Game Changers

Tracking the Evolution of Organized Crime in the Americas 2015

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GAME CHANGERS

Tracking the Evolution of Organized Crime in the Americas

2015
## I. Introduction

5

## II. Homicides

8

- Record Violence and Displacement Echoes El Salvador’s War Zone Past
- Murders Down but Massacres On the Rise in Honduras
- Murder Report Reveals Northern Mexico’s Ongoing Pacification

9

## III. Peace at Last in Colombia?

13

- What FARC-Colombia Govt Accord Does Not Cover
- Is Colombia Again the World’s Top Cocaine Producer?
- FARC Rebels Top Player in Colombia Marijuana Trade?
- Bloody Ambush a Setback for Colombia Peace Talks

14

## IV. An Embarrassing Year for Mexico

24

- Forensics Reveal Mexico’s Credibility Gap in Missing Students Case
- El Chapo’s 2nd Escape Could Paralyze Mexico’s National Security Plans
- IACHR Report on Iguala, Mexico Student Disappearances Offers No Closure
- Mexico’s Military Follow Their Own Rules in the ‘Drug War’
- Charges Against Soldiers Dropped in Mexico Massacre

25

## V. Elites and Organized Crime

37

- After Guatemala President’s Fall, Reconfiguration or Status Quo for Military Criminal Networks?
- Murder of Two Political Elites Shakes Honduras
- Why Elites Do Business with Criminals in Honduras
- CentAm Elites Afraid of Prosecution? Don’t Bet on It
- Investigation into Peru Governor Illustrates Scope of Criminal Network

38

## VI. Corruption

51

- Why CentAm Social Security Agencies Generate Corruption, Crime
- HSBC’s Latin American Clients with Swiss Bank Accounts
- The 3 Caudillos: the FIFA Heads Who Corrupted Soccer in the Americas
- The LatAm Soccer Officials Implicated in Latest FIFA Scandal

52

## VII. How Street Gangs are Evolving

67

- El Salvador Gangs Outline Political Motives of Violence
- Mexico’s New Generation Cartels Not Getting the Government Message
- The Mystery Behind El Salvador’s IEDs
- Mega-Gangs’: The Latest Criminal Collective in Venezuela
- Poor ‘hood, Mean ‘hood: the Violent History of Rivera Hernandez, Honduras

68

## VIII. Shifting Trafficking Routes and Drug Production Dynamics

87

- Drug Traffickers Upping Use of El Salvador Maritime Routes
- ‘Drug Flights Entering Bolivia From Paraguay, Argentina’
- Survey Reflects Shifting Drug Trafficking Dynamics in LatAm
- Colombia Halts Aerial Coca Fumigation

88
IX. Politics and Organized Crime

Elections and Organized Crime: 4 Takeaways 96
Crime, Corruption Finances Half of Guatemala Politics: CICIG 98
New Book Levels Serious Drug Trafficking Allegations Against Venezuela Officials 100
Crime, Corruption Finances Half of Guatemala Politics: CICIG 98

X. Organized Crime in Popular Culture

Netflix ‘Narcos’: ‘Cultural Weight’ or Cultural Maquila? 107
‘Cartel Land’ Paints Stunning, Dark Picture of Mexico Vigilantes 115
‘Sicario’ Presents Dramatized Yet Refreshing Drug Critique 117
How 100 Years of Failed Drug Policy Gave Rise to Mexico’s Cartels 119

XI. Mining and Organized Crime

A Seizure, a Lawsuit and Illegal Gold from Peru 124
How Illegal Diamond Mining Threatens Brazil’s Indigenous Communities 129
Colombia: From Coca Cultivation to Gold Mining and Back 137

XII. What Works

How Colombia’s Judge Already Won Guatemala’s Elections 142
What an Ex-General Wants to Teach Honduras Police: Interview 145
Giuliani’s ‘Broken Windows’ Won’t Fix Central America 149
Behind Colombia’s Dramatic Fall in Kidnappings 152

XIII. What to Expect in 2016

The InSight Crime Foundation 160
Copyright 161
Contributors 162
I. Introduction

Welcome to InSight Crime’s Game Changers 2015, where we highlight the year's most important trends in organized crime in Latin America and the Caribbean. This year saw some potentially game changing developments related to government corruption, organized crime, and rising pressure to alter alliances between members of the state and criminal groups. It also saw important shifts in the criminal world, in particular related to street gangs and the realignment of large criminal enterprises.

From Mexico to Brazil and numerous places in between, officials came under fire for establishing mafia-like schemes that defrauded their citizens and ensured impunity for government officials connected to criminal groups. The long-term results of the widespread outcry from multilateral bodies, non-governmental organizations, private sector, political organizations, and religious and civic groups designed to disrupt these criminal networks are not yet clear, but the short-term impact has been profound.

In August, Guatemala’s President Otto Perez Molina resigned. This came just three months after Guatemala’s Vice President Roxana Baldetti resigned. The two were accused of running a massive customs fraud scheme, which has been a mainstay of a criminal network run by current and ex-military officials for decades.

Perez and Baldetti’s departures came after the United Nations-backed International Commission Against Impunity in Guatemala (Comision Internacional Contra la Impunidad en Guatemala - CICIG), working with the Attorney General’s Office, began revealing a spate of corruption cases. These investigations touched the highest levels of congress, as well as government purveyors such as the social security institute and mayors’ offices. All of these had set up criminal networks to embezzle money from the government coffers. The public outcry that followed hastened the officials' departures.

In Mexico, the power and popularity of President Enrique Peña Nieto’s government has eroded in large part due to its handling of several major security crises, some of which spilled over from 2014. These events include the disappearance and likely murder of 43 students at the hands of a criminal group with deep ties to the local government and police; the apparent massacre of at least 22 suspected criminals by the Mexican army; and the dramatic escape of Joaquin "El Chapo" Guzman from a high security prison in June.

Outside investigators from the Inter-American Commission on Human Rights (IACHR) pilloried Mexico’s Attorney General’s Office for the numerous gaps, inconsistencies, and improbable explanations about what happened to the student teachers. In October, the government's own Human Rights Commission confirmed that the army extra-judicially executed at least 15 of the 22 suspected criminals in the so-called Tlatlaya massacre. And in September, the government arrested 13 officials -- including the former head of the prison system -- for allegedly assisting Guzman’s flight to freedom via a one-kilometer tunnel that ran from underneath the shower in his jail cell to a small farmhouse.
Mexico did report a drop in homicides in some parts of the country. Other countries also saw some progress in this area, most notably Honduras. Once the most violent country in the world not at war, Honduras saw homicides go down for the second year in a row, although the number of reported massacres increased.

Taking Honduras' place was El Salvador, where violence between gangs, vigilante groups, and security forces have turned the country into a low-intensity war zone. In all parts of the region, there are questions about the reliability of the data being used to generate these statistics.

The fallout from a failed gang truce in El Salvador continued to spur discussion of the nature of Latin America's street gangs and how they are evolving. Authorities blamed the gangs for several improvised explosive devices, but there is little evidence to suggest these groups are sophisticated enough to begin using such tactics on a regular basis, if at all. Some parts of the gangs do appear to be maturing into more transnational criminal organizations, but this process is slow and uneven.

Meanwhile, "mega-gangs" in Venezuela and new generation criminal groups in Mexico -- particularly the Jalisco Cartel-New Generation (Cartel de Jalisco – Nueva Generacion - CJNG), which carried out several violent attacks against the state -- demonstrated signs of developing into more sophisticated, aggressive criminal structures with an ability to compete with the traditional criminal structures such as the Sinaloa Cartel in those countries.

The evolution of criminal organizations across the region accompanied a shift in drug trafficking and political dynamics in certain areas. Criminal groups adjusted to local security forces and international efforts to slow their activities by changing drug trafficking routes and getting directly involved in the election process.

In the Andes, Colombia saw some major steps forward in peace negotiations with the guerrilla group, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC). These came despite a few significant setbacks. Colombia, for example, reclaimed its position as the world's top producer of cocaine. Nevertheless, the government decided to halt coca fumigation as part of its anti-drug strategy.

Public interest in Colombia's drug war was also reigned after the release of Netflix's "Narcos." Based on the life of Pablo Escobar, the series did more to reinforce the traditional, US-centric drug war narrative than educate people about this complex capo's life and exploits. This was one of several popular and documentary-style examinations of the criminal dynamics in the region that caught our eye.

Ultimately though, 2015 will be remembered as a year of significant progress in the investigation of ties between elites and organized crime in the region, particularly in Central America where top level business and political figures such as Jaime Rosenthal Oliva were indicted for money laundering. Many of these investigations are still in their preliminary stages. These justice systems are still fragile and corruptible, so any analysis of these events remains partial and premature.
Thanks for reading us and please keep visiting the website during 2016 to follow organized crime stories in the region as they unfold.

- Steven Dudley and Jeremy McDermott, InSight Crime Founders and Co-directors
II. Homicides

Latin America saw a major shift in terms of violence levels in 2015. Falling homicide rates in Honduras -- and record levels of violence in El Salvador -- means the two Central American neighbors are set to swap places as the world's most violent country not at war.

Indeed, 2015 marks yet another year of falling murder rates in Honduras. Peaking at over 90 murders per 100,000 residents in 2011, officials say this figure should drop to just over 60 per 100,000 by the end of this year. In another positive development elsewhere in the region, the murder rate is apparently falling in parts of Northern Mexico.

However, not everything homicide-related is looking up in Honduras. Running contrary to the overall homicide trend, massacres linked to organized crime rose in 2015. Only time will tell if this increase in what appears to be organized crime-related murders is foreshadowing another explosion of violence in this Central American nation.

In contrast to Honduras, El Salvador’s security situation has devolved into something resembling a low-intensity war. Violence began to rise during the second half of 2014 following the breakdown of El Salvador’s 2012 gang truce, but it wasn’t until 2015 that murder counts hit levels unseen since the country’s civil war, which ended in the early 1990s. Don’t expect El Salvador to relinquish its new title as world murder capital in 2016.

While many governments across the region continue to use homicide data as a yardstick for measuring progress against insecurity, the inability to collect reliable data has made the search for accurate homicide statistics something like Latin America’s “El Dorado.” Nevertheless, policymakers will likely continue to fix their attention on homicides as the most useful indicator in trying to determine a country’s level of insecurity.

- David Gagne
Record Violence and Displacement Echoes El Salvador's War Zone Past
Written by David Gagne
Wednesday, 02 September 2015

El Salvador experienced the most violent month since the country’s civil war in August, which alongside reports of forced displacement by gang members suggest the security situation is increasingly resembling that of a low-intensity war.

On September 1, National Police Director Mauricio Ramirez Landaverde announced there were 907 homicides in El Salvador during the month of August, reported EFE. The number of murders in August is the highest since El Salvador’s civil war ended in 1992, according to the AFP, and more than double the previous month’s murder count.

El Salvador’s Security and Justice Minister, Benito Lara, attributed the spike in homicides during August to “an internal rivalry between gangs and confrontations by criminal groups against the police,” reported La Prensa Grafica. Eugenio Chicas, the Communications Secretary for President Sanchez Ceren, said 85 percent of all homicide victims last month were gang members, according to EFE.

Amid this historic violence, several families have fled their homes in the department of Sonsonate due to threats by the Barrio 18 street gang, reported El Diario de Hoy. Residents told local media that at least 20 families abandoned their homes in the canton of Talcomunca on September 1 after receiving warnings from Barrio 18 that if they didn’t they would be attacked.

InSight Crime Analysis

The record murder count in El Salvador, combined with the reports of forced displacement, paint an increasingly bleak picture of the country’s security landscape.

As noted by Lara, the jump in El Salvador’s murder rate in recent months is likely linked to a growing number of confrontations between gangs and security forces. According to the government, there were over 250 gang attacks on police and the military during just the first four and a half months of 2015. Security officials have responded by ratcheting up the aggression against the street gangs.

While displacement remains difficult to track in El Salvador due to a lack of government resources, reports of families forcibly evicted from their homes by gang members appear to be on the rise. According to a representative of the United Nations High Commissioner for Refugees, gangs and organized crime are the principal driver of forced displacement in the Northern Triangle region (El Salvador, Honduras, Guatemala).

These confrontations and the impact on El Salvador’s civilian population have resulted in a security dynamic that increasingly resembles the type of low-intensity warfare Salvadorans hoped they had left behind two decades ago, but with one critical difference -- a lack of political objectives that can be leveraged for a solution to end the violence.
Murders Down but Massacres On the Rise in Honduras
Written by David Gagne
Wednesday, 02 December 2015

Honduras has experienced more massacres so far in 2015 than in all of last year, suggesting violence related to organized crime remains rampant despite a significant drop in the country’s murder rate.

The Violence Observatory at Honduras’ National Autonomous University (UNAH) has registered 95 massacres in 2015, resulting in 352 deaths, according to the AFP. A massacre is defined as any homicide case in which three or more victims were killed.

Migdonia Ayestas, director of the Violence Observatory, told AFP that the rise in massacres is due to confrontations between street gangs and drug trafficking groups, inter-gang battles for control of extortion revenues, personal clashes and land disputes.

The increasing number of massacres runs contrary to an overall decrease in homicides. Honduras’ national homicide rate fell from over 90 per 100,000 residents in 2011 – the highest in the world at the time -- to 66 per 100,000 in 2014. Ayestas projects that the country's homicide rate will continue to drop in 2015, to 62 per 100,000 by the end of the year.

**InSight Crime Analysis**

The simultaneous rise in massacres and drop in homicides suggests organized crime is responsible for an increasing portion of the murders being committed in Honduras. As Ayestas noted, multiple homicide cases are closely associated with drug trafficking and gang related violence. To highlight just one example, authorities say a recent massacre that left seven people dead was the result of gangs fighting over drug sales in Honduras’ Central District.

Shifts in Honduras’ criminal dynamics support this hypothesis. The underworld is in turmoil, due to the dismantling of several powerful narco-clans that had controlled large swaths of drug trafficking routes in Honduras. This power vacuum may be causing an increase in drug violence as new criminal groups try to wrest control from what remains of the older organizations. Spasms of violence resulting from underworld upheaval have previously been seen in various other parts of Latin America, such as Guatemala and Mexico.

Nevertheless, obtaining reliable and accurate crime statistics from Honduras is a near impossible task, and without more concrete data it is difficult to draw too many conclusions as to why the country's homicide patterns are changing. This is compounded by Honduras’ incredibly low conviction rate for homicides, which means the circumstances under which most murders occur remain shrouded in mystery.
Murder Report Reveals Northern Mexico’s Ongoing Pacification
Written by Patrick Corcoran
Monday, 10 August 2015

The recent release of murder statistics for 2014 in Mexico reveals that the North’s longstanding role as the primary driver of bloodshed is declining against the backdrop of a nation significantly safer than in years past.

Much of the initial attention on the new publication from Inegi, Mexico’s statistical agency, has focused on the broad gains in security. The nation as a whole registered 19,669 murders in 2014, which represents a rate of 16 homicides per 100,000 residents. In both statistics, 2014 delivered the best figures since 2008. Overall murders have plummeted by 28 percent from a high in 2011 of 27,213.

The statistics were especially encouraging in Guerrero, Mexico’s most dangerous area for the past few years. With 1,719 murders, Guerrero remains the most violent state, but that figure represents a decline of roughly a quarter from 2013.

Assuming the data is accurate, these numbers reflect a positive narrative that runs counter to a series of high-profile security catastrophes that have emerged in recent months. The most prominent security stories of the past 12 months remain the escape of Joaquin “El Chapo” Guzman, the disappearance of 43 students in Guerrero, and the alleged army massacre of suspects in Mexico State. Each of those incidents, all of which implicated officials at different levels, remains an embarrassing black eye for the government led by President Enrique Peña Nieto.

The Inegi figures demonstrate that, scandals notwithstanding, not all news in Mexican security is unhappy.

But beyond the obvious headline finding, perhaps the most striking aspect of the Inegi report is the pacification of northern Mexico since 2010. While the traditional role of criminal groups in northern Mexican society will not disappear, and while the North’s proximity to the US border will continue to make it a vital region, this years-long trend suggests that the region is shedding its role as epicenter of organized crime bloodshed.

InSight Crime Analysis

Mexico’s six border states Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas, plus adjacent Durango and Sinaloa, represent the historical home of Mexican organized crime. Virtually all of the most powerful groups in recent decades -- among various others, the Juárez Cartel, the Sinaloa Cartel, the Gulf Cartel, the Zetas, and the Arellano Felix Organization -- called these states home. The plazas within this region included Mexico’s most valuable, and the groups mentioned above have long waged war to control them.
All of these states saw their total number of killings drop from last year. In most of them, the drops were substantial. Nuevo Leon and Coahuila, for example, registered drops of 40 and 45 percent, respectively. With the exception of Sonora and Baja California, each of these states registered their most violence-free year since 2010.

In 2014, they accounted for just 6,335 murders out of a national total of 19,669, just over 32 percent. This is a slight decline from last year, in which the eight states registered 34 percent of the total nationwide, but it represents a massive drop from the acme of Mexico’s recent battles with organized crime. In 2010, for instance, the group registered 14,540 killings, most of which were the product of organized crime conflicts. This came against a national figure of 25,757, meaning that the North, which is home to just a fifth of the Mexican population, generated 56 percent of the nation's murders.

Since then, the number of killings in the North, as well as their proportion of the national total, has dropped every year. In 2011, the region’s 12,885 killings represented 47 percent of the nationwide sum of 27,213. The following year, the 10,648 murders in northern Mexico accounted for 41 percent of all Mexican murders. In 2013, homicides in the North declined to 7,857, 34 percent of the nation’s total.

The decline in murders in the North -- down by 8,202 since 2010 -- accounts for most of Mexico’s overall drop during the same period.

