



The Zetas and the battle for Monterrey

Steven Dudley

December 18, 2012

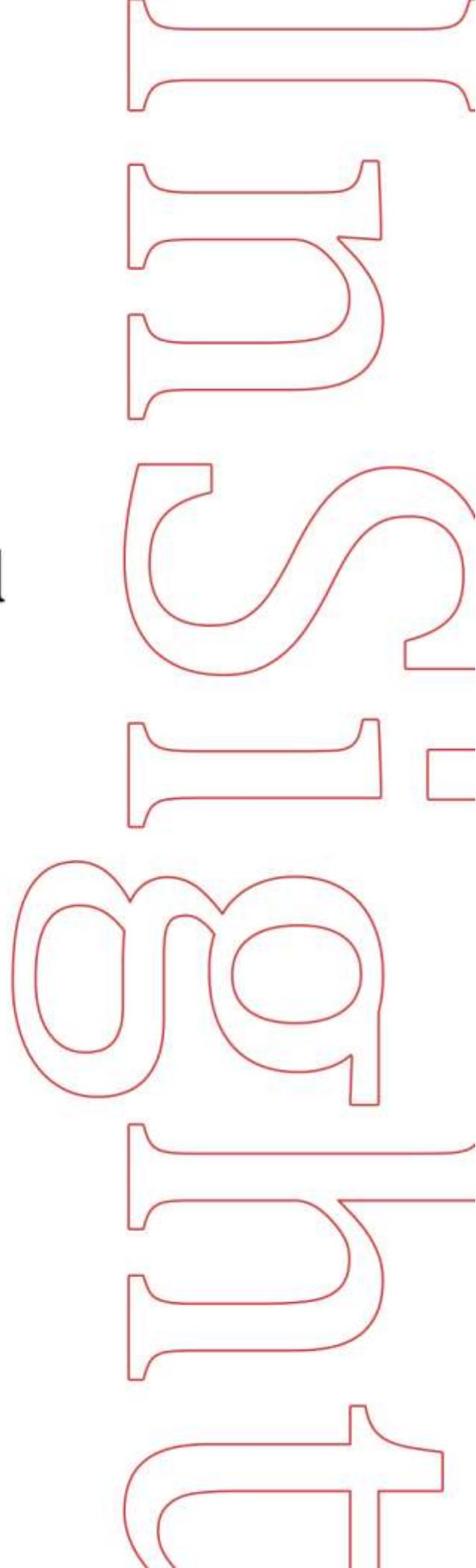


Table of Contents

Abstract:	3
Part I - How the Zetas Took Monterrey	4
From Safe Haven to Beachhead	5
Take the “Plaza,” Win the War	6
Part II - The Zetas and Monterrey Math	9
How Many Are There?	9
Monterrey’s Illegal Market Value	11
Part III - The Battle for Monterrey	16
A War with Many Parts	17
The Fight for the Prisons	19

Abstract:

The Zetas' top leader is dead and the group is seemingly splitting into pieces, but they remain Mexican President Enrique Peña Nieto's biggest security challenge. In this context, InSight Crime's Steven Dudley delves into the battle for Mexico's industrial capital, Monterrey, getting to the essence of a criminal gang that defies easy definition.

Part I - How the Zetas Took Monterrey

The Zetas have many sides. The group is at once sophisticated and ruthless, coordinating multi-caravan ambushes and sending hooligans to launch a wild assault on a police station. It has gang-bangers and Special Forces snipers on its payroll. It uses a sophisticated radio system and a machete in the same operation. It has a political platform that consists of shaking down the entire political class. And it has the accounting system of a multinational company, but the uncanny ability to destroy its own sources of income.

It is, in essence, more organism than organization. For this reason, we tend to see what we want to see when we look at them, even when we analyze the same event. Take the August 25, 2011, afternoon assault on the Casino Royale in Monterrey. When eight men piled in the casino in four cars with automatic weapons, gasoline and lighters, two seasoned security analysts saw entirely different things.

To one analyst, the group was a sophisticated and well-trained shock unit. A security camera video of the attack, obtained via YouTube, showed “professionalism on display,” he told InSight Crime via email. He said the first vehicle was “the screen gun truck,” which was shielding the commander in his Mini Cooper. The “elements” enter the building swiftly, while another car blocked parallel traffic. Then the gun truck sealed off the driveway. He marveled how various lookouts and vehicles cleared space near where the operation was taking place and wondered aloud how many more lookouts there were in the area.

However, another very experienced security analyst said the Monterrey arsonists were amateurs with little ability to restrain themselves.

“These guys are a joke,” former Mexican intelligence officer Alejandro Hope* told InSight Crime at the time. “They let themselves be filmed. They left fingerprints everywhere. They were caught by the Nuevo Leon police. How sophisticated could you be if you let the Nuevo Leon police capture you?”

Amateurs or not, the results were the same: 52 dead, mostly middle-aged women who were trapped by the flames that engulfed the building in a matter of seconds. The ensuing scandal about criminal control of casinos would envelop Monterrey’s mayor, whose brother was videotaped taking a large sum of money from a casino in what appeared to be an extortion payment. But his case was just as confounding as the arson attack. Journalists and opposition politicians told InSight Crime that the payment was part of the Zetas’ extortion racket, while a local counternarcotics official said it was a separate matter and a separate extortion scheme.

