington, it became clear to me that what was being reported by ICE and what was being reported by DEA were very different. I said "bullshit." I mean, this is murder we're talking about here—multiple murders—and something's got to be done.

**reason:** At that point, the DEA had already dropped Lalo as an informant, right?

**Gonzalez:** Yeah. They dropped him the previous July after he was caught at the border with an unauthorized stash of marijuana.

**reason:** But ICE kept using him—not only after he'd been caught smuggling while working as an informant, but after they learned that he had participated in a murder while on their payroll.

**Gonzalez:** Correct.

**reason:** Why do you think they kept using him? Did they want to get more information on the cartel, or were they using him in other cases that they didn't want to compromise?

**Gonzalez:** I think it was a combination of those two things. They were also using him in some huge cigarette smuggling case. And of course he was well into this cell of the Juarez cartel. As long he was there, he could provide information.

**reason:** So of the 12 murders at the House of Death, in how many cases did ICE agents have prior knowledge that one was about to take place?

**Gonzalez:** That's the big question. That's why they don't want an investigation.

**reason:** There's evidence that there were at least two where they had advance knowledge, correct?

**Gonzalez:** Lalo gave an affidavit or a declaration to the Mexican authorities where he admitted to taking part and/or being present—and it's been a long time since I've read that—in five murders.

**reason:** If ICE had handled the situation properly after they learned of the first murder, do you believe the subsequent murders could have been prevented?

**Gonzalez:** Oh, absolutely. I mean, after the first murder, they had all the evidence they needed. At the time that first murder took place, we already had a prosecutable drug case against Santillan. And then we had the murder on top of that.

**reason:** After all this, the main target of the investigation—Santillan—was only charged with drug trafficking. He pled guilty, and received a 25-year sentence. U.S. Attorney Johnny Sutton dropped five murder charges against him—all committed at the House of Death. Do you think Sutton was afraid of what would come out in a trial where Lalo and Santillan were called to testify?

**Gonzalez:** Oh, there's no question about that. No way they could afford to put Lalo on the stand and have him testify to all of this.

Remember, he had a drug case before the first murder took place. That's the case that he pled guilty on. The murders had to be dismissed because the government's star witness and informant, Lalo, would have had to testify that he took part in them. At that point, any defense attorney worth his salt would've gotten out of Lalo that he was reporting these murders to federal agents before they happened.

**reason:** The DEA administrator at the time, Karen Tandy, has admitted in court testimony that she gave you the only poor performance review of your career because of your letter calling for an investigation into the murders. That led to your retirement. Have any of the ICE officers who handled the Lalo case been held accountable—criminally, professionally, or otherwise?

**Gonzalez:** Not to my knowledge. I doubt it. I would have heard about it.

**reason:** Have you had any indication that Congress might step in? Have you talked to anyone on Capitol Hill?

**Gonzalez:** Back in 2005 I went and briefed the senior staff of two senators.

**reason:** Which ones?

**Gonzalez:** [Iowa Sen. Charles] Grassley and [Vermont Sen. Patrick] Leahy. I think what happened is one of the members of Leahy's staff was a Justice Department officer who was on loan on a detail to the senator's staff. I think she knew Johnny Sutton. She worked out of the Executive Office of U.S. Attorneys. She knew Sutton personally and throughout the whole interview she was antagonistic. My guess is that she railroaded the whole thing.

**reason:** You eventually won a lawsuit and a settlement from the federal government. What exactly did the jury determine in that case?

**Gonzalez:** I was suing the government for retaliating against me when I blew the whistle on some missing drugs on another case in Miami. But I amended the lawsuit to include their retaliation for my letter in the House of Death case. This was an ongoing pattern of discrimination and retaliation against whistle-blowing that began in Miami and continued in El Paso. Believe it or not, the government tried to use the letter *against me* in the case. The jury didn't buy it.

**reason:** What were the terms of the settlement?

**Gonzalez:** The jury ruled in my favor and awarded me \$85,000. Both parties appealed, and the government settled for \$385,000. But the jury that heard all of the evidence ruled in my favor. Of course, the government didn't admit to doing anything wrong.

**reason:** Some of the families of the people murdered at the site brought a class action suit against the federal government for its complicity in their deaths. Do you know the status of that case?