The winding down of several conflicts across the North largely explain the increased tranquility. The most prominent is the years-long battle for control of Juarez between the Sinaloa Cartel and Juarez Cartel and their respective allies. The organization controlled by Guzman essentially emerged on top, making the border town, once the world’s most violent metropolis, a far calmer place.

While the rivalries remain in place, the Sinaloa Cartel’s battles with the Beltran Leyva Organization, which sparked waves of bloodshed in Sinaloa and elsewhere in Mexico starting in 2008, and the Zetas dispute with the Gulf Cartel, a driver of violence across the Northeast since 2010, have also eased.

This demonstrates that pacifying the North remains a big key to maintaining a safe Mexico. If the inevitable gang rivalries are simmering rather than exploding, as they are now, then the region and the nation can hope to avoid a recurrence of the spiral of violence it suffered from 2008 through 2011.
III. Peace at Last in Colombia?

In 2015, peace talks between the Colombian government and the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC) guerrillas reached an agreement on the fourth of the five points that form part of the peace agreement. These are transitional justice, rural land reform, political participation, and illicit drugs. In addition, both sides have optimistically set the date when a final accord will be signed: March 23, 2016. Thus, the prospect that the end of a 50-year civil conflict that has killed hundreds of thousands, and displaced millions more from their homes, may now be close.

However, the process did see its share of ups and downs during the year. While government forces and the rebels exchanged attacks, Colombia’s drug trafficking dynamics continued to evolve, creating a unique set of challenges that a post-conflict nation will have to confront.

In April, the FARC launched the deadliest assault on Colombian security forces since peace talks were initiated in Cuba in 2012. Rebel negotiators in Havana said they were defending themselves, but the government reacted by revoking a previous commitment to stop all aerial bombings against the rebels.

The attack took place in the southwestern department on Cauca, just a few days after security forces seized more than four tons of marijuana in the area. This region is a stronghold for the 6th Front and is an epicenter for the drug trade in general. It will likely become a priority area as the government attempts to implement the peace deal.

Reports from Cauca were among several developments that suggested the FARC have continued their involvement in both marijuana and cocaine trafficking. As signaled in a report by the White House, Colombia may have once again earned the title of the world’s top cocaine producer. This may also be partly due to Colombia scaling back its drug crop eradication program.

The signing of a peace accord is unlikely to end violence. Colombia will face a long road, especially as some factions of the FARC will likely remain involved in criminal activities even after demobilizing. While 2015 saw significant process, 2016 will prove to be a crucial year for the Santos administration, both in terms of signing an accord and consolidating peace in Colombia.

- Felipe Puerta
What FARC-Colombia Govt Accord Does Not Cover
Written by Michael Lohmuller
Thursday, 24 September 2015

Colombia’s government and rebel group the FARC have reached an agreement on transitional justice and announced that the longest-running conflict in the Western Hemisphere could end in six months. While a momentous breakthrough, it does not address the issue of drug trafficking.

On September 23, the Colombian government and the Revolutionary Armed Forces of Colombia (FARC) issued a joint statement detailing their agreement on transitional justice and victims’ rights.

Negotiating in Havana, Cuba since November 2012 to end Colombia’s decades-long internal conflict, this is the fourth of five substantive points in which the two sides have achieved an understanding. Speaking from Havana, President Juan Manuel Santos described the latest agreement as “perhaps the most difficult and most complex to define.”

In addition, President Santos optimistically asserted a final peace accord would be signed by March 23, 2016, with the FARC disarming within 60 days after this occurs.

Following an end to the conflict, the Colombian government will grant the largest amnesty possible for political crimes and politically “connected” crimes, the latter of which will eventually be defined by an amnesty law.

Not to be included under the amnesty, however, are crimes against humanity. This includes, among other offenses, genocide, serious war crimes, torture, forced displacement, forced disappearance, extrajudicial executions, and sexual violence. These crimes will be investigated and judged by peace tribunals, which will have under its purview all those who participated “directly or indirectly” in the internal armed conflict, including both FARC and government forces.

Those who truthfully acknowledge their responsibility for crimes related to the conflict will receive between 5 and 8 year sentences under special conditions, the exact nature of which remains unspecified. Individuals who do not admit to their crimes, or do so too late, will receive prison sentences of up to 20 years.

Agreements have already been reached on rural land reform, FARC political participation, and the issue of illicit drugs.

InSight Crime Analysis

The joint statement fails to resolve one of the most controversial points of the peace process: whether the FARC’s drug trafficking activities should be considered a “political crime” (or a politically connected crime), for which the government has stated it will grant a large degree of amnesty.

There are indications of how the government may be leaning on this issue. Just last week, the president of Colombia’s Supreme Court said that drug trafficking could be construed as a political crime “when it is used as a tool to economically support political ends in an armed conflict.”
However, it will be difficult for the FARC to prove that their drug profits have gone towards purely political ends. While drug revenues have helped finance the conflict, some FARC elements appear to have used their participation in the illicit drug trade as a vehicle for personal enrichment. The guerrilla group is believed to earn well over $200 million from their involvement in the drug trade.

It also remains to be seen whether the agreement will be accepted by Colombian and international courts, in addition to the Colombian people, who will vote on the final peace deal via a referendum.

How this issue is finally resolved will have significant implications, not only for the outcome of the peace process but possibly for Colombia’s relations with the United States, where several FARC commanders are wanted on drug trafficking charges.

The agreement on transitional justice and the announcement that a final peace accord will be signed within six months is a milestone for war-weary Colombia. But while this most recent announcement is cause for optimism, the ultimate outcome is still far from certain.
Is Colombia Again the World’s Top Cocaine Producer?
Written by Jeremy McDermott
Wednesday, 06 May 2015

Colombia has likely reclaimed its position as the world’s principal cocaine producer, something with profound consequences on the drug trade and the ongoing peace process with Marxist rebels.

According to a new White House report, coca cultivation in Colombia rose 39 percent during 2014, a pattern that various sources on the ground have told InSight Crime has continued, if not accelerated, this year. The increase in terms of hectares of coca was from 85,000 in 2013, to 112,000 in 2014. (See White House graphic below) For drug production that means a jump from 185 tons to 245 tons, which, as noted in more detail below, InSight Crime believes is an underestimation of the true amount of cocaine produced every year in Colombia.

In terms of geography, the provinces (or departments, as they are called in Colombia) of Nariño, Norte de Santander and Putumayo -- long centers for coca cultivation -- remain the country’s principal producers. However Antioquia, which had seen significant drop over recent years, is now back in the big leagues, showing a 95 percent increase in coca crops during 2014, with 11,000 hectares under cultivation.

New figures for the two other major coca producing nations, Peru and Bolivia, have not been released, but Peru’s hectares have been steady at around 50,000 over the last few years, and Bolivia has been around 25,000 hectares of production, the White House said. Peru, with US support, has greatly stepped up its eradication efforts, while President Evo Morales, himself a former coca farmer, has had great success in containing the spread of coca in Bolivia.

The White House says Peruvian coca production translated into 290 tons of cocaine in 2012; Bolivia, meanwhile, churned out around 155 tons the same year. The reasons for the higher yields per hectare, particularly in Peru, are that the strains of coca found there have much higher alkaloid content, and the plants are older and more established. Those in Colombia, due to constant eradication, are younger and therefore yield far less.

Nevertheless, Colombia may have reclaimed its title as the foremost cocaine producing nation, a position it lost to Peru in 2013. The big reason is increased production. What’s more, aerial eradication has led to a vast underestimation of total coca production because Colombian coca growers plant much smaller fields, hide them under the jungle canopy or plant them among other crops like plantains and coffee so spotting them is more difficult.

Combined with this is the fact that Colombia coca has been crossbred with particularly potent strains like the Tingo Maria from Peru, which has increased yields per hectare. Finally, coca
fields in Colombia can be harvested up to six times a year, whereas in Peru and Bolivia the average is closer to three.

**Why Coca Production Has Increased**

For several months now there has been talk from the local communities about an explosion in coca cultivations, not just in the four provinces mentioned above but across the country. There are several explanations for this.

The first is linked to the price of gold. When in 2010 and 2011 the price of gold reached record levels ($1,900 an ounce), many of the casual laborers who worked harvesting coca (known as “raspachines”) moved into the informal mining sector. This was particularly relevant in departments like Antioquia which have large gold deposits.

Now prices for gold have fallen to just under $1,200 an ounce and the informal mining sector, which depends on the exploitation of alluvial deposits which become quickly exhausted, is reduced once again in certain areas. The result is that the labor force has moved back towards coca and the small fields of hardy green coca bushes have once again appeared on the Andean mountainsides.

Another contributing factor has been a reduction in the drug crop eradication program. There are two types of eradication: that done manually and that by aerial fumigation. Manual eradication has been made increasing difficult thanks to the country’s largest rebel group, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC), who place mines and booby traps in fields when eradicators arrive and use snipers against the security forces sent into protect the eradication teams.

In places like Putumayo, the FARC have also mobilized the local communities against eradicating teams staging large scale, and often violent, protests that prevent teams from working. According to the Ministry of Defense website, 2014 saw 11,704 hectares of coca eradicated manually, down from the 2008-high of over 95,000 hectares.

However, it has been the aerial fumigation of drug crops that has been the main method of destroying coca. Indeed, the widespread, US-funded spraying program has been credited with reducing coca crops from the 2001-high of almost 170,000 hectares to the 2012 low of 78,000 hectares. But this form of eradication has also seen a steady decline, with 55,532 hectares sprayed in 2014, compared to 172,000 in 2006.

These days, the aerial fumigation program is in doubt. In March, the Colombian Health Minister, Alejandro Gaviria, moved politically off piste, calling for a ban on the spraying of the glyphosate chemicals used in the fumigation program. He cited a World Health Organization report which suggested that the chemicals are carcinogenic.

While no formal announcement has been made by President Juan Manuel Santos, it is now becoming harder and harder to defend the spraying program, which has long been under attack for the environment damage it causes and now appears to be a serious health risk. Without aerial fumigation, the Colombian government’s eradication program is in tatters and the drug trade will be allowed to swiftly recover.
The FARC Factor

The greatest single reason for the increase in coca crops, we believe, is the FARC’s increasing control over coca production. The FARC now controls up to 70 percent of the all the coca grown in Colombia. There it is sown under their patronage and protection.

The guerrillas have also persuaded peasant farmers to plant coca by evoking peace negotiations between the FARC and the government and the expected windfall that will come to coca-producing communities should the two sides come to a final agreement. To be sure, FARC elements have been telling farmers in their areas that they need to plant coca if they want to receive any post-conflict benefits.

“They told us that if we have no coca then we have nothing to negotiate with the government, and we will not receive any benefits or government subsidies,” said a member Community Action Board (Junta de Accion Comunal) in Putumayo, who spoke on condition of anonymity.

It is not just about local farmers negotiating with the government. The issue of the drug trade is one of the central points on the negotiating agenda in Havana, where FARC and government representatives have been talking since November 2012. The FARC have presented themselves as the only force able to really control coca crops, but they are against forced-eradication. The increase in coca crops has focused national and international attention on the inadequacies of the government’s coca policies and strengthened the FARC’s hand at the negotiating table.

What’s more, the announcement of the unprecedented increase in coca comes at a very sensitive time for the Colombian government. The popularity of President Santos stands at just 29 percent. And faith in the peace process is falling, having dropped from 69 percent to 52 percent, according to a recent poll. The government’s peace plan -- which is the foundation of the Santos administration -- is under enormous pressure.

Impact on the Underworld

The increased coca cultivation is likely to give Colombian transnational organized crime a serious injection of cash. The Colombians have increasingly been playing second fiddle to the Mexican cartels, which now dominate the US market. However the Colombian mafia is now exploring alternative and more lucrative markets, such as Europe and Asia, as well as flooding booming markets closer to home, like Brazil and Argentina. Many of the biggest Colombian groups have been dismantled since the heyday of the Medellín Cartel in the late 1980s, and the reduction in coca crops has been a huge factor in the undermining of criminal profits and therefore the power of the organized crime syndicates that smuggle cocaine.

The increase in coca, and thus the rise in earnings for FARC units that have a monopoly over the cultivations, also raises the risk of elements of the rebels criminalizing either before, or after, any peace agreement is signed with the government. The Marxist rebels earn a minimum of $150 million a year from the drug trade, perhaps even as high as $500 million. This income is largely in the hands of middle-ranking guerrilla commanders on the ground, individuals often with a patchy formal education and few opportunities in any post-conflict scenario. These are the commanders most at risk of criminalization, or going into business for themselves. The increase in coca will mean a significant increase in the amount of money passing through their hands.
There is another scenario that nobody has yet dared to voice. That of what will happen should peace talks break down. They suffered a serious wobble in March when the FARC, who have pronounced a ceasefire, attacked a group of soldiers, killing 11 and wounding more than a dozen. Should open war start again the FARC, which have been using the ceasefire to solidify and build up their finances, the increased coca and the prospect of a revival of the drug trade could provide abundant fuel for the guerrilla war machine and a new chapter in the 50-year conflict.
FARC Rebels Top Player in Colombia Marijuana Trade?
Written by David Gagne
Friday, 03 April 2015

Authorities have attributed a multi-ton seizure of marijuana to the FARC’s 6th Front, indications the Colombian rebel unit is prominently involved in trafficking this drug as well as cocaine, despite the recent loss of top leaders and the ongoing peace talks.

On March 30, Colombian authorities announced the seizure of 4.1 tons of marijuana belonging to the 6th Front of the Revolutionary Armed Forces of Colombia (FARC), reported El Espectador. Members of Colombian security forces confiscated the illegal drug shipment in the rural town of Corinto in the southwest department of Cauca, according to AFP.

Three hundred sixty kilos of the seized marijuana was found to be “creepy,” a potent strain that is more expensive than normal classes of the drug. Cauca is the epicenter of creepy production in Colombia, and is also the base of operations for the FARC’s 6th Front. Cauca is one of the FARC’s most strategic drug trafficking corridors, and the incursion of other illegal armed groups in the region has generated high levels of violence in recent years.

How the 6th Front Cornered the Marijuana Market

The 6th Front is led by legendary figure Miguel Angel Pascuas Santos, alias “Sargento Pascuas,” one of the last surviving original founders of the FARC from the 1960s. Under Sargento Pascuas’ leadership, the 6th Front became one of the FARC’s most militant fighting divisions. Police have accused the front of at least 85 acts of terrorism against Colombia’s security forces and civilian population.

While the FARC are well-known for their involvement in Colombia’s cocaine trade, for years the 6th Front has profited off marijuana. In 2011, experts claimed the FARC had become the most prolific marijuana traffickers in Colombia, thanks in large part to the 6th Front.

In 2013, intelligence information from demobilized FARC elements suggested the front had stepped up its operations by directly cultivating and selling marijuana. That year, authorities discovered six marijuana plantations belonging to the 6th Front in the same town where security forces made the recent four-ton seizure.

Much of the 6th Front’s product is likely destined for Colombia’s growing domestic drug market, which consumes 70 percent of all marijuana produced in the country. However, some of the marijuana -- most likely the creepy strain -- is also reportedly destined for Venezuela and Ecuador, as well as the port city of Buenaventura, where it could be exported to nearly anywhere in the world.

The 6th Front has reportedly made guns-for-drugs deals with criminal organization the Rastrojos, and the generation of drug trafficking syndicates, the BACRIM (from the Spanish, “bandas criminales”), are likely principal purchasers of FARC marijuana. However, it remains unclear if the 6th Front has become involved in activities higher up the drug supply chain such as transportation or exportation, which would significantly increase their profits.

Colombian security forces have dealt the 6th Front a number of blows in recent years, most notably the killing of the front’s former acting leader, “El Burro,” and third-in-command,
“Jamito,” in 2013. With Sargento Pascuas in Cuba participating in peace talks with the government, the 6th Front is likely experiencing a dearth in leadership. Nevertheless, the recent multi-ton seizure suggests the 6th Front remains an important player in Colombia’s marijuana trade.

The 6th Front is part of the Joint Western Command, run by Jorge Torres Victoria, alias “Pablo Catatumbo,” one of the rebels’ principal negotiators in Havana. This bloc is active in the Pacific departments of Cauca, Nariño, and Valle del Cauca, where it has access to dense areas of coca crops and is reportedly involved in heroin, marijuana, and cocaine trafficking.

**As Prospect of Peace Nears, Question of Criminalization Resurfaces**

A special investigation by InSight Crime in 2013 found the Joint Western Command to be one of the blocs most prone to criminalization in the event the FARC reach a peace deal with the government. It is likely some rebel elements would continue conducting criminal activities either during or after the demobilization process thanks to the high profits from drug trafficking and illegal mining.

However, much depends on the 6th Front’s top commander, Sargento Pascuas. As one of the most experienced FARC leaders, he possesses a great deal of influence, and his blessing of a future peace agreement would be a significant counterweight to elements in favor of criminalizing. If he does not give his approval, the possibility of a faction in Cauca splintering off from the FARC in a post-conflict situation would greatly increase.

It is worth noting that the 6th Front’s ongoing involvement in marijuana trafficking offers little indication of how the unit is leaning in terms of criminalization. As InSight Crime has previously pointed out, the FARC may currently be looking to maximize their profits before a peace deal is signed, after which they would no longer be able to rely on drug trafficking for income. If no peace agreement is reached, the FARC want to make sure they still have access to criminal revenue streams in order to finance their armed conflict. Whether the FARC start a new chapter in their history and become a recognized political entity or they choose to remain as a guerrilla group, they will need plenty of money.
Bloody Ambush a Setback for Colombia Peace Talks
Written by Elyssa Pachico
Friday, 17 April 2015

The most violent FARC attack since Colombia’s peace talks began is unlikely to derail the negotiations completely, but is nonetheless indicative of the degree to which certain guerrilla factions are vulnerable to criminalization.