From Safe Haven to Beachhead

How and why the Zetas settled in Monterrey goes a long way toward explaining who they are and how they operate. The group, as has been documented, was not always free to do what it pleased. It was part of a larger structure, one of many enforcer groups that was beholden to its boss, the Gulf Cartel. This cartel had long worked in and around Metropolitan Monterrey. (When I speak of Monterrey or the area, I am talking about "Metropolitan Monterrey," which, as defined by the government statistical body INEGI, includes the municipalities Apodaca, Garcia, General Escobedo, Guadalupe, Juarez, Monterrey, San Nicolás de los Garza, San Pedro Garza Garcia, Santa Catarina, and Santiago.) The first leader of the Gulf Cartel, Juan Garcia Abrego, was captured on the outskirts of this city. But his successor, Osiel Cardenas, was less interested in Monterrey, and kept his distance. By most accounts, the Zetas did as well.

In fact, Monterrey is not the Zetas' birthplace. It's not where its top commanders come from. It has no particular connection to Zetas' lore. It was not even considered a place for them to do business until recently. Monterrey has long been known more as a safe haven for large-scale drug traffickers -- a place where they could send their families to be safe from the mayhem in Juarez or Tijuana or Culiacan. Amado Carrillo, the legendary "Lord of the Skies," reportedly moved his wife and kids to San Pedro Garza Garcia, on the city's outskirts, in the 1990s. Others did as well.

With the country's wealthiest county per capita, San Pedro is appealing for many of the same reasons as the rest of Metropolitan Monterrey. It is close to the United States. Mexican and US companies, such as Caterpillar and Callaway Golf, have long manufactured their products in the area, before taking them on the quick trip north to the various border crossings. The presence of foreign companies has meant large flows of US dollars in and out of a sophisticated and extensive banking system. And with shopping malls and nice restaurants, it has often been compared to Dallas. But it is also decidedly NOT the United States. The most obvious example is San Pedro's former municipal president, Mauricio Fernandez Garza, who openly admitted to creating a paramilitary organization to "clean" the area of criminals.

Fernandez's allies in this venture were the Beltran Leyva Organization (BLO), who decided to make it their home around 2008, to escape the fighting in other parts of the country. At the time, Mexico's drug trafficking world was going through a profound transformation, splintering and realigning in the most unpredictable of ways. Following the arrest of one of its leaders, Alfredo Beltran Leyva, the BLO had split with its long-time partners, the Sinaloa Cartel.

The fighting between the two groups left their headquarters of Culiacan and Morelos in shambles, and made San Pedro seem like a safe haven. The BLO, however, took the arrangement to the next level, using San Pedro a place of both respite and business. They co-opted politicians and businessmen, and created high-

level, complex extortion schemes, one of which involved a life insurance scam. They also brought in their new partner, the Zetas.

Take the “Plaza,” Win the War

The Zetas were going through their own transformation at the time. They had been growing steadily since their formation in the late 1990s, and had realized that being the enforcers was a natural way to get income from other sources, which also gave them an opportunity to expand their mini-army. The money came mostly from taking a cut of the extortion, or quota system, the Gulf Cartel imposed in its areas of influence.

Mexico’s underworld operates with the logic that other trafficking groups have to pay whoever controls the “plaza,” or trafficking corridor, “piso,” or rent, if they want to use the territory for their criminal activities. At first, any Zeta extortion scheme required the nod of Gulf Cartel leader Cardenas. But after Cardenas was captured and jailed in 2003, they began to operate more independently. By the time the Mexican government extradited Cardenas to the US in January 2007, the Zetas were effectively an independent organization.

What this meant in practice leads us to the heart of what makes the Zetas so difficult to decipher. Their military background and prowess made them the most effective and dangerous criminal organization in Mexico. Other criminal groups were not ready for them, and expanding their territory, they would find, was the easy part of the job. It took but a few well-trained ex-soldiers and former police, for example, to overrun a small city.

To get these recruits, they tapped into their networks of current and former security personnel, many of whom were unemployed or underemployed. The Mexican military also expels or releases thousands of soldiers per year – nearly 85,000 between December 2006, when former President Enrique Calderon took office, through May 2012. The police have also expelled thousands since 2006. And the Zetas have long used advertisements that appeal to a sense of camaraderie and core military values.

However, it was the money more than the values that attracted one ex-soldier I will call “Dragon,” for a tattoo he had. In his testimony to officials after his capture, which was part of a case against the Zetas, Dragon said after leaving the army, he studied education at a university in Veracruz state, and when he could not find a job in his field, he started working with a company that builds boats.

Economic crisis hit, and he was laid off. His daughter got sick around the same time, and he asked a friend of his, who was working as a “hawk,” or lookout, for the Zetas, for a loan. The lookout gave him the money and asked him if wanted to join. He declined, but when he still could not find work, he accepted.