**Gonzalez:** The judge threw it out. I don't know if they've appealed, but I don't think they had a chance. I mean, these federal judges, they're not really independent. They like to say they are, and I guess maybe some of them are, but most of them will rule in favor of the government every time.

**reason:** The Department of Homeland Security is now trying to deport Lalo back to Mexico, where he'll almost certainly be murdered. Two questions. First, what is their stated reason for deporting him? And the more obvious question—do you think they're trying to deport him *because* he's likely to be killed?

**Gonzalez:** There's no doubt in my mind that they're trying to deport him because they know he'll be killed. It gets rid of the main witness against the government should someone ever look into this.

I don't know the stated or official reason they're trying to deport him. I would guess that it's because he's an illegal alien, or something like that.

I mean, they want him dead. There's no question about it.

**reason:** He has asked that if he is deported, it be to someplace other than Mexico. The government is arguing against that, too.

**Gonzalez:** I wasn't aware of that, but it wouldn't surprise me. All I know is that they are trying to get rid of him so he can get killed. Once he's out of the picture, there's no way this case can be revived, because all the other witnesses are government agents.

**reason:** Tell me about the Joint Assessment Team Report.

**Gonzalez:** The Joint Assessment Team was two guys from Customs, two guys from ICE, and two guys from DEA who were to go in and interview everybody and then hopefully come to a conclusion about what happened. They did that. They interviewed over 40 people, including me, and issued a classified report. But when I asked for a copy during discovery, they would only release the portion that was their interview with me. They said the rest of the report was "national security."

So I was the agent in charge of that whole area, and they never showed me the results of the report. The only thing I can conclude from that is that what they found out was not pretty, and they weren't about to tell me that I was right. They also never showed it to the regional DEA director in Mexico City, who had also signed on to my letter. Odd that neither he nor I received a copy of the report, isn't it?

**reason:** You've had a long career at the DEA and you've seen two pretty serious abuses of power in that time. In both the House of Death and the Miami cases, you took more punishment for blowing the whistle than the people actually involved in the corruption.

**Gonzalez:** There's no question.

**reason:** How widespread do you think these abuses of the informant system are in federal law enforcement?

**Gonzalez:** Well, I'm not sure that there is an "informant system." I think every agency has its own rules and regulations regarding informants. It all has to do with individuals and how they handle their informants, but in general I think there is a tendency throughout the government to cover up misconduct, whether it's informant-related or otherwise. At least in the law enforcement agencies.

**reason:** You said at a conference earlier this year that while corruption is a problem, the bigger problem is that federal prosecutors don't hold corrupt agents accountable. Is that an accurate assessment of your opinion?

**Gonzalez:** Yes. In the House of Death case, the prosecutor's office is involved, the U.S. Attorney is involved. So it gets covered up. If there had been no involvement of the prosecutor's office in the misconduct, they might have gone after some of the agents. But Sutton's people were in the thick of things. So, you know, it gets covered up.

**reason:** Have the higher-ups in Sutton's office, the DEA, or ICE been questioned about the case? About why they allowed it to continue?

**Gonzalez:** No. Who's going to question them? No one made the decision to investigate the initial misconduct, so everyone's off the hook. I mean, the key person here is United States Attorney Sutton. He's independent from Washington in the sense that if he decides to conduct an investigation, it gets done. I guess conceivably he could get enough pressure from the DOJ to step on it, but by then, so many people would know about it, it would turn into a major scandal. But if the U.S. Attorney wanted—if he had wanted this looked into—it would've happened.

**reason:** You're now retired after a career in the federal government. What have you taken away from all of this?

**Gonzalez:** I think the American people would be justified in believing that their own government may be as corrupt as any of the countries our government criticizes for corruption.

**reason:** You've had more than a 30-year career as a DEA agent and you've seen all of this corruption go down. Has it caused you to rethink or reconsider the War on Drugs?

**Gonzalez:** I'm not ready to say that we should legalize drugs, if that's what you're talking about. I just don't think that the problem has been dealt with properly. I think that we probably should concentrate more effort on demand reduction than give, for example, the Pentagon a bunch of money so they could run their ships and planes and say that it's detection and monitoring, which doesn't work.

Maybe concentrate more on education, when kids are young—making an effort in their formative years to make it so that they don't ever think of using drugs. I know this is wishful thinking but just going at it through enforcement alone...I think it's been shown that it really doesn't work. We're successful in putting people behind bars, but then other people take their place right away. It's a never-ending cycle.

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