A nighttime attack on April 14 left 11 members of the military dead and at least another 19 wounded after a FARC mobile column attacked an army base in the southwestern department of Cauca. It was the deadliest action against Colombian security forces since peace talks were initiated in 2012.

FARC negotiators in Havana called the clash an act of self-defense and said that it highlighted the “urgent” need for a bilateral ceasefire. Meanwhile, the government reacted by revoking a previous commitment to stop all aerial bombings against the rebels.

The FARC had previously declared an indefinite ceasefire on December 20, but the group warned that this would end if it was attacked by government forces. Since then, the guerrillas released at least nine statements criticizing what they said were military offensives against them in different parts of the country, according to a timeline kept by the Washington Office on Latin America (WOLA).

In March, a top guerrilla negotiator, Ivan Marquez, said that the FARC’s ceasefire was “dissolving” due to “so many attacks and operations targeting our positions.”

Franklin Ramirez, the ombudsman for Buenos Aires, the small town near where the guerrilla ambush took place, said there had been no recent military actions against the FARC in the area.

“The armed forces are here implementing territorial control,” he said. “They are advancing and moving into one sector and then another.”

The secretary of government for Buenos Aires also told InSight Crime there had been no military action against armed actors in the area since the beginning of 2015.

El Tiempo reported that the Colombian military had been pursuing the leader of the FARC mobile column, who is accused of involvement in the drug trade. The department where the attack took place, Cauca, is a hub for Colombia’s marijuana trade, which is partly controlled by another FARC unit, the 6th Front.

InSight Crime Analysis

If this recent flare-up was indeed provoked by the military’s pursuit of a FARC commander involved in the drug trade, this makes it seem likely that Colombia will see more such clashes as the peace talks continue.

However, this won’t be because the FARC’s upper command see an advantage in allowing violence to brew, according to David Correal, an analyst at Colombian think-tank CERAC.

“This action generates a high cost for the FARC in the political process,” he said, adding, “At this time a violent offensive is not the in the FARC’s interest,”
The FARC’s upper leadership -- currently negotiating for peace in Havana -- have poor communication and little control over lower-ranking commanders, particularly those who operate in strategically important areas for Colombia’s underworld. As InSight Crime has reported, the FARC factions currently present in areas with a booming criminal economy -- be it marijuana, coca, or illegal mining -- are most at risk of breaking off from the FARC, and remaining involved in criminal activities even if the peace talks result in the guerrillas’ reintegration into the political mainstream.

The FARC units that operate in the department of Cauca -- a strategically important area for Colombian organized crime, due to its access to the Pacific coast, its proliferation of drug crops, and unlicensed mining -- are at a high risk of neglecting the peace process in favor of remaining involved in criminal activities. The mobile column responsible for the attack is known for its aggressiveness in planting landmines, and is also reportedly involved in illegal mining, according to El Pais.

Their attack against the military is ultimately a symptom of this much larger problem -- the inability of FARC leaders to control their rank-and-file, and hence convince them to leave the criminal world behind should a peace deal be established. Further complicating the issue is that lower-ranking commanders are essentially being told to turn the other cheek even as army operations continue -- a tall order that some FARC factions are clearly not willing to follow.

The longer the negotiations go on, the more likely it is these kinds of incidents will happen, and while it is doubtful that the talks are at risk of falling apart just yet, this still counts as a significant step backwards for peace in Colombia.
IV. An Embarrassing Year for Mexico

At some point in the future, when he looks back on his term in office, it’s unlikely Mexico President Enrique Peña Nieto will have any fond security-related memories from 2015.

In many ways, this year has been a continuation of the public relations nightmare that started in September 2014, when the Guerreros Unidos criminal group kidnapped and most likely killed a group of 43 students in Guerrero state with the assistance of police and possibly on orders from the town mayor.

During the course of 2015, both Mexican and international experts exposed flaws in the government’s investigation into what became known as the Iguala case. In September, an independent international commission debunked the official story. The Mexican government’s botched investigation of the case widened the government’s credibility gap. Things got worse with reports of extra-judicial killings by Mexico’s security forces.

Mexico’s biggest security misstep came in July, when the world’s most notorious drug lord, Joaquin “El Chapo” Guzman, escaped from a maximum-security prison for the second time. Chapo’s escape turned the spotlight on Mexico’s chaotic prison system, the country’s inconsistent extradition policy, and the continuing problem with corruption. There was immediate speculation that Chapo received inside help to break free, possibly reaching up to the very highest levels of the Peña Nieto administration, and numerous officials, including the head of the prison system, were eventually arrested.

In 2016, the Mexican government hopes to wipe the slate clean. However, that won’t be easy. After more than a year after the disappearance of the 43 students, the chances of investigators finding the truth seems slimmer than ever. And while the security forces have reportedly been close to recapturing Chapo, he remains an elusive target. As such, Peña Nieto’s security nightmare looks set to continue.

- David Gagne
Forensics Reveal Mexico’s Credibility Gap in Missing Students Case

Written by Patrick Corcoran
Thursday, 19 February 2015

Mexico’s conspicuous effort to incorporate foreign forensic teams into its investigation of the Iguala mass kidnapping seems aimed at giving the inquiry a dose of credibility. But it may have accomplished precisely the opposite.

In the four months that have passed since 43 student protesters disappeared from Iguala, Guerrero, the government of President Enrique Peña Nieto and the victims’ families have brought teams of investigators from Argentina and Austria, and relied on laboratories in the US and Austria, to assist in the search for the students’ remains. These teams were part of a broader attempt by Mexican authorities to tout their investigation as serious, open, and honest. The government also, for instance, celebrated the number of interviews, raids, and arrests it carried out as it pursued the culprits.

Ideally, these forensic teams would have supported the findings that Mexico's government announced last month: the students were abducted by members of the Guerreros Unidos and their police allies in Iguala; they were taken to a trash dump in nearby Cocula, they were executed and their bodies incinerated, and their remains were finally thrown into a nearby river.

Instead, foreign forensic teams have been some of the leading voices casting doubt on the official narrative. The Argentines publicized a series of errors made by the Mexican forensic team, and they raised questions over assertions that the bodies were all incinerated in a single fire at the trash dump.

Additionally, foreign forensic teams have disclosed that the remains of other victims -- unrelated to the 43 students -- were present in the Cocula trash dump. These teams have also noted that they were not present when Mexican authorities recovered the garbage bags from the river -- from which they sent 17 samples, but only manage to connect one of them to a victim's remains -- leading to further worry that the recovery was somehow manipulated.

InSight Crime Analysis

The collaboration with the foreign forensic teams is presumably meant to inject a bit of a credibility into the Mexican government’s response, which has been attacked around the world as being ineffectual and unserious. Analysts and activists have picked on Peña Nieto for dithering while Guerrero burns, and they have attacked some of Mexico’s foremost political figures for their support of the politicians most directly implicated in the Iguala case.

Against such a backdrop, public distrust in the government’s investigation is inevitable. Thus, bringing in the Austrian and Argentine forensic teams is a way to insulate the investigation from Mexicans’ widespread suspicion of their governing class.

Inviting foreign experts to help investigate high-profile incidents isn’t an unusual practice in Mexico. US investigators were called in to assist the probe into the 2008 Mexican City plane crash that killed Interior Minister Juan Camilo Mouriño and former drug czar Jose Luis Santiago Vasconcelos. American forensic experts also participated in the investigation into the 2009 fire that killed 49 children at a daycare center in Sonora.
Nevertheless, the presence of a few foreign experts hasn’t covered up the Mexican government’s stumbling in the Iguala investigation. On the contrary, it has only brought more attention to it. The inconsistencies flagged by the non-government forensic teams — whether from Austria, Argentina, or within Mexico — have only intensified doubts over the Mexican government’s version of events.

Consequently, within days after the Peña Nieto government announced that it considered the Iguala case closed, the investigation threatened to break down into a morass of skepticism and counterclaims, in which the public never reaches nor accepts a consensus version of the truth. Meanwhile, the Mexican government launched a series of attacks against the Argentine forensic officials, questioning their scientific expertise and demanding that they stop fostering doubts over the government’s official conclusions.

Yet Mexican authorities have been unable to answer several other lingering doubts about the case. The proposed motive behind the killing -- that the students were affiliated with a rival gang known as the Rojos -- seems far-fetched, and is unsupported by any corroborating evidence, such as the presence of weapons among the victims. Furthermore, as Proceso has reported, some of the detainees whose testimony led to the conclusion about the Rojos say they were tortured while interrogated. Local forensic scientists have also determined that a fire capable of incinerating all of the victims at the trash dump verges on a physical impossibility. And nothing in the official investigation has calmed suspicions that federal troops also participated in the students’ disappearance and murder.

Amidst this confusion, the participation of foreign forensic teams is at best window dressing for the Mexican government. The Iguala case -- and Mexico’s back-and-forth relationship with foreign expert investigators in general -- demonstrates that the Mexican government can’t selectively display its credibility. Nor can it obtain credibility via shortcuts. The Mexican government can’t show that it is serious about investigating official abuse only when the public outcry becomes sufficiently intense -- or else when the circumstances of a case make it convenient to do so. There’s nothing wrong with foreigners adding their expertise, but their presence often only calls attention to the Mexicans’ inability or unwillingness to police the darkest recesses of the nation.

The commitment to honest investigations needs to be genuine and perennial for any government to enjoy widespread credibility. Simply put, Mexico’s security apparatus has not demonstrated that commitment -- over a period of several presidential administrations -- in various areas in the country, in a series of high-profile crimes. That’s why Mexican citizens and others around the world instinctively distrust the Mexican government, and it’s not a problem that can be solved by entrusting key investigations to neutral outsiders.
El Chapo’s 2nd Escape Could Paralyze Mexico’s National Security Plans
Written by Steven Dudley
Sunday, 12 July 2015

Just over 16 months after he was captured, Mexico’s legendary drug trafficker Joaquin “El Chapo” Guzman escaped from a maximum security prison. The embarrassing event has the potential to torpedo the rest of President Enrique Peña Nieto’s administration and roil relations between the US and Mexico.

According to the National Security Commission (Comision Nacional de Seguridad - CNS), Guzman was last seen at 8:52 p.m. local time, July 11, in the shower area of the Altiplano prison. When he did not appear in his cell, authorities checked and “found it empty.”

In a press conference, CNS head Monte Alejandro Rubido said Chapo escaped via tunnel specially constructed beneath the showers that measured 50 cm x 50 cm at the point of departure, and connected to a ladder that extended 10 meters below the surface.

From there, the tunnel widens, reaching 1.7 meters in height and about 70 to 80 centimeters in width, Monte Rubio said; it stretches 1.5 kilometers and includes air ducts, lighting and was built with high-quality construction materials, he added. (Aerial view of escape route pictured left.)

Authorities also found a motorcycle mounted on some sort of rail system, Monte Rubio said, which they presume was used to move materials and possibly Guzman himself as he made his way to freedom.

After the escape, Mexico’s government shut the closest airport and sent hundreds of police and military troops to comb the area around the prison, which is located in a state known for criminal activity. Authorities are also interrogating some 30 prison guards about the escape.

Guzman was captured in 1993 in Guatemala and imprisoned in Mexico, but he escaped in 2001. He was recaptured in February 2014, but not before he had transformed into the world’s most wanted drug trafficker.

Guzman’s second capture was a huge win for the Peña Nieto administration, which has shown itself adept at corralling high-level drug trafficking suspects, even while it has had difficulty reigning in other criminal activities such as extortion and kidnapping.

Peña Nieto’s administration has captured nearly every big capo that his predecessor, Felipe Calderon, did not, including two top Zetas leaders, the head of the Betran Leyva Organization, the leader of the Juarez Cartel and the two leaders of the Knights Templar, among many others. These captures were, up until Chapo’s escape, a powerful testament that something was going right.
In the short term, Guzman’s escape is more of a political than a security question. The high-level captures were the result of what appeared to be better intelligence and coordination amongst security forces. But the most important message was one of political will: Peña Nieto had will and was not beholden to the traffickers.

Chapo’s stunning escape has the potential to reverse that sentiment completely. Unless the Mexican government recaptures Guzman quickly, his escape will overshadow all those other success stories and give the appearance that the will of the president has dissipated.

It comes at a terrible time for the president. His security strategy remains in tatters following the dramatic disappearance of 43 students last year. Local politicians and police presumably played important roles in the disappearance and cover-up of the crime, which was committed by a local criminal group, the Guerreros Unidos. But the national government has shouldered the blame, especially following its slow and shoddy investigation.

The government is also facing down accusations that its security forces are involved in extrajudicial killings. In early July, a report by a leading Mexican human rights organization said the military was ordered to “take...out” suspected criminals in an operation in the municipality of Tlatlaya that ended in the death of some 22 people, at least 12 of whom the government’s Human Rights Commission said were extra-judicially executed. Another report released by Mexico’s National Autonomous University said that for every military death, 32 suspected criminals die.
IACHR Report on Iguala, Mexico Student Disappearances Offers No Closure
Written by Elyssa Pachico
Tuesday, 08 September 2015

The truth behind the Iguala tragedy appears farther away than ever, after an independent probe debunked the Mexican government’s version of what happened when 43 students disappeared at the hands of local police, but offered no definitive alternative version.

The report was issued by a working group created by the Inter-American Commission on Human Rights (IACHR). The task was to independently investigate what happened the night of September 26, 2014 in Iguala, in the crime-ridden state of Guerrero.

The disappearance remains the hallmark event of the Enrique Peña Nieto administration. It led to nationwide protests and a crisis of confidence that has not dissipated since.

The IACHR’s report will only fuel more distrust and engender more conspiracy theories. Based on interviews, government documents, and other sources, the report provides a detailed, blow-by-blow account of what happened in the lead-up to the mass kidnapping of 43 male students that night.

Then the trail goes dry, mostly due to the incompetence -- or criminal negligence -- of government investigators. The students, meanwhile, remain disappeared.

Where the Stories Diverge

The government and the IACHR coincide in some respects: they both say that hundreds of student protesters at a Rural Teacher’s College took over several buses, in order to secure transport to Mexico City for a larger protest planned for October 2 (the anniversary of one of Mexico’s most significant human rights abuses).

They both say that after students commandeered the buses, the police stopped them, and there were confrontations between the students and the police. They both say that six people were killed during these exchanges and numerous others injured. And they both say that the police took dozens of students captive after these initial confrontations.

Then the stories diverge. According to Mexico’s Attorney General’s Office, the local police force handed over dozens of students to criminal group the Guerreros Unidos, who believed that among the students were members of a rival gang, the Rojos. The criminal group took the students to a trash dump near the town of Cocula, killed them, burned them, and dumped the remains in a river, the government says.

However, for numerous reasons, the IACHR report concludes this version of events could not have happened.

Govt Witnesses Can’t Get Their Stories Straight

Much of the Mexican government’s case rests on testimony collected from alleged members of the Guerreros Unidos, who describe how they kidnapped and killed the students.
However, the IACHR report details that these witnesses essentially tell four different versions of what happened. Each version involves a different site where a different number of students were allegedly killed.

The version with the greatest number of witnesses -- five -- is the Cocula trash dump story. This is the same one the Mexican government presented as the “truth” of what happened. But as the IACHR report points out, the five witnesses repeatedly contradict each other during key parts of the story. These inconsistencies are too numerous -- and too great -- to be blamed on faulty memories, the report states.

The disagreements among the five witnesses include:

- Whether the students were taken to another holding site first, before they were taken to the trash dump.
- Where and when the police handed over the students to the gang.
- How many students were dead, if any, by the time they arrived to Cocula.
- Whether the students were handcuffed, or had their hands tied up, or had their hands free (which, as the report points out, raises the question of why none of the young, fit students tried to resist their captors at any point).

Only three witnesses describe the actual moments of the students’ death, and again, all of their versions differ on key points, including:

- Whether the students were killed at the top of the trash heap, at the bottom, or both.
- Whether all of the kidnapped students were shot to death, or whether some were shot, and others beaten with sticks that the Guerreros Unidos had brought with them.
- How the bodies were moved from the top of the trash heap to the bottom (with one witness saying they were “rolled,” and another claiming they were “dragged,” raising the question of why more forensic evidence -- fragments of clothes, hair, skin, anything -- was not found in the dump).
- How and when the bodies were burned and who lit the fire.
- How and when the ashes were collected and then dumped into the river.

Casting further doubt on the story is that all of this -- the transfer of the students, the killing, the moving of the bodies -- allegedly happened in the early hours of the morning. These are challenging conditions in which to carry out such a massacre, the report points out. Nor did the report find any resident living near the trash dump who said they noticed anything suspicious.

**Forensic Evidence Doesn’t Support Government**

These inconsistencies between the government witnesses feed into another serious credibility problem: the forensic evidence does not back up the government’s version of events.

There have long been rumblings that the forensics don’t support the Cocula trash dump story. The IACHR report further reiterates this -- there is no way that the bodies could have been burned in the trash dump, the way that government witnesses say they were, the report concludes.
An independent forensics specialist the University of California Berkeley hired by the IACHR says it would have taken a minimum of 60 hours; over 30 metric tons of wood; over 13 metric tons of tires; and over 13 metric tons of diesel to burn 43 bodies into ash, as the government witnesses claimed.

Nor is there any evidence at the site itself that there was ever a fire of this magnitude, the expert concluded -- something that other forensic experts in Mexico have previously said. The minimum amount of damage that such a fire would have caused to the trash dump and the surrounding site would have been much larger in size than what was found.

**Who Gave the Order and Why?**

Aside from the lack of forensic evidence, there is one essential question to the case: who gave the order to hand over the students to the criminal group and why?