After working as a “hawk” for a time, the Zetas saw he had promise and skills with weapons and promoted him to hitman duties. He was then sent to Ciudad del Carmen, in Campeche state, a city of 150,000 people in the southeastern corner of the Yucatan, where he joined a small team of Zetas preparing to take over the plaza.

Dragon told investigators that to do the job the Zetas sent three lieutenants with five soldiers each, a number they’d reached because they could fit each six-person unit into its own vehicle. One of the top guys in his cell was an ex-Honduran military officer, Dragon said. The others were all former Mexican police and military.

The group started the takeover by sending out two men to purchase drugs. Within hours, they located what is commonly called a “tienda” in Mexico. That night, they organized and executed a raid. The head of tienda, they found, was a woman, nicknamed “La Reina del Sur,” a nod perhaps to another, more famous drug trafficker who’d been jailed in the previous weeks. After torturing her and extracting information about the other tiendas and top drug distributors, the Zetas explained to her that they were the new bosses and that she would be paying them piso.

“Either you align yourself or you die,” they added.

(It is a powerful axiom in the underworld: “O te alineas o te mueres.”)

They then went to the rest of the tiendas and repeated the process. This led them to other criminal activities such as the piracy vendors, and the prostitution rings. Within a week, the Zetas were collecting “piso” on every criminal enterprise in Ciudad del Carmen. It was a model they were replicating throughout the country.

But the Zetas also learned that controlling this highly trained, highly efficient military cadre would itself be a daunting challenge. They were, in a way, a victim of their own success. It was so easy to take a plaza, and they were so good at it, that their own men sought the same independence that has made the group such a wild card in the underworld.

To be sure, they instituted a discipline system. Dragon told investigators that it was based on the military regime: a “tablazo,” or a whack with a wooden paddle to the ass, when soldiers disobeyed. Fail to answer the radio, two “tablazos;” don’t go to headquarters when called, 10 “tablazos.”

The Zetas also discovered they needed a disciplined accountant who operated separately from the military side of the organization. This was necessary to keep an eye on their complicated and multifaceted revenue stream, which by now included extortion, kidnapping, piracy, contraband, theft, prostitution, human smuggling, and human trafficking.

Simultaneously, they were making a push into the local drug markets. They were focused on the local market because they had been largely cut out of the major drug trafficking market by their bosses, the Gulf Cartel, hence their concerted push into other industries.

Given this portfolio, Monterrey did not just look good, it looked like the crown jewels. But Monterrey was not Ciudad del Carmen. It was where the big players like the BLO were, and the opening would have to come via an arrangement with one of these players, or risk a bloody war.

Such were the circumstances in 2007. The two groups were at a crossroads: the BLO in its relations with the Sinaloa Cartel, and the Zetas with regards to the Gulf Cartel. For reasons that are not clear, neither was happy with its arrangement with these bosses. The infamous drug trafficker and enforcer “La Barbie,” described it like this: “Comenzaron las envidias y se volvio toda a la guerra.” Rivalries exploded, and everything went to shit.

Even though they had been mortal enemies in the past, the Zetas and the BLO reportedly met in 2007 to talk business. Barbie said Arturo Beltran Leyva spoke with the Zetas’ leaders.

“We are not friends but we have a pact, and we don’t fight,” Barbie told police, before adding. “They are slimeballs.”

By 2008, with the BLO now in open confrontation with Sinaloa Cartel, those first meetings gave the opening the Zetas sought in Monterrey. Metropolitan Monterrey, minus San Pedro, was theirs.

Part II - The Zetas and Monterrey Math

Just days after the fire at the Casino Royale, authorities captured five suspects, one of whom was a state policeman. Officer Miguel Angel Barraza Escamilla later admitted to investigators that he was a member of the Zetas. Investigators told the press that he had various jobs, including as a lookout during operations like the tragic shakedown at the Casino Royale and driving members of the criminal gang in stolen vehicles.

Barraza also gave authorities information that allowed them to paint a picture of the top levels of the organization in the area. (A few days after his arrest, suspected Zetas killed his father, half-brother and godmother.) At the top of the cell, authorities put Francisco Medina Mejia, alias “El Quemado.” Authorities said that Medina answered to Carlos Oliva Castillo, alias “La Rana,” who answered to Miguel Trevino, alias “Z-40,” now the organization’s number one, who is allegedly based in Nuevo Laredo, along the US border. Oliva Castillo was captured in the neighboring state of San Luis Potosi in October 2011, but Medina remains at large.

Below Medina are several lieutenants, including Jose Alberto Loera Rodriguez, alias “Voltaje.” Loera’s presence caused a stir in Mexico since he was a former professional wrestler. He was captured in early October 2011. When they presented the muscular 28-year-old with his shock of red hair, authorities explained that Loera managed about 40 lookouts. Two others who were captured were in their teens and were presumably working as lookouts, although authorities said they were captured with high-powered weapons. In all, 18 people have been captured since the Casino Royale tragedy, from lookouts, to mid-level lieutenants, to police, giving a useful view of how the Zetas have organized themselves in the area and how much the city is worth to them.

How Many Are There?