But after hundreds of interviews, dozens of diagrams and charts, and multiple appendices, the 560-page report is unable to shed any light on this point. The report itself takes note of this, asserting:

> At no point in the testimony provided by the municipal police, or the alleged members of Guerreros Unidos implicated in these acts, is there any reference to who ordered that the students be removed from Iguala and apparently handed over to this criminal, drug trafficking group. It comes off as something that happened spontaneously, without direction from anyone. In the statements by the alleged members of the Guerreros Unidos, the actions of the Iguala and Cocula municipal police are presented as unimportant, a mere accident.

The official conclusions by Mexico’s Attorney General’s Office maintained the Guerreros Unidos killed the students because they suspected some were members of rival gang the Rojos. However, the IACHR report notes that this motive is based primarily on the (very inconsistent) testimony of the alleged Guerreros Unidos perpetrators (who were reportedly tortured prior to giving their testimony, according to a previous report). Nor does the Rojos theory take into account that the military and the federal police were all aware of the students’ movements, and were present when the municipal police opened fire on them, the report states.

> “Given the evidence, in that moment, the Iguala municipal police had no reason to believe -- not even mistakenly -- that they were persecuting the Rojos,” the report says. “They knew that they were dealing with students.”

The report also notes that while Iguala is a significant drug trafficking hub in the region, there is little precedent indicating that the Guerreros Unidos would be capable of carrying out such a sophisticated operation. While multiple mass grave sites confirm that the Guerreros Unidos and other gangs were repeatedly carrying out atrocities in the region, the level of organization and resources needed to eliminate 43 bodies without a trace is quite different.

**An Unsolved Crime**

The Mexican government has insisted that organized crime played a key role in the students’ disappearance, but there still appears to be a great deal of official ignorance over how those criminals actually operated in Iguala. Investigators asked the Attorney General’s Office to look into the Guerreros Unidos and the Rojos’ criminal activities in the region, and share
information about their links to local public officials. But the IACHR report says the authorities have not provided any information on these links or these criminal activities.

Government investigators also did not bother to collect video evidence, such as recordings in front of the Iguala judiciary building, or the bus station where students gathered. Nor did the official investigation team follow through with what should have been basic steps in the initial probe, such as tracking down and interviewing the drivers of the buses hijacked by the student protestors. And they did not get the number of buses involved in the initial police-student confrontation right -- it was five, not four, the IACHR report found.

While President Enrique Peña Nieto has said authorities will investigate Iguala until we "know what really happened," the government had already asserted that it arrived at “the truth” of the matter back in January. Essentially, the Mexican government based its case almost exclusively on witness testimony that did not add up; failed to examine these inconsistencies, and failed to seriously pursue other lines of investigation that might answer the many questions that remain.

For nearly a year now, the government has been presenting the Iguala incident as a crime in two acts: first, when police assaulted the students, and second, when the Guerreros Unidos reportedly killed the 43 who are still missing. After the IACHR report, the disconnect between these two acts looks fuzzier than ever.
Several incidents in the last few weeks have raised additional doubts over how Mexico’s soldiers are approaching the so-called “drug war.” Not only are there questions over how appropriately the security forces react in confrontations with civilians, but the importance of the military itself in Mexico’s democracy may yet come under scrutiny.

Recently, various members of the military (including a lieutenant colonel) were detained in Zacatecas, a key state in the drug trade, as it borders Durango and has a movement corridor connecting it to Jalisco. The military detainees are accused of the extrajudicial killing of seven people. Public pressure lead to an unusually speedy reaction, with the military itself acknowledging that there are signs that a crime took place.

Meanwhile, in the conflicted state of Michoacan, several individuals have accused the military of killing a minor and another five people injured. This allegedly took place during the military’s attempt to break up a road block in Ostula. Roads have become a symbolic battle site for the state’s self-defense groups in their fight against the Knights Templar; in this case, the road block was spurred by the arrest of an indigenous leader for illegal weapons possession. Military commanders have denied that they opened fire on the crowd, and have blamed a group of armed civilians.

These examples follow what is widely known as the Tlatlaya massacre, in which the Mexican military illegally executed 22 people, according to affirmations by the primary witness in the case. A report by human rights organization Prodh suggests that sectors of the Mexican armed forces signed off on orders to execute those they dubbed criminals. To be sure, this case illustrates how Mexico has moved beyond the simple militarization of the war against drug trafficking – a trend seen across the region and made especially evident in Mexico. What Mexico is now seeing is soldiers creating -- and acting on -- their own manual for appropriate use of force.

It's worth recalling the military has been deployed across the country in this way due to the shortcomings of the federal police. And there have been some calls from within the armed forces (mainly from General Salvador Cienfuegos, the Secretariat of National Defense) that the government do a better job supervising the military's “civilian” tasks. But in turn, the military has also presented itself as an actor that must follow its own rules -- rules that are too difficult for anyone else outside the military to supervise, given Mexico's opaque policies when it comes to use of violence.

How was Mexico's military incentivized to follow a policy of excessive force? In some ways, every case is different. In Ostula, for example, the military's alleged disproportionate reaction may have something to do with the lingering conflict between self-defense groups and the Knights Templar. And making the situation even more volatile are the civilians who refuse to disarm, given that organized crime still persists in the region.

In Zacatecas and Tlatlaya, it is more of a matter of determining whether there is something systematic behind the military's actions. This is a particularly worrying possibility. If you don't define such incidents of excessive force as either anomalies, or the result of military
authorities not paying enough attention, then you are left with something that could very well be described as a crime against humanity.

In judicial terms, it would be tough to pull together enough evidence showing that an international human rights crime took place. However, added together, all these incidents are enough to warrant serious questions whether these apparently unrelated incidents of excessive force have some kind of connection. In that sense, if human rights activists wanted to put a successful case together, they would have to look for districts where other military abuses took place -- murders, torture, and illegal detentions.

Those looking to prove systematic military abuse would not be able to rely on sample cases in which the exact role of the military was unclear. Such is the case with Ayotzinapa, in which 43 students disappeared, and involved an especially complex relationship between municipal institutions and criminal groups.

However, we can more clearly see a systematic pattern of military abuse, when looking at what several human rights organizations denounced between 2006 to 2013 in the Baja California peninsula. The cases denounced in this region and Tlatlaya have a key thing in common: both involved security forces wanting to demonstrate progress in the fight against drug trafficking, via their use of violence. (It's a similar variable that has been observed in Colombia's "false positive" cases). The Zacatecas incident could also fall within these parameters, given the profile of the victims there.

Going beyond the judicial question of proving whether there is systematic abuse taking place or not, the larger issue is what is the military's role in Mexico's democracy. Usually, this debate highlights that the military is something like the last option for civilians, given the incompetence of the federal police.

Nevertheless, we could take a different point of view. Mexico's military has become the autonomous, powerful institution it is today due to the lack of controls that the military itself exercises over its own security agenda. To be sure, the military command are not the ones who made the political decision to militarize the fight against drug trafficking. However, it is also clear the military has become the institution that sets the tone when it comes to Mexico's drug policy. And this has led to unexpected results -- such as the creation of certain incentives that end up weakening the state. There are some other obvious examples of this, including the debate over limiting human rights cases to military courts.

There is another larger challenge to be faced here. With such high impunity rates, Mexico could be incapable to processing cases like Tlatlaya with the speed and scrutiny that victims deserve. This limitation could justify getting the International Criminal Court involved.

Without institutions like Guatemala's controversial United Nation anti-impunity commission, and without units that thoroughly investigate the most problematic cases of violence (as seen with Colombia's Attorney General's Office), Mexico's institutions are not equipped to deal with cases that involve systematic violence.

Only a wider investigation would reveal whether there is truly evidence of abuses committed at a larger scale in Mexico. However, there is increasing evidence that within this unconventional conflict, the security forces will act as though they are pursuing a counter-insurgency campaign. And meanwhile, civilian powers -- regardless of their position within the government -- remain incapable of creating new paradigms to avoid the repetition of violence.
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Charges Against Soldiers Dropped in Mexico Massacre
Written by Elijah Stevens
Tuesday, 06 October 2015

Charges have been dropped against four soldiers in the 2014 Tlatlaya massacre, in which Mexico’s military allegedly executed 22 individuals after they had been captured.

According to the AP, a federal judge ruled that there was insufficient evidence to try a lieutenant and three soldiers for covering up the possible extrajudicial killings of the alleged gang suspects.

The decision to drop the charges against the four soldiers came after their lawyers demanded a review of the case on the grounds of “violations of due process,” reported Animal Politico. As the soldiers also face military charges, they will not be immediately released from prison.

The court, meanwhile, said it would still try three other soldiers involved in the deaths, El Universal reported.

The case drew widespread attention. The army initially stated that the gang suspects had been killed after opening fire on soldiers, but subsequent evidence provided a more complicated story.

Testimonies by three survivors and others alleged that the army fired first, that the majority of those killed were civilians, and that high-level military officials were aware of the situation and may have sought to cover up the incident.

On July 2, 2015, Mexico’s National Human Rights Commission (CDNH) released a report stating that the Mexican military had orders to “take out criminals” in the area of Tlatlaya. This report drew on witness testimony, as well as official documents. The report demanded investigation into the military’s responsibility for the actions.

InSight Crime Analysis

The case is a bellwether for those wondering how the Mexican government will deal with widespread accusations of extrajudicial executions by its security forces. So far, the results are mixed. The dismissal of charges of the four soldiers is typical for cases involving Mexico’s military. But the investigation into the three other accused soldiers may provide some culpability for soldiers’ roles in the killings and could provide some precedent for further investigations.

The case is also a testament of how Mexico’s inability to collect strong forensic evidence continues to undermine prosecutors. While there was ballistic evidence and official documentation in the Tlatlaya case, the official investigation relied heavily on witness testimony. A lawyer for the defense stated that the testimonials of the three survivors contradicted themselves. Mexico’s courts have repeatedly discounted testimonial evidence, including in the Ayotzinapa case that concerns the disappearance of 43 students, to refute charges against security forces and others.

Without further material and forensic evidence to corroborate the testimonials, the court may drop all charges against the remaining soldiers as simply as they have dismissed the cover-up charges.
V. Elites and Organized Crime

At first glance, some of the corruption scandals described in this section may not look like traditional organized crime. To be sure, these networks of political and business elites swapping favors and moving cash look like "business as usual" in many parts of Latin America. But despite their pedigree, their political capital, and the high circles of society in which they move, these elites created networks that operated, in large part, like mafias. They collected payments from those who wanted to do business with the government. They laundered proceeds and financed their political aspirations. And they ensured impunity for the participants by controlling the judicial system and security forces.

In 2015, Guatemala emerged as one of the most striking examples of how elites have turned their political system into something like a mafia structure. A customs fraud implicated the country's vice president, who eventually resigned. Months later, as the case widened, President Otto Perez Molina resigned. The case is ongoing, and there is a long precedent for Guatemala's courts reversing decisions against certain elites. However, the groundbreaking cases benefitted from public pressure, often in the form of massive protests, which seems certain to continue should these and other officials escape prosecution.

Honduras and the United States also took unprecedented action in terms of shaking up elite networks tied to drug trafficking and organized crime. Honduras Attorney General's Office brought cases against former and current government officials as well as several mayors allegedly connected to organized crime. For its part, the United States charged one of the country's wealthiest men, Jaime Rosenthal, his son and his nephew with money laundering. These arrests and indictments created great upheaval in the Honduran underworld, and the aftershocks will likely continue into 2016. Additionally, it remains unclear whether events like the US indictment of members of the Rosenthal family represents the beginning of a wave of investigations against corrupt Central American elites or a temporary aberration in the way business is done.

Investigations into the intersection between business and political elites with organized crime were not limited to Central America. In Peru, prosecutors went after a state governor who allegedly headed a criminal network responsible for embezzling millions, trafficking drugs, and killing off political rivals. The so-called Guatemala “Spring” has yet to resonate in the Andes as strongly as it has in Central America. Yet there is no doubt that in some ways, 2015 saw an unprecedented effort to tackle impunity long enjoyed by certain elites in Latin America.

- Elyssa Pachico
After Guatemala President’s Fall, Reconfiguration or Status Quo for Military Criminal Networks?
Written by Steven Dudley
Thursday, 03 September 2015

Guatemala’s President Otto Perez Molina’s late-night resignation could upend deeply entrenched military criminal networks or -- as has been Guatemalan tradition -- leave them exactly how they are.

Perez Molina (pictured below) handed his resignation letter to Congress just hours after the legislative body voted to take away his immunity and a judge ordered authorities to arrest him for his involvement in a massive customs scheme to falsify documents, bilk importers and siphon state resources. Former Constitutional Court Judge turned Vice President Alejandro Maldonado is now president.

Former President -- and ex military general -- Perez Molina was a perfect example of a bureaucratic elite in Guatemala -- someone who had built his economic and political power using his positions in the state, mostly through his connections to the military.

The president was also long part of what was known as the Sindicato, a shadowy network of former and current military personnel that was equal parts criminal facilitator and criminal actor.

The network facilitated schemes like “La Linea,” the name given to the customs fraud network that allegedly included the former Vice President Roxana Baldetti, who is in jail already.

The president and the vice president were referred to on the wiretaps as “number one” and “number two,” among other names. The president had to face questions in court about this and other accusations shortly after he resigned.

For a long time, the Sindicato competed with what was known as the Cofradia, another shadowy network of current and former military personnel that was both criminal actor and criminal facilitator.

These networks were referred to as Illegal Clandestine Security Apparatuses (Cuerpos Illegales y Aparatos Clandestinos de Seguridad - CIACS), and they were the reason why the United Nation’s backed International Commission Against Impunity in Guatemala (CICIG) was formed in 2007 (the mandate makes direct reference to the CIACS).

To some extent, the CICIG has fulfilled its mandate of going after the CIACS. CICIG targeted networks such as the one connected to former President Alfonso Portillo, and other CIACS-related cases have led to the incarceration of members of these networks.
Perez Molina’s resignation is certainly the finest testament yet that these networks have at least been partially dismantled. And over time, the power of networks like the Cofradia and the Sindicato has dissipated.

Guatemala is currently in more of a post-CIACS world. To be sure, Perez Molina’s presidency was thought to be a fusion of the two networks in which members of the Cofradia and the Sindicato worked together.

Witness the case of Francisco Javier Ortiz, alias “Teniente Jerez,” who was arrested as part of La Linea scandal. Ortiz participated in a customs fraud scandal in the 1990s that was exactly like La Linea, except under the management of the Cofradia.

The head of the Cofradia was retired General Francisco Ortega Menaldo, and, to a certain extent, Ortega Menaldo represents what remains to be done in Guatemala.

Ortega Menaldo is a ghost of sorts. He stopped officially working with governments after trying to engineer an “auto-coup” in 1993, but he has remained a significant political and underworld actor.

The former general was unofficially connected, but not indicted, to the Portillo corruption scheme in the early 2000s. And as recently as 2012, he was believed to be controlling Puerto Quetzal, Guatemala’s largest port where he had his own mini-La Linea scheme set up.

Ortega Menaldo has also been the target of numerous investigations by the Guatemalan Attorney General’s Office and perhaps even the United States. His visa was revoked, at least for a time, by the US for suspected ties to drug traffickers.

Still, Ortega Menaldo has never been charged with a crime. And while it may be anachronistic to talk about the Cofradia, it is still relevant to talk about criminal networks who are ex-military and have active roles in the government or could have active roles in the near future.

One of the leading candidates for president -- Jimmy Morales -- fits into this mold. More precisely, his political party -- Frente de Convergencia Nacional (FCN) -- was founded and is made up of ex-military personnel from the Asociacion de Veteranos Militares de Guatemala, AVEMILGUA, the public face of some of the dangerous military personnel that started this mess in the first place. While Morales has presented himself as an anti-corruption candidate, the one-time comedian represents the interests of AVEMILGUA.

The latest poll for the first round of September 6 elections has Morales on top. None of the candidates are expected to win enough votes to avoid a run-off between the top two vote-getters, which is scheduled for October 25.

What’s more, Perez Molina has not yet been convicted, and the record for prosecutions in Guatemala against ex-presidents is not good. Alfonso Portillo was eventually acquitted in a Guatemalan court for a technicality. And after a historic victory in the case against former military dictator Efrain Rios Montt for genocide, that decision was reversed by the Constitutional Court just a few days later. One of the judges who ruled in favor of Rios Montt is now President Alejandro Maldonado.
Murder of Two Political Elites Shakes Honduras
Written by Steven Dudley
Tuesday, 14 April 2015

The cold-blooded double murder of a congressman and his father, himself a former high-court judge and aspiring president, has sent another round of shivers through Honduras’ elites as the country struggles to come to grips with the reach and power of its drug trafficking organizations.

The attack came on April 10 in the late morning as Liberal Party Congressman Jose Eduardo Gauggel Medina and his father, former Supreme Court Magistrate Eduardo Gauggel Rivas, were entering Gauggel Rivas’ house in San Pedro Sula in Gauggel Medina’s grey armored Toyota Land Cruiser.

Two cars pulled up, and two men got out of each car wielding high powered weapons, a police commander in San Pedro Sula told Tiempo. A firefight ensued. The congressman and his father died at the scene suffering what appeared to be multiple gunshot wounds.

At least one of the perpetrators was injured in the exchange, and authorities arrested him at a clinic in Villa Nueva, some 25 kilometers from where the attack took place.

Authorities quickly claimed the gunman, identified as Gabriel Enrique Ponce, said he had killed the two men in an attempted robbery at the behest of the MS13 gang.

The head of a special police unit in San Pedro Sula said it was possible the two had been at the bank to withdraw a large sum of money to pay their workers, but that the police had yet to confirm this withdrawal and that they had not found any money in the car of the victims.

On April 12, a second suspect was captured, EFE reported. No further details were given following the second capture.

InSight Crime Analysis

The Honduran authorities’ quick reaction to the double homicide is heartening, even if their version of the events is very questionable. The MS13, and their counterparts in the Barrio 18, are brutal and have been known to steal and kill, but mostly in their areas of influence -- the poor, marginalized neighborhoods that lie far away from where Gauggel Rivas lived.

More importantly, the gangs have become an easy scapegoat for even the most high-level assassinations in the volatile atmosphere of one of the most violent countries in the world. And the context around this assassination gives it a much more organized crime feel.

Gauggel Medina was based in Copan, a western province with its fair share of powerful drug trafficking interests. Until recently, the core of Copan’s dominant underworld force was the Valle family, a cattle-rustling and contraband clan that US authorities stated last year was moving between five and 10 tons of cocaine through Honduras per month, a huge amount by any standard.
Just weeks after US authorities arrested Digna Valle in July 2014, Honduran authorities captured three other Valle brothers in a surprising series of sweeps that devastated the organization.

There has long been speculation that Gauggel Medina was a political operator for the Valle family and had received financial support for his campaign from them. The congressman denied having any links to the family, and after a photo of Gauggel Medina with two of the Valle brothers surfaced on social media, the congressman said it was just a routine picture that happens with many people on the campaign trail.

“As a politician, I attend all types of public events where all types of people come, and that is completely normal,” he told local media. “A lot of people ask to take pictures with politicians, and that does not constitute a crime.”

He added that he had not received “one cent” from illegal organizations for his political campaign.

But Gauggel Medina was not the only questionable one on his ticket. His alternate -- who will now become his permanent replacement -- is Rene Fernandez Rosa, the brother of Hector Emilio Fernandez Rosa, alias “Don H,” who was captured last year in Honduras and extradited to the United States in February.

Gauggel Rivas was more powerful than his son. In addition to his run in the Honduran courts, he was the president of the Supreme Court of Central America and member of the Central American Parliament. He is also a man of considerable power within the Liberal Party; recently, he mulled a run for president.

Gauggel Rivas worked closely with others in the party, including the Handal family. The Handal family enterprises were added to the US Treasury’s “Kingpin” List in 2013, in a high profile announcement that started what has been a string of drug trafficking dominos falling in the country. Two of those dominos were Jose Miguel “Chepe” Handal Perez, and his father, Jose Miguel “Chepe” Handal Larach, both of whom were arrested this year.

Two others, Javier and Devis Leonel Rivera Maradiaga, the heads of the famed Cachiros trafficking group, turned themselves in to US authorities in January (a third, Santos Isidro, may have as well, although there is no record of him in the United States and Honduran authorities have not said where he might currently be).

The Cachiros’ political operator and principal third-party owner, Juan Gomez, was gunned down just days after the Rivera Maradiaga brothers absconded, apparently making their way by boat towards the Caribbean where they negotiated their own handover.

There is some speculation that Gauggel Medina played a role for the Valle family that was similar to the one Gomez played for the Rivera Maradiaga family: acting as conduit to the national political scene, helping to notify them of security schemes or investigations that might impact them or their operations, and opening the door for business opportunities.

In declarations to the press after the incriminating photo with the Valle family emerged on social media, Gauggel said he had nothing to hide and had invited the Attorney General’s
Office to investigate him. Before his death, there was little chance that investigation would happen. Officially, Honduras’ politicians have immunity while they are in office (one way drug traffickers seek to avoid prosecution is by signing up as congressional alternates, who also have immunity).

Unofficially, Honduras’ political elites have lifetime immunity. And now that he’s dead, there is no chance the Attorney General’s Office will investigate Gauggel’s potential ties to criminal groups. It would never risk the political fallout that would surely come with an investigation.

Instead, as with the case of Juan Gomez’s murder, there will be speculation, rumors and hearsay that sometimes point towards unlikely culprits in the country’s street gangs.

*The research presented in this article is, in part, the result of a project funded by Canada’s International Development Research Centre (IDRC). Its content is not necessarily a reflection of the positions of the IDRC. The ideas, thoughts and opinions contained in this document are those of the author or authors.*
Why Elites Do Business with Criminals in Honduras
Written by Steven Dudley
Thursday, 08 October 2015

In early June, four months before the US released an indictment against Jaime Rosenthal and three others, InSight Crime sat down with Jaime and his daughter to discuss why one of the wealthiest and politically connected families in Honduras did extensive business with the Cachiros, once one of the region’s most powerful drug trafficking clans. The answer, it turns out, is pretty simple: it was good business.

Jaime Rosenthal’s office is not what you think when you imagine one of the most powerful economic and political elites in Honduras living in one of the most dangerous places on the planet.

The office is located on the second floor of a nondescript, concrete office building alongside an aging strip mall in San Pedro Sula, the country's industrial capital known more for its violence than its entrepreneurs. Rosenthal has no bodyguards or armored vehicle in front, and the office has no special security or metal detector.

InSight Crime found Rosenthal (pictured left) buried behind an old, wooden desk amidst a sea of family photos and other paraphernalia, reflections of his long life as a businessman and a politician. Rosenthal was vice president, and he, and his son Yani, remain Liberal Party strongmen, although the October 7 US indictment against them may change that equation.

The bespectacled octogenarian seemed more at ease dealing with difficult questions than his daughter, Patricia, who manages Continental Bank, one of several Rosenthal businesses named October 7 by the US Treasury Department to its “Specially Designated Nationals” (SDN) list, which prohibits others from doing business with these companies or else face sanctions.

The Grupo Continental, or Continental Group, as the Rosenthal’s conglomerate is known, also has interests in cement, real estate, leather goods, insurance, cattle, agro-industrial projects, crocodile skins, tourism, cable television and media, among others, and is considered one of the top business groups in the country.

Patricia Rosenthal had reason to fret: the topic was the Continental Group’s business dealings with the Rivera Maradiaga family. Better known as the Cachiros, the Rivera Maradiaga family had become one of the largest drug transport clans in Central America before the US Treasury Department named them as specially designated targets in September 2013.

The Cachiros went on the run, and many of their assets, some of which overlapped with the Continental Group’s interests, were seized by the Honduran government. In January 2015, the top members of the Cachiros handed themselves in to US authorities.
Rumors have swirled for years about the Rosenthals’ relationship with the Rivera Maradiaga family, but nothing has ever been written about it, until now. And there were no formal charges against the family until the US indictment was released on October 7.

As the Rosenthals tell it, Santos Rivera Maradiaga, the family patriarch, and his son, Javier, started selling cattle to the Rosenthals’ meat packing plant in San Pedro Sula in the late 1970s and early 1980s. Javier would arrive in a truck large enough to carry about a dozen cows. After making the drop, he would sleep on the street in his car, Jaime Rosenthal said.

“And he just got steadily bigger. You look and see a person who starts small and then afterwards gets a little truck, and then another and another,” he explained. “He was doing good business; he was growing.”

The Rivera Maradiaga family set up accounts in the bank, but the Rosenthals insisted that these accounts were in line with their earnings at the time.

“The accounts that they managed were in line with the businesses they had,” Patricia Rosenthal, who is listed as the Vice President of Continental Bank, said.

The big business between the Rosenthals and the Cachiros started in 2006, when the bank lent them money for their cattle and milk businesses.

“That was when we started to have a relationship with them, of loans, and that was when the relations began with the bank,” Patricia Rosenthal explained. “The meat packing plant knew him. They brought more cattle and we said, ‘Look, this could be a good client,’ and we lent to them for the cattle and the dairy farm. The dairy products they sold in [La] Ceiba to a large cattle ranch and the cattle to us and other meat packing plants. For the bank, this was not a bad business, I mean they had good [cattle], they could pay us the buyers directly, all of whom were big.”

The Rosenthals said the Rivera Maradiaga family went through the bank’s due diligence process and paid back their loans with checks, not cash.

Other loans followed, including to the Cachiros’ vast African palm holdings. The Rosenthals say the relationship made sense because their strength is working in agriculture projects. They said that Continental has three branches in Tocoa, the epicenter of Cachiros’ operations during their heyday.

“They were good clients for us,” Patricia Rosenthal said. “Another important thing is that the bank’s strength is in the north, which includes the northern coast, and we are the strongest bank in agriculture and housing. [This is] because the board of directors that presides over the bank has always believed that it is our duty to give back to these areas in Honduras.”

Another loan went to help build the Joya Grande Zoo and Eco-park. The Rosenthals say the Joya Grande loan was profitable and legitimate in every way, but that it is also the one that has hurt their image the most. This is because Leonel Rivera Maradiaga, Javier’s younger brother and the recipient of the loan, put a plaque at the entrance of the zoo commemorating Continental Bank’s support.
“When we analyzed this loan, it was a very good loan, not just for us but for the country. The loan paid itself off and promoted tourism in an area of the country where people normally never went. They did a great job because they started to attract people from all of Central America,” Jaime Rosenthal said. “It’s not a project that they were going to pay with drugs, it was a project that paid itself.”

Many of these loans from the Continental Bank to the Cachiros were subsidized by the government, the Rosenthals said. They say that in other instances the bank was simply an intermediary for contracts between the Rivera Maradiaga’s businesses and the financiers, which included, but were not limited to, government contracts.

The Rosenthals’ story loses its thread a little bit when you start to drill down into when the family knew the Cachiros were, in fact, the Cachiros. Despite their years of doing business together, the Rosenthals say they did not know the Rivera Maradiaga family was involved in drug trafficking and other nefarious activities until the US Treasury declared them targets in September 2013.

“We had no reason to believe that they were as devious as they turned out to be,” Jaime Rosenthal said.

The announcement by the Barack Obama administration in September 2013 lent a sense of urgency to the Rosenthal family’s business decisions, they said.

“That is when we realized it, when Obama said it,” Patricia Rosenthal said. “Because there was no document or anything that said they were involved in drug trafficking.”

The Rosenthals said nothing showed up about drug trafficking activities when they did their due diligence, and they added that they have opened up all their books to the authorities and asked them to review these processes as well. (The Rosenthals also gave InSight Crime a copy of the Continental Group’s most recent annual report.)

“If you see our books, they are huge, with large land holdings that are well cared for with everything in order. What I am saying is that their people came and reviewed it, and everything was fine,” Patricia Rosenthal said.

“They have never shut us down. I mean the things that [the government] did against the criminals, that was never against us,” Jaime Rosenthal added.

However, the Rosenthals admit they had heard rumors about the Cachiros well before the US Treasury designation. And by early 2012, the Rosenthals were clearly worried: In March of that year, 18 months before the US Treasury Department officials mentioned the Cachiros by name, Jaime Rosenthal wrote a letter to US Ambassador Lisa Kubiske.

“In Banco Continental, S.A. we are and want to be very careful about our business and our customers,” the letter, which the Rosenthals shared with InSight Crime, begins. “Since Grupo Continental is involved in many businesses
including agro-business, we have to be especially careful about the people with whom we do business.”

The letter does not mention the Rivera Maradiaga family by name, but it does ask the United States for assistance in doing due diligence.

“To us a clean name is very important,” it says. “And since the DEA (Drug Enforcement Administration) and the US Embassy are the best informed people in Honduras, we will very much appreciate it that we can confirm with DEA some of the names of our customers to make sure that we will not get involved in any business that can damage the name of our family.”

The Rosenthals assumed the same defense during the interview with InSight Crime. Put simply, they said it is not possible to check all of their clients’ records.

“The big lesson is that we need the United States to help us,” Jaime Rosenthal said. “We don’t have the capacity. I mean we do what we can but we don’t have an investigative unit to see if a client is involved in this [criminal activity].”

“No bank has it. That is why the banks are getting fined,” Patricia Rosenthal added. “What the bankers do is determine if the person has the ability to pay.”

When should it become the bank’s responsibility?

“Our obligation should be if there was a person who was responsible that if we got information, we could give it to that person, and they could review it; they had the capacity to review it and say, 'It’s not true. It’s an urban myth,’ or, ‘It’s true. Don’t do business with them,’” Jaime Rosenthal responded. “But what we have now is that they are waiting for us to determine who is a criminal and who is not a criminal. That is what the State is for; what the government is for. That is not the bank’s role, not the individual [citizen’s] role. That is why the State was created.”

The Rosenthals say Continental Group is still linked financially to the Cachiros because the government’s seizures have tied up their loans in a lengthy legal process.

“We have not done anything illegal,” Jaime Rosenthal insisted.

*The research presented in this article is, in part, the result of a project funded by Canada’s International Development Research Centre (IDRC). Its content is not necessarily a reflection of the positions of the IDRC. The ideas, thoughts and opinions contained in this document are those of the author or authors.*
CentAm Elites Afraid of Prosecution? Don’t Bet on It
Written by Steven Dudley
Wednesday, 11 November 2015

After the United States indicted one of Honduras’ most powerful families for money laundering, conventional wisdom suggests that other corrupt elites might fear they could be next. However, sources consulted by InSight Crime say this logic does not always prevail amongst the Central American clans believed to have ties with organized crime.

In October, the US shocked Honduras -- and the region -- when it unveiled the accusation against Jaime Rosenthal, his son Yani Rosenthal, his nephew Yankel Rosenthal, and family company lawyer Andres Acosta Garcia.

Yankel Rosenthal is in custody in a US jail; Yani is presumably in custody as well. The US may issue an arrest warrant for the other two at any moment, and they could be extradited, if they are captured.

In an unprecedented move, the US Treasury also sanctioned the Rosenthal’s bank, Continental -- among other family companies -- which the Honduras government liquidated just days later.

The charges are the first of their kind against such high-level elites in Central America. With dozens of companies ranging from agro-business to insurance, the Rosenthal family is one of Central America’s wealthiest. They are also major power brokers for Honduras’ chief political opposition, the Liberal Party.

The vagueness of the indictment and the broad jurisdiction of the US courts leaves many other businesses open to similar charges. The accusation says the following:

> The defendants...in an offense involving and affecting interstate and foreign commerce, knowing that the property involved in certain financial transactions represented the proceeds of some form of unlawful activity, would and did conduct and attempt to conduct such financial transactions which in fact involved the proceeds specified unlawful activity.

In other words, the family had prior knowledge that the money they were moving into their businesses came from activities related to “narcotics” and corruption.

The obvious defense for the Rosenthals is to say they had no prior knowledge of this. And that is exactly what Jaime Rosenthal and his daughter Patricia said in June 2015, when InSight Crime asked them about what was then speculation. The Rosenthals also argued that they lacked the resources needed to adequately scrutinize their clients and cut off those linked to suspicious activities.

Still, the indictment could also be interpreted as a threat to other elites linked to organized crime networks in the region.

“I think the Rosenthal family situation is very delicate and will impact the future of Honduras economy in various respects,” Eduardo Facusse, the former president of Honduras’ most powerful business association (known by its Spanish acronym COHEP), told InSight Crime in an e-mail exchange.
Michael Shifter, the president of Washington-based policy center the Inter-American Dialogue -- an organization that works closely with elites across the region -- agrees.

“It is a precedent that total impunity may be coming to an end,” Shifter said.

However, Shifter and others say that not all of Central America’s elites will react the same way. Shifter noted that some may argue that the US is being hypocritical, given the US position on cases of corruption and money laundering within its own borders -- such as major banks being given a relatively light slap on the wrist for laundering drug cartel money.

“Whatever the truth is, there will be elite sectors that will see this as a double standard and that will be the way they will interpret it,” said Shifter. “The US can’t solve its own problem -- they will see it in this light.”

US frustration over lack of progress against crime and corruption in Central America has been building. To cite just one example, the US is a staunch backer of the United Nations-backed International Commission Against Impunity in Guatemala (Comision Internacional Contra la Impunidad en Guatemala - CICIG). Alongside Guatemala’s Attorney General’s Office, the CICIG helped force the resignation of the president and the vice president in a corruption case.

Still, several analysts and elites consulted by InSight Crime view the Rosenthal probe as more of a one-time event, rather than representing the beginning of a string of investigations against Central American power brokers linked to organized crime.

Hugo Noe Pino, the Honduras representative of ICEFI, a think tank focused on fiscal issues in the region, says that other businesses are feeling “more secure” because they believe the US will not continue to upset the precarious economic balance in the region. The actions against the Rosenthal clan could leave thousands unemployed and cut as much as three percent of Honduras’ gross domestic product, Noe Pino said.

“This could have a multiplier effect, part of which the US did not anticipate,” Noe Pino explained. “So I don’t think there will be any more cases like this soon. But the message is clear.”

Still, where some see chaos, others see opportunity. Dionisio Gutierrez, the head of Multi Inversiones -- most famous for its Pollo Campero fast food chain -- who has faced public recriminations himself from political enemies, said the region could benefit from international pressure.

“I see the awakening in Guatemala with the help of CICIG and the awakening in Honduras and El Salvador as long awaited great opportunities,” he told InSight Crime in an e-mail. “This region needs rule of law and painful consequences for all of those who have committed crimes, broken the law or abused the democratic system. But this has to be done without an ideological agenda and without all the prejudices that have made Central America a very convoluted and tortuous region.”

However, there are few precedents that suggest Central America’s elites will seek equal treatment of the type that Gutierrez is suggesting. To be sure, Noe Pino sees a slightly different scenario in which other elites will take advantage of the US and Honduras action against the Rosenthals for their own gain.
“This is a strong blow against the Rosenthals, and at least part of the economic elite may try to fan the flames of that fire,” he said.

In the meantime, the US case against the Rosenthals continues to accrue victims. While their assets were frozen, crocodiles on a leather-making farm owned by the family reportedly went hungry.
Investigation into Peru Governor Illustrates Scope of Criminal Network
Written by Michael Lohmuller
Wednesday, 15 April 2015

Over 400 people are under investigation for ties to a former Peru governor accused of murder and criminal conspiracy, highlighting the breadth of a criminal network that infiltrated nearly every part of the government of the country's wealthiest state.