The Zetas are broken down by units. Each unit is responsible for a specific geographic area. In Monterrey, these geographic areas are related to municipalities, although the boundaries may not always correspond exactly. For example, there would be a unit for nine of the ten municipalities that make up Metropolitan Monterrey, with San Pedro Garza Garcia being the exception as it is territory of the Zetas’ allies, the Beltran Leyva Organization.

The size of the units depends on the size of the area, but according to international and local law enforcement, the units tend to have between 50 and 60 core soldiers. There are broken into “estacas,” or cells, in homage to the Zetas’ military origins. These cells are small enough to be transported in vehicles, i.e., five or six men per mobile column.

A year ago we could have multiplied this number by nine municipalities, and the estimate of Zetas soldiers would have been close to 500 in the area. However, the Zetas have lost ground in recent months. Even before the death of their maximum leader, Heriberto Lazcano, in October 2012, the Zetas were having difficulty maintaining control due to sustained attacks by their former bosses, the Gulf Cartel and their new allies, the Sinaloa Cartel.

The death of Lazcano may accelerate this deterioration further. Lazcano was a mythic figure that seemed to hold this disparate organization together. What's more, the Zetas were already showing signs of fraying at the edges. If we assume there is still command and control of the Monterrey-based Zetas, they would have close to 300 fighters in at least six municipalities, mostly the northern part of the city.

These core soldiers have recruited local gang members to work with them. The number of gang members collaborating with the Zetas is much harder to calculate. One member of the Monterrey security forces broke it down for InSight Crime by "colonias," or neighborhoods. He estimated 10 per colonia, and said that just counting the poorest neighborhoods means there are about 2,000 collaborators. If he adds other, marginal colonias, the estimates reach closer to 3,000.

That does not mean, however, there are between 3,000 and 4,000 "Zetas" in Monterrey. Not all the gangs work for the Zetas and not all those who do are Zetas. They are what locals like to call "Zetillas." Their main job is to be the "halcones," or hawks, the lookouts for the organization. But they also collect extortion quotas and manage the drug distribution centers in the neighborhoods. They may be called to do other jobs such as block roads, distract military forces, guard safe houses, or assassinate a rival. But the high number of gang collaborators is a reflection of their low status within the organization. With few exceptions, they are, to be blunt, expendable.

The part of the structure that is not expendable, however, is the police. Like criminal organizations throughout the world, the Zetas rely on the police. In the broadest sense, the police are the Zetas' top-cover: They ensure that the Zetas can operate in the geographic area under their jurisdiction, hence the Zetas' tendency to assign a cell to a specific municipality.

Specifically, police have many jobs. They can clear an area of rivals and fill an area with friendly law enforcement. They can hold or accompany illegal goods. They can seize goods from rival organizations; they can get Zetas' goods that have been seized released from custody. They can provide weapons and ammunition. They can thwart an investigation against the Zetas, or push an investigation against a rival. And they can alert the organization to the security forces' movements, positioning and strategy.

This top-cover and logistical support network is distributed mostly between the multiple police agencies in the area. In Monterrey, there are municipal and state police. But there also transit police, which provide critical backup and intelligence about the movement of military convoys and the federal police.

How many police work with the Zetas is difficult to know. The government has gone through numerous purges, expelling over 4,000 police in the state of Nuevo Leon, the vast majority in Monterrey, yet penetration remains a problem. As recent as January, the military arrested 106 Monterrey police. But these broad sweeps do not always mean that the entire police were, or are, Zetas' collaborators. What's more, the participation of individuals within the police varies. Some are deeply entrenched in the Zetas' structure. Others have limited roles or simply keep quiet about who is who and their activities. And often, it is as important to control several key positions within the police, as it is to have numbers.

Finally, there is the Zetas' logistical infrastructure to consider: the people who fix cars for them, handle their money at the banks, find their safe houses, get them fake IDs, buy their weapons or steal cars for them. In Colombia, the calculation is that for each guerrilla fighter in the field, there are three who provide logistical support of this kind. But this calculation is hard to apply to the Zetas. They are an urban-based group. Parts of their operational structure handle some of these jobs for them, so that reduces the number needed for logistics. In all, the Zetas appear to have a limited need for a vast logistical support team.

In sum, the structure of the Zetas in Monterrey is large, but it is made up of layers. Each layer has a different level of integration in the group. Speaking only of core members, the Zetas have close to 300 in Metropolitan Monterrey, not including police that play an active role in the operational side. The gang members number in the thousands, and while this is a tremendous source of crime and overall chaos in the city, these are not core members. As is increasingly evident, fewer and fewer of them have training. Lastly, we have a logistical network that is not Zeta per se but rather contracted by the group for specific tasks. The Zetas, then, have an infrastructure that includes close to 4,000 people. And just how they keep this umbrella organization together is the direct result of their criminal model of extracting everything they can from this city's economy.

Monterrey's Illegal Market Value

The Zetas are not like any other large criminal organization in Mexico. They are enforcers first, businessmen second. Their economic well-being is dependent on their ability to exert military power over the marketplace. They are less interested in controlling the distribution chains and more interested in controlling the territory in which the business is done. In these areas, they have established a monopoly on power and collect "piso," or rent, on local drug trafficking activity,

piracy, contraband, prostitution and other criminal activity. They also steal, extort legitimate businesses and kidnap.