Mesias Guevara, the head of a congressional commission tasked with examining the case of former governor Cesar Alvarez Aguilar, has stated that with 60 percent of the probe complete, more than 400 people have come under investigation, reported El Comercio.

The congressional commission was formed in April 2014 following allegations that Alvarez led a criminal organization while serving as the governor of Peru's northwestern Ancash state between 2007 and 2014. According to The New York Times, Alvarez's criminal network doled out around $1 million in bribes a month and allegedly assassinated rivals. Alvarez's network is also under investigation for allegedly facilitating drug shipments through the Ancash port of Chimbote, as well as for corruption involving Ancash's lucrative mining sector.

Among those implicated in the network are prosecutors, judges, and police officials, who supposedly formed part of Alvarez's criminal enterprise.

InSight Crime Analysis

The number of people implicated in the case and the breadth of the investigation -- which, after a year, is just over halfway complete -- illustrates the extent to which Alvarez's network was able to infiltrate the local government, and raises questions about how this criminal enterprise went undetected by the national government for so long.

In general, corruption appears to be an endemic problem in Ancash. Last September, Peru's Attorney General's Office estimated that there were over 1,200 allegations of corruption against public officials and institutions in Ancash, with 60 percent involving the state government, reported El Comercio.

However, these issues are not unique to Ancash. Last year, Peru elected at least six governors who were under investigation or had been charged with a crime. In July 2014, Peru's Anti-Corruption Attorney General's Office revealed that some 92 percent of the country's mayors -- a total of 1,699 officials -- were under investigation for corruption.

Nonetheless, there have been signs that Peruvian officials are taking steps to combat the problem, including removing over 300 political candidates with criminal records from the country's October 2014 elections. The fact that the congressional commission appears to be taking the time to thoroughly investigate Alvarez's activities in Ancash is also a promising sign that the government is making an effort to weed out corruption among local politicians.
VI. Corruption

The past year saw parts of Latin America pull the curtain back on elite, criminal networks that had operated with impunity, in some cases for decades. However, 2015 was also a year in which several other corruption scandals earned significant public attention. These corruption cases can be described as more “traditional” in the sense that they did not necessarily involve organized criminal groups attempting to co-opt the state, or networks of business and political elites operating like a mafia. Many revolved around misuse of public funds or officials swapping bribes at a hugely profitable scale.

Among the most prominent of these cases was the United States Department of Justice (DOJ) probe into the Federation Internationale de Football Association (FIFA). In May, the DOJ released an indictment against 14 soccer officials and business executives, accusing them of bribery, influence peddling, and other charges. All but two of the defendants were from Latin America. Seven months later, the DOJ released an indictment against an additional 14 Latin American soccer officials, accused of accepting hundreds of millions of dollars in bribes from sports marketing companies, in exchange for selling off the region’s soccer broadcasting rights. Among the defendants is a former president of Honduras and a judge who sat on Guatemala’s Constitutional Court.

Elsewhere, Honduras and Guatemala were rocked by a series of corruption scandals involving their social security agencies. The very nature of these agencies -- their huge budgets, their manipulation of contracts, and the range of special interests involved -- made them vulnerable to malfeasance, corruption, and crime.

The need for greater financial transparency in Latin America was further emphasized after the International Consortium of Investigative Journalists published a database on HSBC private bank accounts. The data dump revealed that clients associated with Latin America and the Caribbean have deposited over $35 billion in private HSBC accounts in Switzerland. This is not a crime. However, the database raised questions over why so many clients from Venezuela, Brazil, and Argentina preferred to keep their wealth overseas.

Corruption will undoubtedly remain a major challenge for Latin America’s policymakers in 2016. Some of the most harmful networks of corruption do not involve organized criminal groups attempting to buy off the security forces or judiciary. Nonetheless, the white-collar criminals who corrupt the state via misuse of contracts, influence peddling, and bribery can do as much or more harm as a drug trafficker equipped with an AK-47 assault rifle.

- Elyssa Pachico
A series of corruption scandals implicating high-level government officials have rocked Honduras and Guatemala in recent months. In both countries, the governments' social security agencies are at the forefront of the crisis, a product of fundamental traits of these agencies making them vulnerable to malfeasance, corruption, and crime.

Guatemala’s current series of corruption scandals began in April, when authorities arrested officials from the country’s trade authority (SAT) on charges of participation in a customs fraud ring known as “La Linea.” The alleged leader of this network is the former private secretary of ex-Vice President Roxana Baldetti. Baldetti (pictured below) resigned in May as a result of the scandal, but she has consistently denied any wrongdoing.

Soon after Baldetti’s resignation, Guatemalan authorities arrested the head of the country's Social Security Institute (IGSS), Juan de Dios Rodriguez, along with at least 15 other suspects, for fraud. The allegations resulted from irregularities in a $15 million contract IGSS awarded in October 2014 to the pharmaceutical company Pisa. The participants in the scam are believed to have pocketed 15 to 16 percent of the contract’s value -- around $2.27 million.

The two scandals have put Guatemalan President Otto Perez Molina under increasing pressure. On June 30, Guatemala’s Constitutional Court rejected an injunction submitted by Perez to halt a congressional corruption probe into his activities.

In neighboring Honduras, a corruption scandal in that country's Social Security Institute (IHSS) first broke in 2014. Mario Zelaya Rojas, the former director of the IHSS, stands accused of embezzling as much as $330 million from the institution; other IHSS officials are suspected of accepting bribes from medical providers and making false purchases.

The IHSS debacle gained new momentum in early June after President Juan Orlando Hernandez admitted his 2013 election campaign received money from businesses implicated in the scandal. On June 30, the Honduran Supreme Court ordered the arrest for 16 people suspected of colluding with the IHSS’ corrupt activities. This included Lena Gutierrez, the Vice President of the Honduran Congress.

On the whole, Guatemala and Honduras are notoriously corrupt. Nonetheless, that the countries' social security agencies are at the center of investigations and public scrutiny is in part due to at least five key attributes of these institutions. Together, these attributes have resulted in susceptibility to corruption and exploitation by government officials, who have repeatedly used these agencies as vehicles for personal enrichment.

1. They are Huge.

The budget for Guatemala's IGSS in 2015 is slightly over $2 billion: a significant chunk of the Guatemalan government's total estimated 2015 budget of $9.2 billion. The approved 2015 budget for Honduras' IHSS is around $300 million; Honduras' total government budget for
2015 is nearly $8.5 billion. Both are amongst the largest businesses in their respective countries.

A large operating budget in itself does not mean an agency is destined to become corrupt. Nonetheless, rampant corruption and a culture of impunity in both Honduras and Guatemala provide ample opportunities for officials in both agencies to skim money off the top without creating much (if any) suspicion.

This is especially true in Guatemala. The IGSS’ substantial resources have allowed the agency - and its top officials - to become an important political actor. The IGSS has even been referred to as the “petty cash” department, in that its money is used to buy favors from government officials and politicians.

Political and personal favors bought by the IGSS, however, frequently take the form of investments, medicine purchases, and the issuing of contracts for services. This leads to the second attribute of these agencies that makes them susceptible to corruption...

2. So Many Contracts.

In order to complete their basic functions providing for the wellbeing of Hondurans and Guatemalans, the IHSS and IGSS issue contracts to various private companies and providers of goods and services. Contracts, however, create opportunities for graft and fraud in the form of kickbacks and bribes.

For instance, Mario Zelaya Rojas -- in addition to embezzling large sums of money from the IHSS when he led the agency -- allegedly received over $2 million in bribes to facilitate payments to a company contracted to digitalize the IHSS’ registry system. At least 320 people formed the network facilitating IHSS’ corrupt transactions, including IHSS employees and relatives of top officials. The wives of Jose Alberto Zelaya -- the former head of IHSS acquisitions and supply -- and Jose Ramon Betetty -- the former IHSS financial chief -- helped launder the money their husbands stole by making false purchases from phony companies.

In Guatemala, the majority of the IGSS’ money is spent via no-bid contracts. (In the first months of 2015, the IGSS awarded no less than 1,000 no-bid contracts). For example, in September 2014, the IGSS awarded a contract worth over $22 million for the digitization of forms to the company Nextec, S.A., even though few details about the company were known, and it had never before serviced a government contract. Additionally, Nextec was the only company to participate in the bidding process (which lasted one week), easily winning the exorbitantly over-priced contract.

This, however, is just one of a series of IGSS contract irregularities in recent years. In March, the IGSS gave a $1.66 million contract to the company Grupo MC2 S.A. for furniture, office paper, and the rental of printers, a photocopier, a fax machine, and a scanner. The company, however, submitted the second lowest bid, which the IGSS could select due to a legal exception allowing them to do so when renting materials. IGSS purchases under this exception rose from $12.2 million in 2012 to $68 million in 2013 -- the same year Juan de Dios Rodriguez became IGSS director.
3. Conflicts of Interest.

A reason the IGSS and IHSS have been able to unscrupulously award shady contracts with minimal repercussions is that many politicians and government officials have personal business interests at stake.

For example, Lena Gutierrez -- the Vice President of the Honduran Congress whose arrest was ordered on June 30 -- and members of her family are accused of defrauding the IHSS by selling it poor quality medicine at inflated prices, potentially embezzling as much as $120 million from the IHSS. The medicine sales were made through AstroPharma, a pharmaceutical company to which her family has been linked and may have even created with the express purpose of defrauding Honduras’ health system.

4. The Medicine Lobby.

Completing this nefarious circle of corruption and underhanded contracting is the power of the medicine lobby, which is one of the largest political campaign financers in Guatemala.

In Honduras, part of the money AstroPharma made from its IHSS contracts allegedly helped fund President Hernandez’s 2013 presidential campaign, which Hernandez himself acknowledged received at least $145,000 in contributions from businesses linked to the IHSS corruption scandal.

In return for providing political financing, medical companies receive lucrative government contracts for medicine purchases and other related services. Honduran and Guatemalan politicians are also in a position to impede investigations or court proceedings challenging the validity and legality of questionable contracts.

5. Corruption and Impunity.

Finally, the IHSS and IGSS exist and operate within a broader context of rampant institutional corruption and impunity in Honduras and Guatemala. As a result, entrenched political and economic elites have been able to manipulate the two agencies for personal financial and political benefit free of scrutiny and legal prosecution. With so much money at stake, it is not surprising that the result is a government body that often acts more like a mafia than a public service institution.

Change may be on the horizon. The scandals have provoked widespread protests in both countries that are unprecedented in recent memory. Ordinary Hondurans and Guatemalans appear to be fed up with corruption among the political class and are demanding change -- leading some to wonder if we are witnessing a “Central American Spring.”

The factors giving rise to corruption in the Honduran and Guatemalan social security agencies will not be reversed overnight. But the recent arrest of Honduran Congressional Vice President Gutierrez, and the denial of Guatemalan President Perez Molina’s injunction to halt corruption investigations by Congress, suggests lawmakers and politicians in both countries are feeling pressure from public outcry over the scandals, and that they may begin more significant steps towards serious reform.
Latin America has a way to go towards greater financial transparency, as indicated in a recent data dump that tracked private HSBC bank accounts in Switzerland -- and the wealth contained within.

The information was obtained by a former HSBC bank employee, who downloaded a huge amount of data about clients who held private HSBC bank accounts in Switzerland, before going on the run and providing the data to French authorities. Both French and US authorities have used the data to conduct investigations into tax evasion, while French newspaper Le Monde shared it with journalists’ network the ICIJ.

The ICIJ special report, which includes an interactive search application, breaks down how many different clients around the world had private HSBC bank accounts in Switzerland, mostly from 1988 to 2007. While the report emphasizes that there are “legitimate uses for Swiss bank accounts,” and that those who appear in the leaked HSBC files have not necessarily “broken the law or acted improperly,” there are nevertheless several interesting trends that become evident when looking at the data set for Latin America. In total, clients associated with Latin America and the Caribbean held over $35 billion in private HSBC accounts in Switzerland, raising significant questions about financial transparency in the region.

1) The amount of money held by HSBC clients connected to Venezuela

According to the leaked files, clients connected to Venezuela were associated with about $14.8 billion in their respective HSBC accounts. Only Switzerland and the United Kingdom had more dollars in private HSBC accounts, reported the ICIJ. Meanwhile, files that date from 2006 to 2007 showed that at one point, one HSBC client -- which appears to be Venezuela’s Treasury Office -- held approximately $11.9 billion. As can be seen in the chart here, this far outstrips the amount of cash held in the accounts of clients associated with other countries, including Argentina (where one client was associated with $1.5 billion at one point), Uruguay (also $1.5 billion), and Brazil ($302 million).

Additionally, while there were a steady number of accounts opened prior to when President Hugo Chavez took office in 2002, the rate at which accounts were opened did begin to climb more noticeably after that year, according to the ICIJ’s data visualizations.
2) The number of HSBC clients connected to Brazil

In terms of which countries had the highest number of clients with private Swiss HSBC accounts, Brazil ranked fourth in the world and in the top spot for Latin America, with 8,667 clients. The only other Latin American countries that came close to having that number of clients were Argentina, with 3,625, and Mexico, with 2,642, as this chart shows. Notably, there was a significant spike in the number of accounts opened in Brazil in the early 1990s, around the time of an economic crisis.

3) Few clients with bank accounts, but lots of money nonetheless

There are some countries in Latin America that had relatively few clients associated with Swiss HSBC accounts, and yet nevertheless at one point had hundreds of millions of dollars associated with those accounts. This is most obvious in the case of Suriname, which the leaked files showed as having only nine HSBC clients. But the total amount of dollars associated with Suriname’s accounts was about $722.3 million, according to the leaked files. Likewise, the 29 clients associated with Ecuador had a total amount of approximately $198.4 million in their accounts.

4) Mexico and Central America vs the Southern Cone

Only Mexico and Panama ranked significantly in terms of the total dollar amount associated with clients connected to this region of Latin America. As has been extensively reported, lax HSBC controls allowed Mexican drug trafficking organizations to launder billions of dollars, while Panama is a popular country for offshore bank accounts and a well-documented hub for illicit financial transactions.

Compared to Central America and even the Andes, clients connected to Southern Cone nations -- Argentina, Uruguay, Chile, and Brazil -- had far greater sums of money held by the HSBC Swiss branch.

5) Named accounts versus numbered accounts

The ICIJ also breaks down the distribution of different HSBC bank account types by country. There are several different types of accounts that can be created -- named accounts, which are linked to a person; offshore entities, which are accounts that replace the account holder’s name with an offshore company; and finally numbered accounts, the most secretive, which replace the account holder’s name with a number.
In some cases -- such as Brazil, Uruguay, and Venezuela -- there are significantly more numbered bank accounts than the other types. In other countries, like Colombia and the Dominican Republic, it is somewhat more equal.

6) Persons of interest in Latin America

While the ICIJ report doesn't allow readers to search the data by specific names, the report does profile a few persons of interest who are named in the leaked files. In Latin America, a few well-known figures who appear include Paraguay’s President Horacio Cartes; Venezuela’s former national treasurer, Alejandro Andrade; Ecuadorean politician and agribusiness tycoon Alvaro Noboa; and Mexico billionaire Carlos Hank Rhon, whose family has been linked to drug trafficking and money laundering for the Tijuana Cartel.
The 3 Caudillos: the FIFA Heads Who Corrupted Soccer in the Americas
Written by James Bargent
Wednesday, 17 June 2015

Fourteen names appeared in the indictment that accompanied the dramatic downfall of the heads of global football. All fourteen were from Latin America and the Caribbean.

The news was not greeted by shock or disappointment in most of the region. Instead, it was met by cathartic, if bitter joy, that the rotten and corrupt soccer administrators in the region were finally exposed.

“They called me mad but thankfully today the truth is out and I am enjoying it,” Argentina’s soccer legend Diego Maradona told an Argentine radio station, reported The Guardian. “They hate football. They hate transparency. Enough shady dealings. Enough lying to the people!”

The details paint a picture familiar to anyone from Latin America and the Caribbean: strongmen with near absolute power using corruption, patronage and intimidation to enrich themselves and their faithful. These men oversaw the dizzying and astonishingly lucrative marketing expansion of the world’s most popular sport -- and allegedly used the opportunity to steal millions of dollars to fund their lavish lifestyles and cement their grip on power in ways that would make a Colombian cartel blush.

Leading the way were three caudillos who wielded immense power from the top seats in regional football and whose corrupt influence spread across the globe. This triumvirate of strongmen dominated football administration in Latin America and the Caribbean for over two decades.

In the north was Jack Warner, president of the Confederation of North, Central America and Caribbean Association Football (CONCACAF); in the south was Nicolas Leoz, president of the Confederation of South American Football (CONMEBOL); and presiding over the region’s soccer super power was Ricardo Teixeira, president of the Brazilian Soccer Confederation (CBF).

Leoz: The Untouchable

The first to assume power was Nicolas Leoz, who was elected president of CONMEBOL in 1986 after first cutting his teeth in soccer administration working alongside the son of Paraguay’s military dictator at Asuncion’s Club Libertad.

Leoz set himself up as the ruler of a de facto independent state, untouchable by the laws of the land. After moving CONMEBOL’s headquarters to his native Paraguay, he obtained embassy status for the body, ensuring diplomatic immunity for CONMEBOL officials and preventing the authorities from seizing documents or freezing assets.

For a man from humble beginnings on the isolated arid plains of the Paraguayan Chaco, Leoz’s reign was marked by vanity. CONMEBOL’s conference center bears his name, the new stadium of Club Libertad bears his name, there was even, briefly and ultimately embarrassingly, a Nicolas Leoz Golden Cup soccer tournament.

However, while Leoz loved the limelight, much of his business dealings took place in the shadows. According to the US indictment in the FIFA case, Leoz used South America’s premier

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international and club tournaments -- the Copa America and the Copa Libertadores as his private cash cows. In return for securing commercial rights for marketing companies, Leoz -- along with his cronies in national football associations -- siphoned off millions of dollars in bribes paid through Swiss bank accounts, intermediaries and front businesses.

**Teixeira: Powerful and Vindictive**

The next of the three caudillos to take power was Ricardo Teixeira, who in 1989 took over the CBF from his father-in-law and former FIFA president Joao Havelange after previously working as a stockbroker. According to Teixeira, speaking for a profile in Brazilian magazine Piauí, the succession was “just the way things came together.” According to others, it was pure nepotism.

Teixeira quickly built up a broad network of power and influence that ran from his close relationship with then Brazilian President Luiz “Lula” Da Silva down to the numerous members of his family that snapped up top soccer jobs. Anyone questioning his cabal of cronies from the outside was met with a verbal barrage, legal action or murky political maneuverings.

Teixeira, for example, told critical journalists that he would “make their lives hell.” He backed these words with actions: he has sued one journalist over 50 times and once punished a network for critical coverage of him by changing match schedules to damage their advertising revenues.

Corruption allegations have never been far away. Teixeira has been accused of everything from contraband smuggling to money laundering. He is not named in the US indictment, but the Brazilian media have identified him as one of the unnamed co-conspirators.

Corruption surrounding two deals struck during his presidency is described in detail. The first, a highly lucrative sponsorship deal with Nike, which has long fallen under suspicion and was even subject of a congressional hearing in 2001. The second, a deal for commercial rights for Brazil’s domestic cup the Copa do Brasil, was struck in the final years of Teixeira’s reign. The indictment describes his replacement as CBF president complaining bitterly that he had to continue paying bribes to his predecessor, Teixeira.

**Warner: Shameless**

The triptych of images of corruption in football in the Americas was complete after the election in 1990 of Jack Warner to the presidency of CONCACAF, a position he would use to make himself a powerful figure at home in Trinidad and Tobago, and abroad.

A history teacher before embarking on his career in sports administration, Warner is now head of his own political party, owner of his own newspaper and a property tycoon. During his years in soccer he managed to accumulate enormous power and wealth for both himself and his family through a combination of charm and cunning.

However, his arrogance led to controversy, whether it was for allegedly strong-arming a sick Nelson Mandela into flying around the world to personally court him during South Africa’s bid for the 2010 World Cup, or threatening to spit on journalists.

The list of corruption allegations against Warner has been growing for decades and incorporates everything from touting World Cup tickets to siphoning off money meant for...
Regional Corruption Goes Global

Leoz, Warner and Teixeira held soccer in the Americas in their grip, but their influence did not stop there. As members of FIFA’s Executive Committee they became central figures in the scandals that reached into the highest levels of FIFA and tainted football’s flagship global tournament, the FIFA World Cup.

Their roles on the Executive Committee gave the Americas administrators immense power over choosing who would host the tournament and who could commercially exploit it, as well as the ability to pull the strings in FIFA’s internal political battles.

In the US indictment, Warner is accused of taking a $1 million bribe in exchange for his support for Morocco’s bid for the 2010 World Cup -- support that apparently slipped away after he received $10 million dollars in exchange for switching his and two colleagues’ allegiance to South Africa.

It is far from the first time such allegations have surfaced, Warner has been accused of taking a bribe for supporting the highly controversial decision to award the 2022 World Cup to Qatar. All three men were named in a parliamentary hearing in the UK as corruptly peddling their influence -- including attempts allegedly made by Nicolas Leoz to secure a knighthood from the British Queen and for England’s FA Cup -- the oldest domestic competition in world soccer -- to be named after him in return for supporting England’s bid.

World Cup influence peddling would come to mark the beginning of the downfall of two of the three caudillos. In 2010, just days before FIFA’s executive committee was set to vote for the 2018 and 2022 World Cups, the BBC screened a report with documentary evidence purporting to show that Leoz and Teixeira had taken bribes in exchange for pushing through contracts with sports marketing company ISL for the commercial rights to the World Cup. As investigators closed in, both men resigned citing “health reasons.”

While Warner escaped attentions over the ISL investigation, he was also forced to resign due to a scandal detailed in the indictment. Although a long term ally of FIFA president Sepp Blatter, in the 2011 presidential elections, Warner switched his support to Blatter’s rival Mohamed bin Hammam. He then encouraged the rest of the Caribbean football associations to do the same by dispensing packets of $40,000 in cash to each one. According to the indictment, when one member reported the payment to CONCACAF, Warner responded by telling the delegates, “There are some people here who think they are more pious than thou. If you’re pious, open a church, friends. Our business is our business.”

End of the Caudillos?

The future for Leoz, Teixeira and Warner is now uncertain. The 86-year-old Leoz was placed under house arrest in Paraguay but has since been moved to a hospital over health concerns. Teixeira has now been indicted for financial crimes in Brazil, and, according to media reports, he is next on the US Federal Bureau of Investigation’s arrest list.

Warner, meanwhile, was briefly arrested in Trinidad before being released on bail. However, he does not look set to go quietly, releasing a video in which he promises the “gloves are off”
before announcing he fears for his life as he has evidence of links between FIFA and elections in Trinidad.

“Not even death will stop the avalanche that is coming” he said. “The die is cast. There can be no turning back. Let the chips fall where they fall.”

However, while the fall of the Leoz, Warner and Teixeira is celebrated -- along with the recent resignation of FIFA President Sepp Blatter -- it remains far from certain it will mark the end of the era of the football caudillos in the Americas.

The replacements for all three men in the region’s football federations are named in the indictment and face similar charges of corruption. While they have themselves now been ousted, two of their successors, the new heads of CONMEBOL and the CBF, are already coming under pressure and facing corruption allegations.

Events of recent weeks have amounted to a purge of virtually the entire FIFA leadership and the old guard in the Americas is all but gone. But as the region knows all too well, ousting caudillos is far easier than replacing the structures within which they thrive.
The LatAm Soccer Officials Implicated in Latest FIFA Scandal
Written by Elyssa Pachico
Saturday, 05 December 2015

The US Department of Justice indicted an additional sixteen Latin American soccer officials on corruption charges, shedding more light on a complex network involving multiple sports media companies that agreed to pay hundreds of millions of dollars in bribes to the region’s most powerful soccer brokers.

US officials first unveiled an indictment against nine International Federation of Association Football (FIFA) officials and five businessmen involved in the soccer world in May 2015. This latest indictment, made public on December 3, suggests that the US law enforcement is continuing to collect key evidence from informants and others who agree to collaborate with investigators.

The result is a damning set of accusations against Latin America’s most powerful soccer officials, many of whom are serving top roles within FIFA. Seven defendants based in Central America were indicted, alongside another nine from South America.

The gist of the case against the defendants involves sports media and marketing companies based in Brazil, the US, and Argentina that paid hefty bribes, in exchange for securing rights to broadcast and promote Latin American soccer games. In multiple cases, US banks were used to transfer the funds to bank accounts in Central America or elsewhere, with Panama being one commonly used transit point for the dirty money.

Below is a summary of what the US Department of Justice (DOJ) indictment has to say about the soccer caudillos involved in the corruption schemes.

**Central America**

**El Salvador**

Reynaldo Vasquez

Reynaldo Vasquez is the former head of El Salvador’s soccer federation, which has also asked the Salvadoran Attorney General Office to open an investigation into corruption.

Alongside other conspirators, Vasquez reportedly accepted at least two six-figure bribes from Miami-based sports marketing company Media World. Another three Salvadoran conspirators are mentioned in the indictment, but their names are not revealed. However, one of them is described as a current top official of El Salvador’s soccer federation.

**Guatemala**

Rafael Salguero

Up until April 2015, Rafael Salguero was a member of the FIFA Executive Committee. Alongside Ariel Alvarado and Alfredo Hawit, Salguero is accused of accepting $450,000 in bribes from Full Play Group S.A., a sports marketing group based in Argentina. Alongside Brayan Jimenez and Hector Trujillo, he also accepted a six-figure bribe from Miami-based sports marketing company Media World; as well as an additional $100,000 bribe from the two Argentine owners of Full Play.
In September, Salguero met with Hawit and Alvarado and told them, “The three of us are in the same shit,” regarding the ongoing US investigation into FIFA corruption.

**Brayan Jimenez**

Brayan Jimenez has served as the president of Guatemala’s soccer federation since 2010, and also served on the FIFA committee for fair play and social responsibility at one point. Alongside Rafael Salguero and Hector Trujillo, he met with representatives of sports marketing company Media World in Florida and agreed to split a six-figure bribe from the company in exchange for Guatemala’s soccer media rights.

A Media World executive paid a $200,000 bribe which Jimenez split with Trujillo, as well as an additional $200,000 to Jimenez alone, which Jimenez deliberately kept a secret from Trujillo.

At another point, Jimenez accepted a $10,000 bribe from the Media World executive, in exchange for agreeing to allow Guatemala’s national team to play a friendly match in Lima, Peru.

The indictment notes that in July 2015, Jimenez met with Trujillo and the Media World executive in Chicago in order to discuss the bribes. Jimenez started off the meeting by asserting, “Nothing should be said over the telephone. Nothing... Nothing! Nothing!”

**Hector Trujillo**

Hector Trujillo currently sits on Guatemala’s Constitutional Court. Since 2010, he has also served as the general secretary of Guatemala’s soccer federation. He is accused of splitting a six-figure bribe from Miami-based sports marketing company Media World alongside the other Guatemalan defendants.

When meeting with a Media World Executive and the other Guatemalan defendants in Chicago in July 2015, Trujillo remarked that his bribes had been paid to a construction company controlled by a third party. A fake contract to that construction company had been drawn up, in order to disguise the origins of that money. This manipulation of construction contracts is fairly typical of how corrupt elites do business in Guatemala, as InSight Crime has previously reported.

Trujillo was arrested by US federal agents after his cruise ship docked in Florida on the early morning of December 5, the New York Times reported.

**Honduras**

**Alfredo Hawit**

Alfredo Hawit served as the head of the Confederation of North, Central American and Caribbean Association Football (CONCACAF) between June 2011 to May 2012. He took on the role once again after his predecessor was detained in May 2015, as part of the US investigation into FIFA corruption.

On December 3, Hawit was arrested in Switzerland, after the US unveiled the indictment charging him and Rafael Callejas with accepting some $600,000 in bribes from Miami-based sports marketing company Media World. Hawit is also charged with accepted $450,000 in bribes alongside Ariel Alvarado of Panama and Rafael Salguero of Guatemala from Argentine sports company Full Play.
Many of the bribes were wired to accounts under the name of Hawit’s wife in Panama City, according to the indictment. Other bribes were wired by Media World’s Bank of America account to Panama, then transferred again to Honduran accounts controlled by Hawit.

After the first stage of the US investigation into FIFA was unveiled in May, Hawit went on to instruct collaborators to draw up fake contracts, so that he could better conceal his bribe payments. He also disguised his bribe payments by creating fake land purchase contracts in Honduras, alongside his wife.

Panama

Ariel Alvarado

Ariel Alvarado served as the head of Panama’s soccer federation from 2004 to 2012. He has also been a member of FIFA and CONCACAF committees.

Alongside Rafael Salguero and Alfredo Hawit, he agreed to accept $450,000 in bribes from Argentine sports company Full Play. The three were flown in a private jet to meet with the owners of Full Play on their Uruguay estate. As was done for Salguero and Hawit, the Full Play owners wired Alvarado’s portion of the bribe money from an account in Switzerland to a US Citibank account. The funds were then distributed among the three soccer officials.

On another occasion, in 2009, while negotiating media rights with another Miami-based sports marketing firm, Traffic USA, Alvarado accepted a $70,000 bribe from the company. This was transferred from Traffic USA’s Citibank account to the account of Alvarado’s attorney. The company also paid Alvarado an additional $60,000 bribe in this manner to secure additional media rights.

South America

Argentina

Jose Luis Meiszner

Jose Luis Meiszner is currently the secretary of the South America Football Confederation (CONMEBOL) and the former secretary of Argentina’s soccer federation.

The US indictment accuses him of accepting bribe and kickback payments from Argentine sports media and marketing business TyC (Torneos y Competencias SA). An affiliate of this company, T&T Sports Marketing Ltd (based in the Cayman Islands, a known hub for money laundering), paid out various bribes to Meiszner and other conspirators, in exchange for supporting the company’s media rights over the annual Latin American soccer tournament, Copa de los Libertadores.

Eduardo Deluca

Eduardo Deluca served as the general secretary of the South American Football Confederation (CONMEBOL) from 1986 to 2011.

Alongside CONMEBOL’s president (who was indicted in May), Deluca is accused of accepting multiple bribes and kickbacks from a New Jersey sports marketing company. The company
transferred Deluca’s bribes to a Merrill Lynch account in Uruguay, as well as a US-based brokerage account.

In 2000, Deluca began receiving an annual six-figure bribe from Argentine sports marketing company TyC (Torneos y Competencias SA). As part of the deal, he was meant to receive this annual pay-off up until 2010.

**Brazil**

**Ricardo Teixeira**

Ricardo Teixeira was head of Brazil’s soccer federation from 1989 to 2012, and also served as a member of FIFA’s executive committee from 1994 to 2012. He was forced to resign due to corruption allegations, as InSight Crime previously described here.

Over time, Teixeira accepted bribes from the affiliate of an Argentine sports media company and a Brazilian sports event management company, Traffic Group. More specifically, he was involved in a scheme in which the Traffic Group owner agreed to pay an annual bribe of nearly $1 million -- to be divided up between Teixeira and two other Brazilian sports officials, including Marco Polo del Nero -- in order to maintain marketing rights over the Brazil Cup.

And after an unnamed sportswear company signed an agreement with a Traffic Group affiliate, Teixeira was paid half of the money that Traffic Group's owner made from the sponsorship deal.

**Marco Polo del Nero**

Marco Polo del Nero is the head of Brazil’s soccer federation, as well as a member of several FIFA committees. Alongside Ricardo Teixeira, Jose Luis Meiszner, and another FIFA official who was indicted in May, he is accused of accepting bribes and kickbacks from an affiliate of Argentine sports media and marketing business TyC (Torneos y Competencias SA).

Additionally, alongside Teixeira, he accepted bribes from Brazilian sports conglomerate Traffic Group.

**Bolivia**

**Carlos Chavez**

Carlos Chavez served as the head of Bolivia’s soccer federation from 2006 to August 2015. He is also currently the treasurer of the South American Football Confederation (CONMEBOL).

The US indictment accuses him of accepting systematic bribes from Argentine sports media company TyC (Torneos y Competencias SA) and its affiliates. Starting in 2010, that same company agreed to pay Chavez a six-figure annual bribe, in order to maintain the media rights over the annual Latin American soccer tournament, Copa de los Libertadores. As part of the deal, Juan Angel Napout, Luis Chiriboga, Manuel Burga, and a Venezuelan soccer official indicted in May also received these annual payments.

**Romer Osuna**

Romer Osuna was the treasurer of the South American Football Confederation (CONMEBOL) between 1986 to 2013. He is accused of receiving regular payments from Argentine sports media company TyC (Torneos y Competencias SA), in exchange for allowing them to maintain broadcasting rights over the Copa de los Libertadores. He did so while responsible for FIFA's
auditing process. In 2000, a co-founder of the Argentine company agreed to pay Osuna $600,000 every year over the next decade, in order to maintain the Copa de los Libertadores media rights.

Additionally, in 2007, Osuna received several six-figure payments from Brazilian sports company Traffic Group as part of another bribery scheme.

**Ecuador**

*Luis Chiriboga*

Luis Chiriboga is the head of Ecuador’s soccer federation. In 2010, alongside five other South American soccer officials (including Carlos Chavez, Juan Angel Napout, and Manuel Burga) he pressured an Argentine sports media company into paying annual bribes, in exchange for the media rights over the Copa de los Libertadores.

**Paraguay**

*Juan Angel Napout*

Juan Angel Napout is on FIFA’s Executive Committee and is the current president of the South American Football Confederation (CONMEBOL). He has previously served as CONMEBOL’s vice president and as the head of Paraguay’s soccer federation.

The US indictment notes that as head of CONMEBOL, Napout “sought to portray himself as an agent of reform, notwithstanding his own long-standing involvement in the solicitation and receipt of bribe and kickback payments.” Some of these payments came from Argentine sports media company TyC (Torneos y Competencias SA) and its affiliates. He was also among those set to receive bribe payments from a TyC affiliate, in exchange for granting the entity exclusive rights over the South American Football Championship, also known as Copa America.

**Peru**

*Manuel Burga*

Manuel Burga was the head of Peru’s soccer federation from 2002 to 2014, and has also served roles on various FIFA committees.

Alongside Napout and others, Burga was among those receiving six and seven-figure bribe payments from an Argentine company in exchange for the rights over the Copa America soccer tournament. And in 2009, he was part of a bloc of officials that were receiving annual six-figure payments from an affiliate of Argentine company Torneos y Competencias S.A.
VII. How Street Gangs are Evolving

During 2015, Latin American criminal groups continued to evolve in response to shifts in the region’s criminal landscape and law enforcement pressure, in some cases adopting worrying new tactics or gaining in strength.

This trend was perhaps most prominent in El Salvador. This past year was the country’s most violent since the end of its bloody civil war in 1992. El Salvador’s two main street gangs, the Mara Salvatrucha (MS13) and Barrio 18, were central to the dramatic deterioration of the country’s security situation in 2015. There have been suggestions the gangs are evolving into more sophisticated entities, possibly becoming more overt political actors and resorting to increasingly extreme acts of violence to advance their agenda.