The local drug market has been growing for the last 20 years in Mexico, but its rise has been especially pronounced in the last few years. Use of marijuana, the most popular drug after alcohol, and cocaine have been steadily increasing. In Mexico, cocaine use doubled between 2002 and 2008, according to the last survey by the government's National Council Against Addiction. The numbers who said they did cocaine, 2.4 percent, is about half of what it is in the United States. A quarter of those using cocaine said they were using crack. Women between the ages of 12 and 25 consumed more cocaine, crack and methamphetamine than other age brackets, the report noted.

The "prevalence" of cocaine use, 0.4 percent, is on a par with the world average, according to the United Nations Office on Drugs and Crime (UNODC), and, as a state, Nuevo Leon ranks amongst the lowest in drug use. But as a municipality, Monterrey is amongst the highest in the country. In a 2005 survey by the council -- which focused on consumption in Tijuana, Ciudad Juarez, Monterrey and Queretaro -- over 10 percent of the respondents they had consumed some form of drugs. The highest use reported by any state in the 2008 report was 11 percent, according to the 2008 survey, which did not, unfortunately, break down the numbers by municipality.

The numbers are reflective of a larger trend in the region and in developing countries in general. Percentage-wise, Argentina has rates of use comparable to the United States. Brazil has close to one million cocaine users, putting it in a league with Spain and Great Britain in absolute terms. Countries with smaller populations such as Venezuela, Guatemala, Honduras, Jamaica and Haiti have also reported increases in consumption in recent years. This is something that worries international observers as well.

"Demographic trends suggest that the total number of drug users in developing countries would increase significantly, owing not only to those areas' higher projected population growth, but also their younger populations and rapid rates of urbanization," the UNODC wrote in its 2012 annual report.

The Zetas have taken advantage of this burgeoning market and possibly had a role in fostering it. State and city officials told InSight Crime that, by using local gangs, the group has increased the number of distribution points. They tag their product and dispatch their soldiers and minions to ensure that the users are consuming it. Failure to smoke Zeta-stamped crack could result in a severe beating, the officials said.

Estimations of how much this market is worth to them vary. Some say drug sales in Monterrey reach the \$8 million per week mark. This somewhat unscientific number comes by calculating the number of "tiendas," or distribution points, in the city and

assigning a modest number of sales to each, and leads to a conclusion that may be difficult to sustain but represents a starting point in the discussion: that Monterrey's drug market could be worth nearly \$400 million annually.

This is an overestimation. According to Alejandro Hope, who drew from one Zeta leader's confession about his operations in Veracruz, the entire Mexican illegal drug market is worth close to \$950 million per year. Of this, Monterrey, by population alone (4 percent of Mexico's total population), would command closer to \$40 million. Since Monterrey is a larger than average market, we can round this up to \$50 million. Assuming the Zetas control 60 percent of this market, that gives them around \$35 million in annual revenue from local drug trafficking.

These same soldiers and minions are collecting "piso" from the illicit and licit businesses. Obviously, there is little reliable data on these illicit markets. However, we can use the size of the informal economy to obtain an idea of the size of the potential revenue source. According to a 2011 INEGI report, 23.4 percent of Monterrey's labor force, or just under 400,000 people, are in the informal market. That does not correspond to a quarter of the city's economic power, but it does create ample opportunity for extortion.

On the legitimate business side, the size of the market grows. The state of Nuevo Leon is responsible for 7.5 percent of the GDP of the country, behind only Mexico City and Mexico State. It has the country's second largest industrial and construction sectors, and comes top in the amount of truck traffic.

But calculating potential and actual revenue from licit businesses is as challenging as for the illegal drug market. CISEN estimates that businesses cannot afford more than \$10,000 to \$15,000 per year, and that most pay much less. Indeed, 92 percent of Nuevo Leon companies have less than 50 employees; their earnings represent just 6.3 percent of the state's total earnings. And while there are 129,000 "economic units" that make for potential targets, the average unit only makes \$22,384 per year.

How many of these businesses face demands from criminals is unknown, and crime statistics do not help us much either. National statistics show that Nuevo Leon had a steady number of reports of extortion between 2008 and 2011. Anecdotally, however, extortion was on the rise. And traditionally, extortion is one of the least reported criminal acts in Mexico.

If we assume then that the Zetas extort 1 of every 10 businesses in the state, taking, on average, 10 percent of all revenue (or about \$2,200) that would mean they would be making close to \$30 million in annual revenue from this activity. Combined with what they are taking from the black market operators, and we have between \$30 million - \$50 million in potential extortion revenue from Monterrey.

The Zetas are also involved in kidnappings. There were 43 reported kidnappings in Metropolitan Monterrey through November 2012. The average ransom is near

\$15,000, which gives us a revenue of \$650,000. Kidnapping is also greatly underreported. Some groups estimate the so-called "cifra negra," or unreported number, could be as much as 15 times higher than that reported to the authorities. Assuming this is true, kidnapping revenue in the Monterrey area could then represent up to \$10 million in earnings per year.

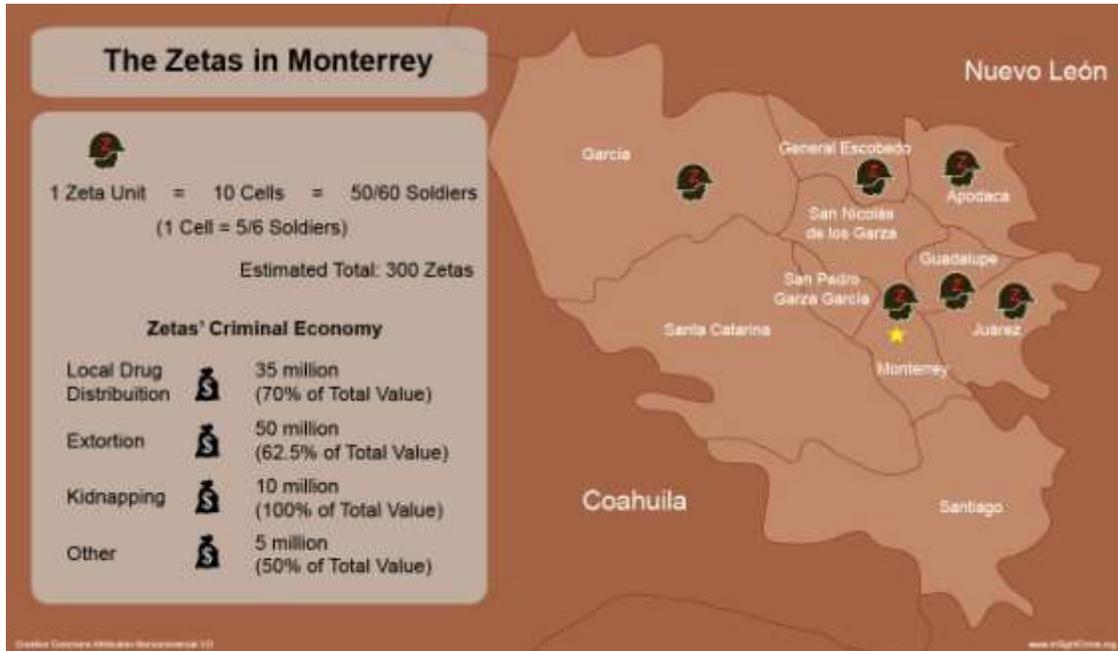
There are numerous other, less lucrative businesses. Some Zetas may also be involved in piracy or contraband, or a combination of the two. They may also make money from theft and resale. As is apparent, breaking down just how much money is collected from these activities and how it is distributed is complicated, which is why the Zetas have split their accounting arm from their military arm. These accountants keep detailed ledgers, but that still may not account for the different ways that the Zetas make money from Monterrey, especially as these revenue streams have moved into controlling actual distribution of illegal goods.

Take, for instance, the Zetas' business with local nightclubs, bars and restaurants in Monterrey. This relationship began when the Zetas displaced the local police from their long-time perch in the "Zona Rosa" and began collecting their own "piso" from bar, restaurant, massage parlor and nightclub owners. These businesses were willing to pay because initially there were benefits -- namely extra hours, no oversight of underage drinkers or expired liquor licenses, and hassle-free contraband alcohol. Soon, the prices increased and the line items multiplied. The Zetas took control of the contraband products, forcing these businesses to buy directly from them. They also allegedly forced the businesses to pay for the licensing through them. So what was a one-time "tax" under the police became a series of increasingly onerous expenses under the Zetas. Many subsequently went out of business or left the area.

The same process appeared to be swallowing the casino businesses in the area. What may have begun as a one-time tax by politicians for the gambling licenses was becoming a multi-item budget buster with the Zetas involved. In this case, however, it is not at all clear that the Zetas were the beneficiary of every line-item. Just days after the casino debacle, La Reforma media published a video in which the brother of the Monterrey mayor is collecting a large sum of cash from another casino. The mayor defended his brother, arguing that he was collecting money for the cheese that he sells to the casino.

In sum, if we break it down by business -- local drug trafficking, extortion of the black market, extortion of the legal markets, kidnapping and other -- we can see that Metropolitan Monterrey is worth up to \$150 million per year and up to \$100 million per year to the Zetas. This excludes the value of the city in terms of money laundering and as a storage and embarkation point for illegal drugs going to foreign markets. It also omits the other logistical and economic opportunities that the

country's industrial hub offers, including development of legitimate businesses, control of local publicly funded development projects, and other activities.



Part III - The Battle for Monterrey

In October, the Mexican Navy killed the Zetas' top leader, Heriberto Lazcano, alias "Z-3." Lazcano was a mythic figure, evident in the way the group marshalled several fighters to steal his body from the morgue following his death.

Lazcano was also perhaps the only thing standing in front of the complete fragmentation of this powerful organization. Indeed, the Zetas have been splitting at the seams since at least the middle of 2012. Various commanders have declared war on each other and the new commander, Miguel Treviño, alias "Z-40," is scrambling to keep the organization intact.

It will not be easy. Even before Lazcano's death, the Zetas were taking severe hits, especially in Monterrey. January 16, 2012, was a typical day in the battle for Monterrey. At 4 p.m., men armed with AK-47s got out of a taxi in a north Monterrey neighborhood and executed a young couple at the woman's residence. The female victim was identified as Karla Zuniga Luna, 25. The male was simply referred to as "El Piolin." The police told the media that the residence was a drug distribution point.

That same day, Ricardo Flores Rodriguez was assassinated by men carrying AK-47s as he walked down the street in a different northern Monterrey neighborhood. There was no known motive for the attack. A fourth unidentified victim was found shot in the head, his body decomposing, in south Monterrey.

Two other men, Oscar Ivan de Leon and Esteban Rubio, were killed that day because they allegedly cut off another car. The transgression led to a verbal exchange before the men in the other car got out, robbed and then shot the men at point blank range. Rubio died at the scene; Ivan died at the hospital.

January 16 provides a window into the multiple levels on which the fight for this area is taking place. On one level, the two largest organizations, the Zetas and Gulf, appear to be fighting for control of the local drug trafficking industry, the most lucrative business in the city. In a way, the Zetas' rivals are taking a page from the Zetas' playbook. They identify the tienda, or drug distribution point, then organize and execute an attack.

The attack on Zuniga's alleged drug shop was typical: fast and with overwhelming force. The impact of such attacks is multiple. They eliminate, for a time, a source of income for the Zetas. They also send a message to other contract workers that their bosses cannot protect them. However, unlike the Zetas, the rivals do not assume control of the "tienda." Instead, they appear to be more like guerrilla assaults, aimed at disruption of services and psychological impact.

The next two murders appear to be attempts by one rival to eliminate the other's infrastructure. As it is with most murders in the area, little is known about the motives. However, the ways the men were killed – one with an AK-47 at point blank range, the other with a bullet to the head – are classic methods of assassination. This nearly constant tit-for-tat leaves victims scattered throughout the metropolitan area. The victims appear to be mostly contract workers – hired guns, hawks or messengers.

Rubio and Ivan appear to be civilian victims. The two men committed two fatal errors. First, they were driving in a large vehicle, described by the press as a “Ford truck.” These large vehicles draw attention because they are used by both sides of the battle. At one point, the gangs drove them in large caravans, but this led to ambushes and skirmishes with authorities. Caravans are now less frequent, but the criminal cells still move in groups of five or six in large vehicles. Second, Rubio and Ivan may have “challenged” a similarly large vehicle by cutting it off on the road. The results illustrate just how high tensions are in this city and how little regard is left for life and the law.

Most civilian victims are not caught in the crossfire -- they are targeted. Just three days earlier, authorities located the body of Sergio Ruiz Hernandez, a businessman who was kidnapped on January 5, and held for ransom. The family paid 1.2 million pesos (about \$90,000) in the hopes he would be freed. He was found with signs of torture and a bullet hole in the head. Kidnappings in the city continue at record levels. During the first 11 months of 2012, the state government reported 53 kidnappings in Metropolitan Monterrey. This is well below the unofficial number of two or three kidnappings per week.

A War with Many Parts

The Nuevo Leon government has registered 371 homicides in Metropolitan Monterrey through November 2012. This is down from previous two years but still above pre-2009 numbers, when the violence skyrocketed.

Why the fight started is worth reviewing. Once the Zetas settled into Monterrey after their deal with the Beltran Leyva Organization (BLO), they began their systematic extortion of nightclubs, transport companies, casinos, liquor stores and other marginally profitable enterprises in the area. This systematic bleeding of the area was not good business and tensions rose between the Zetas and their nominal masters, the Gulf Cartel. These tensions bubbled over when a Gulf command assassinated Sergio Peña Mendoza, alias “Condor III,” in January 2010. The Zetas demanded Gulf hand over the killers. The Gulf refused. War began.

The Zetas solidified their alliance with the Beltran Leyva Organization. The Gulf reached out to the Sinaloa Cartel and formed what has become known as the “New Federation.” The two newly formed alliances entrenched themselves into their

respective strongholds: the Gulf Cartel in Reynosa and Matamoros; the Zetas in Monterrey and Nuevo Laredo; Sinaloa in Durango and Sinaloa. From there, they launched attacks on one another that have played out over numerous state lines. At first, these were large scale, involving convoys of bullet-proof Suburbans, pickups and what eventually became known as “narco-tanques” – dump trucks and other large vehicles that had been converted into Mad Max-like battering rams.

But this all-out war in smaller towns eventually shifted to a lower-intensity conflict in larger urban areas, as we are seeing in places such as Culiacan, Durango, Torreon and, of course, Monterrey. The victims are of the type that died on January 16: a mix of “soldiers” and civilians, some of whom simply crossed the wrong person on the wrong street.

However, the war extends beyond civilians. Foreign anti-narcotics agents and analysts say the Zetas continue to exert control over a number of policemen, traffic cops and other security forces in the Monterrey area. And their enemies are targeting them as well. During the first six months of 2011, for example, 78 security officials were killed in Greater Monterrey, according to a count by the governor’s office. The majority of these were police, but another 21 were transit cops, a sign the rivals were seeking to eliminate the Zetas’ eyes and ears at street level as well as their muscle inside the system.

The state and local governments realize the institution has been penetrated to the core and have tried to purge the police on numerous occasions, but with little success. To cite just a few examples: Monterrey municipal authorities dismissed 410 of 752 police in 2010; in Santa Catarina, authorities dismissed 261 police in October 2011; San Pedro Garza Garcia has dismissed over 200 in recent years; San Nicolas de la Garza has dismissed 129 transit police. The turnover left numerous untrained and untested police in charge, and pushed the corrupt ones directly towards criminal organizations. The deficit of police could be as high as 8,000, according to one recent study by the Tec of Monterrey.

The results of this were perhaps clearest in Garcia, Nuevo Leon, a municipality about 40 kilometers from Monterrey. There then Mayor Jaime Rodriguez, who left office in October, dismissed the entire force of 220 officers and replaced them with mostly military personnel. The reaction was immediate. His top security officer was assassinated the day Rodriguez took office. The attack was the Zetas at their deadliest: the group sprayed the mayor’s house with gunfire in the middle of the night, and then ambushed when the security officer and his men reacted to the attack.

Rodriguez says he subsequently faced down two other attempts on his life, including one in which he and his bodyguards allegedly fended off a multiple vehicle caravan full of gunmen on a Monterrey thoroughfare that snakes around the edge of the city. He blamed all the attacks on some 30 of the 220 policemen that he dismissed.

For the three years Rodriguez held the post, the mayor's office had an army tank stationed at the entrance to city hall. A half-dozen bodyguards accompanied him throughout the day, most of these also former military. He had a retired military colonel as an advisor, who stayed working with the next administration, and he was training civilians to defend themselves and exercise their right to bear arms. (In Mexico, it is legal to carry up to a .38 pistol.)

"Any criminal that comes into Garcia will have to come in with precaution or fear. The same way we do when we go into their territory," he told InSight Crime.

The Fight for the Prisons

The battle for Monterrey has since moved to the jails where Zetas, Gulf and other criminal groups fight for control. Ironically, jails often offer more protection to high-level members who control the guards through a combination of intimidation and payoffs. Inside, they move to consolidate territory on the penitentiary grounds then create command and control centers from which they can coordinate extortions, kidnappings, large-scale theft, and other criminal activities. Their control, in some instances, is absolute: Zetas (and other criminal groups) have been known to leave jail at night to commit assassinations and attacks on rivals.

This control was evident in the recent massacre and mass jailbreak of Zetas from the Apodoca prison on the edge of Greater Monterrey. At least 30 members of the Zetas escaped, including Oscar Manuel Bernal Soriana, alias "El Araña," the head of the Monterrey "plaza." Those who stayed behind killed 44 alleged members of the Gulf Cartel with a combination of knives, pipes and bats, among other blunt objects. The escape and massacre happened around 1 a.m. Prison authorities called for assistance after 3 a.m.

The tit-for-tat between these large organizations has since spilled into the countryside again and spread throughout Mexico. From Guadalajara to Culiacan to Veracruz, bodies are appearing en masse, most recently 49 victims found on the road between Monterrey and Reynosa. This next phase appears to include civilians as well as cartel soldiers. No one has been publicly identified from the massacre yet, but a waiter and a student were among the victims in what is believed to be a related massacre of 18 people in Guadalajara. Messages at the spot where the bodies and body parts were found said the attack was retribution for the death of at least 23 alleged Zetas in Nuevo Laredo the week prior in Guadalajara.

The attacks have taken their toll on all of these organizations. Reports from Monterrey say the city is slowly slipping from the Zetas' control. As evidence of this, analysts cite the group's increased use of small time, untrained gang members who employ what security officials bluntly call "spray and pray" attack methods, i.e., pull the trigger and hope that you hit the enemy. Garcia officials showed InSight Crime the remnants of one such attack on a public building by presumed "Zetillas." The

bullet pattern moved in a straight line briefly, then rolled up like a small, upside down “U,” then steadied again -- something you would expect from a shooter who was not trained to handle recoil from an automatic rifle.

“This is the thing that they have: a large army of youth who they bring in, who are defending this criminal structure,” Garcia Mayor Rodriguez explained.

But those who say the Zetas are being pushed out of Monterrey seem to be underestimating the schizophrenic nature of this group and what it represents. The Zetas, in the end, are both sophisticated and aimless; they are a mix of professionals and clowns; they are a combination of strategic thinkers and ridiculously short-sighted profiteers. The confusing nature, makeup, and modus operandi of this group keeps authorities and analysts guessing about where it is going next and what form it will take. In the end, though, just where we put the Zetas in the criminal pantheon often reflects more about how we want to see them, than about who and what they actually are.

Claire McClesky and Christopher Looft contributed reporting to this article. Special thanks to Southern Pulse as well for its assistance on this report and coverage of the area.

*Alejandro Hope is a member of InSight Crime's Board of Directors.