In a similar trend, indications from Venezuela suggest more organized criminal structures, known as “mega-gangs,” are emerging. These hierarchical gangs supposedly mirror criminal models developed within Venezuela’s prison system, and use high-powered weaponry to engage in a range of illicit activities. The worsening of Venezuela’s economic and political situation in 2015 opened further space for such criminal structures, which are contributing to the alarming rise in insecurity in the country.

Further north, Mexico, having the region’s most prominent and visible criminal structures, saw a new generation criminal group capture the government’s attention: the Jalisco Cartel – New Generation (Cartel de Jalisco - Nueva Generacion - CJNG). In 2015, the CJNG rose from relatively obscurity to widespread notoriety, launching a series of bold attacks against government forces.

The group’s ascent in 2015 can in part be explained by broader multi-year trends in Mexico’s criminal landscape, such as the fragmentation and decline of groups like the Zetas and the Knights Templar, which were the focus of government and vigilante efforts in recent years. The CJNG has moved to fill the vacuum left by these groups, expanding its network of operations both within Mexico and internationally. Nonetheless, the CJNG now is the target of Mexican security forces, and may experience a similar process of fragmentation during 2016.

- Michael Lohmuller
El Salvador Gangs Outline Political Motives of Violence
Written by David Gagne
Monday, 02 March 2015

El Salvador’s largest street gangs have indicated they wield sufficient power to influence the country’s presidential elections, in a statement highlighting the gangs’ use of violence as a political tool.

In a press release sent out to Salvadoran media, leaders of the Mara Salvatrucha (MS13) and Barrio 18 gangs -- known as “maras” -- stated that ruling party the Farabundo Marti National Liberation Front (FMLN) almost lost the 2014 presidential election because the party did not have the support of the gangs. La Pagina published the statement on February 27, just two days before El Salvador’s March 1 municipal and congressional elections.

The apparent joint statement said the maras “have been used” by the FMLN, who have “turned their backs” on the country’s 2012 gang truce brokered by government mediators and a bishop from the Catholic Church. The truce broke down during the first half of 2014 amid rising homicides, and President Salvador Sanchez Ceren has rejected the possibility of starting new dialogue with the gangs since taking office in June 2014.

The mara leaders added they “know the [current] government will no longer be in power in five years,” after the next presidential election.

InSight Crime Analysis

The release of the Barrio 18 and MS13 statement just days before El Salvador’s congressional elections is the latest example of the gangs’ efforts to exert influence over the country’s political landscape. The maras agreed to a new truce to reduce violence in January. This time without the support of the Church or the government, the move appeared to be an attempt to show the Salvadoran population that they, not the Sanchez Ceren administration, hold the keys to the country’s security situation.

The gangs have vested interests in El Salvador’s political landscape. Former president Mauricio Funes agreed to transfer 30 MS13 and Barrio 18 gang leaders to lower-security prisons as part of the 2012 truce, however Sanchez Ceren has recently sent many of the leaders back to a maximum-security facility. The Sanchez Ceren administration has also supported the use of stronger police tactics against criminals, and one top security official recently stated the country is “at war” with the gangs.

But it is unclear how much power the gangs currently have over violence in El Salvador. The 2012 gang truce is widely credited with dropping the country’s homicide rate from 70 per 100,000 in 2011 to almost half that number in 2012 and 2013. However, the most recent truce has yet to produce comparative results: El Salvador registered an average of 11 murders per day in February, which is near pre-2012 truce homicide levels.
Mexico’s New Generation Cartels Not Getting the Government Message
Written by Patrick Corcoran
Monday, 08 June 2015

The ongoing aggression of Mexico’s Jalisco Cartel - New Generation suggests the government’s message to cartels to keep violence down or be dismantled is yet to sink in for the many of the next generation of up and coming criminal organizations.

Five years ago the Jalisco Cartel - New Generation (CJNG) was a non-entity. Now it is the target of a major federal security operation in Jalisco as one of the most prominent engines of violence in western Mexico. According to at least one analysis, it has become the most dangerous drug trafficking organization in the country.

While there is room for debate on this last point, there is no doubt the group has risen rapidly since emerging out of the embers of the organization controlled by former Sinaloa Cartel boss Ignacio Coronel, who died in a shootout with the Federal Police in 2010. It has been an overtly aggressive organization since the outset, when it announced its existence with videos threatening their local rivals, first the Resistance, and later the Knights Templar.

More recently, the CJNG has taken advantage of the geographic and public relations vacuum left by the decline of the Zetas, the Sinaloa Cartel, and the Knights Templar -- organizations that have all seen their leadership decimated by arrests and shootouts with Mexican authorities. While it may not be the most powerful organization in Mexico, it is one of the few that seems to be at the front end of its narrative arc.

The group has been linked to notorious crimes in Jalisco and neighboring states over the past five years, most recently the August murder of a Jalisco mayor and the ambush that left 15 state police officers dead in April, crimes that have called to mind the methods of the old Jalisco Cartel of Sinaloa godfather Miguel Angel Felix Gallardo. The CJNG has also employed tactics that are disruptive and harmful to the society at large, such as extortion and blockades of popular thoroughfares.

The CJNG’s activities have provoked a furious government response, particularly the federal government’s Operation Jalisco. The government’s prioritization of the group appears to have been a factor in the shootout in a Michoacan ranch last month in which 42 alleged members of the CJNG were killed by government authorities -- who in turn suffered just one casualty. The group responded with promises of vengeance against government officials.

**InSight Crime Analysis**

The CJNG’s path is reflective of the broader evolution in the Mexican government’s approach to security policy, both its successes and its failures. The fact that there is space for the CJNG to emerge in one of the most strategically valuable corridors in Mexico is a testament to the success of security agencies, especially at the federal level, in tracking down capos and weakening the existing underworld powers. During the past five years, the organization has exploited the downfall of figures like the Sinaloa Cartel’s Joaquin “El Chapo” Guzman, the
Knights Templar’s Servando “la Tuta” Gomez, and Miguel Angel Treviño and Heriberto Lazcano of the Zetas.

In some ways, this represents the successful completion of one of the Peña Nieto administration’s foremost security goals: to lower the profile of Mexican organized crime in the international and national media. Whether or not this is a worthy goal is arguable, but there is little question that CJNG’s activities do not occupy the attention of media outlets like the New York Times or the Wall Street Journal the way the gang’s forerunners did. If this truly is the most dangerous gang in modern Mexico, it is, from a public relations perspective, a pale imitation of past groups to have earned that label.

Furthermore, though members of the group have been arrested as far away as the Gulf Coast state of Veracruz, the CJNG has been more content to consolidate its control over its native region, largely rejecting the expansionist tendencies that made the Sinaloa Cartel and the Zetas such destabilizing forces.

But notwithstanding its lower profile, the gang remains a significant force for ill, and has helped spur a years-long wave of violence across Mexico’s Pacific Coast. Through four months of 2015, Jalisco was on pace for nearly 900 murders this year, nearly double the number in 2009, the year before Coronel’s death.

The CJNG, then, displays something of a dichotomy: its low profile relative to past groups labeled Mexico’s most dangerous and its lack of interest in national territorial expansion contrasting with a consistent willingness to engage in mass violence.

In theory, the targeting of kingpins should have incentivized a less provocative approach to organized crime, one that studiously avoids the kind of actions that could spark a federal security operation aimed at a single gang. But the case of the CJNG shows that the implicit message that the government would seek to send to criminal groups with the constant takedowns of its most violent members -- that is, adopt a defensive approach to the business or you will be destroyed -- is not being heard, at least not by the CJNG.

There are any number of reasons why this altered approach has not yet manifested itself: maybe the signaling from the government has been inconsistent and crude, or the evolution is ongoing but too slow to be clearly visible just yet, or perhaps criminal gangs operate according to incentives that are largely incoherent and impossible to divine from outside and are immune to the standard calculations of rational interest.

Whatever the reason, the inability to force gangs to absorb this lesson limits the impact of government successes and helps maintain Mexico’s bloodshed at unacceptable levels.
The Mystery Behind El Salvador’s IEDs
Written by Arron Daugherty
Friday, 09 October 2015

A string of improvised explosive devices (IEDs) have El Salvador’s authorities searching for culprits and motives behind the attacks.

The IEDs have been piling up. The latest came on September 10, when police said three unidentified men had detonated an IED outside El Salvador’s Treasury Department. It was the third IED detected in less than three months and the first to explode before authorities could intervene.

Just hours after the attack, El Salvador’s Attorney General Luis Martinez said he knew the perpetrators had directed the action from their jail cell in the state of Morazon, and that authorities had confiscated more bomb-making materials such as C4 from the suspects.

In mid-June, police bomb squads diffused a van booby-trapped with a grenade in Soyapango, a satellite city of San Salvador. Police sources told InSight Crime that gangs had laid the trap for the police, which did not explode.

And in late August, the police safely dismantled an IED made of C4 explosives in front of the Justice and Public Security Ministry. Three people were arrested, including a policeman, and charged with laying a trap for the attorney general.

The incidents come amidst El Salvador’s deteriorating security situation. Following the collapse of negotiations with the nation’s powerful street gangs, the Barrio 18 and Mara Salvatrucha (MS13), the government isolated imprisoned gang leaders in maximum security prisons and launched a more militaristic approach to street crime. El Salvador’s murder rate has since skyrocketed as gangs battle each other and security forces.

The IEDs add another layer of insecurity, particularly since there is so much uncertainty about who is behind them and why they are being used.

Little Motive, Less Ability

The gangs are the first suspects that come to mind. MS13 has been linked to rudimentary car bombs using grenades in the past. The simple booby-traps are set so the grenade’s safety pin will be pulled as the victim opens a door or turns the vehicle’s wheels. These improvised devices require little technical know-how and incidents appear to have targeted specific individuals, such as those who refused to pay extortion.

The Soyapango booby trap fits this modus operandi. The grenade -- an M-67 -- was rigged to the passenger door.

However, El Salvador’s last two IEDs appear to have been made using more sophisticated devices -- in one case C4 explosives -- and positioned for maximum visibility and impact.

This would be a very “unusual tactic” for gangs, the Organization of American State’s Secretary of Multidimensional Security Adam Blackwell told InSight Crime. While gangs may be looking to respond to El Salvador’s increasingly violent security forces, the incidents are likely to draw...
an even greater backlash from authorities, while also disrupting lucrative gang activities like extortion and drug distribution.

“I have a hard time seeing the gain,” Blackwell said.

‘Social Cleansing Groups’

A second set of suspects come from malcontents inside El Salvador’s security forces and possibly right wing vigilante groups who have formed what are often referred to in El Salvador as “social cleansing groups.” Some police, in particular, have emerged as radical actors that will go to extremes to fight the gangs.

Building on its troubled history of death squads during the civil war, multiple reports have surfaced recently in El Salvador of men in police and military uniforms committing summary executions of suspected gang members.

Supporting this argument is the fact that many of the materials used in recent IEDs have been traced back to security forces. (Gangs, it should be noted, also have access to these same materials, either through theft or corrupt security officials.)

The motives of these groups is opaque. For some, it could be part of a Machiavellian plan to destabilize the government and ensure support for a militaristic response to the security crisis. Former truce negotiator Raul Mijango told InSight Crime that social cleansing groups have attempted to disguise executions as rivalries between gangs. Now these groups may have taken to planting IEDs in the hopes that they will be blamed on gangs.

The timing of the IEDs is also important. In August, the Supreme Court labeled the gangs as terrorist groups, opening them up to widespread persecution. The IEDs would serve to confirm this ruling.

The aim is to “increase fear and anger against the gangs in order to legitimize the court ruling which classifies gangs as terrorists,” thus justifying further violence against them, Mijango said.

Upsetting the Status Quo

A third set of suspects are related to the drug trade, independent security analyst Farah told InSight Crime. In the past, gangs served local drug trafficking organizations (DTOs) as subordinates, handling tasks like contract killings, local drug distribution and security. However, during the truce, gangs were able to acquire more guns, recruits and territory -- particularly key trafficking points along El Salvador’s coast. The emboldened gangs then began taking steps towards playing a more direct role in international drug trafficking. In response, Farah says the local DTOs tapped their connections with El Salvador’s elites to apply pressure on the gangs.

“Transportista networks enjoy an enormous amount of political, police and military support,” Farah said.

Among these elites were members of the government, Farah added. Many high ranking officials within the government “have economic interests in maintaining the status quo in terms of drug trafficking,” he said.
In sum, according to Farah, the IEDs are likely being orchestrated by DTO-connected security personnel, with the aim of vilifying gangs.

“This is part of psychological operations to prep the population so they would accept the high level of violence and bloodshed needed to take out the gangs,” Farah said.

**Multiple Culprits, Multiple Motivations**

Finally, there is the strong possibility that there are multiple actors involved in placing the IEDs for multiple reasons. People like Mijango describe El Salvador’s current security situation as “low-intensity warfare.” With as many as 50 homicides occurring in a single day and police officials describing themselves as “at war” with gangs, the label seems appropriate.

Within this low-intensity war there are not just two sides but multiple actors with their own sets of interests and potential for violence. Cut off from their central leadership, for instance, one gang clica may decide that setting off IEDs is a proper response to police aggression, while others fear further extrajudicial killings or hold out lingering hopes for a truce.

Meanwhile, some members of social cleansing groups and security forces may be looking to steer the collective political response, while others may be more interested in eliminating the competition of their DTO allies.

This web of motivations and potential culprits makes the mystery behind the IEDs look like the mashed up car in front of the Treasury Department.
Mega-Gangs': The Latest Criminal Collective in Venezuela
Written by James Bargent
Monday, 20 July 2015

Heavily armed “mega-gangs” are terrorizing swathes of Venezuela, say experts, in the latest indication the country's criminal chaos may be converging around more organized structures.

The Venezuelan Organized Crime Observatory has released an alert highlighting the growing strength of criminal structures it calls “mega-gangs.” Each consists of around 50 core members but can call on a network of up to 200 criminals through connections with local street gangs.

The mega-gangs' principal criminal activities are extortion, kidnapping, hijackings, robbery, murder-for-hire and petty drug trafficking. The gangs are much more heavily armed than common street gangs, and use weaponry such assault rifles and fragmentation grenades.

The observatory says the mega-gangs are not an evolution of smaller street gangs, but instead are based on the criminal model developed in Venezuela's prisons, where leaders known as “pranes” hold sway over hierarchically organized structures. Several of the gangs are controlled from within prison by such figures.

The Venezuelan government, meanwhile, has conflated such structures with Colombian-style paramilitaries, and last week launched the Bolivarian National Guard (GNB) operation “Liberation of the People” to target these networks, reported El Nacional.

However, the operation got off to a bad start: within days of its launch, family members of people who had been detained by the GNB as part of the operation staged a protest claiming the detainees were innocent and denouncing the GNB for extortion, robbery and threatening residents.

InSight Crime Analysis

In contrast to regional neighbors such as Colombia or Mexico, where powerful transnational criminal and insurgent networks have fueled violence, Venezuela's security crisis has always been more chaotic.

However, from within this chaos, ever more organized structures have been emerging to capitalize on the gaps left by corrupt and incapable security and justice institutions. These range from the drug trafficking network of corrupt military officials known as the “Cartel of the Suns,” to the armed radical political collectives that hold sway in urban slums. The mega-gangs may prove to be another collective.

According to the Organized Crime Observatory, two state policies in particular have facilitated their growth. The first of these is the “peace zones,” where security forces have no permanent presence, allowing criminal structures to flourish. The second is the militarization of security, which has weakened the police and helped criminals source heavy weapons after coming into contact with corrupt military officials.
Poor 'hood, Mean 'hood: the Violent History of Rivera Hernandez, Honduras

Written by Juan Jose Martinez d'Aubuisson with illustrations by German Andino Woods*
Wednesday, 09 December 2015

In the neighborhood of Rivera Hernandez in San Pedro Sula, the State’s absence is felt everywhere. Six gangs fight for control of one of the poorest sectors of Honduras’ industrial capital. This is the story of that neighborhood. This is the story of the people who live here, who fall like dominos, one after another, in an endless battle.


Melvin Clavel finally returned, several years after he left home. Like many young men in San Pedro Sula, he left to try his luck at the nearest sea port, Puerto Cortes. That is where he became a sailor and spent several years getting on and off fishing boats. Melvin Clavel collected all that he could from the Honduran ocean and saved up money. After a while, he left the swaying of the ocean and planted himself back upon solid ground, back where he grew up in Sinai, a district located in the enormous neighborhood known as Rivera Hernandez, the most dangerous neighborhood in San Pedro Sula.

But the ocean had rewarded Melvin nicely. After several years of hard work on board these floating factories, he managed to save enough money to build a big house and start a family. He became perhaps the richest man in Sinai, a district located deep within the vast wretchedness of Rivera Hernandez. His sacrifice at high sea even allowed him to start a grocery store, based out of a room in his house. The Clavels’ grocery store was formidable. Melvin personally attended to the store and oversaw the construction of a large cement shelf in front of his house. He also had steel bars and a window installed in order to better attend his clients. Then came the boxes of butter, candies, gas cylinders, cases of Coca Cola and everything else that was needed to build up the best business in the neighborhood.

But Melvin Clavel knew where he lived and that he was in the middle of an ecosystem of violence, so prevalent in Sinai and Rivera Hernandez. To protect himself, he bought a 12-gauge shotgun and a pistol. He wasn’t about to let others take away all that he had earned while working at sea.

At the time, Sinai was dominated by a group of thugs known as “The Ponce.” They weren’t a very original group. The thugs did what all gangs do in these areas: claim territory, battle neighboring gangs to the death, and extort people, a practice that is aptly known as collecting a “war tax.” Melvin had grown up with the leader of the Ponces, a young man called Cristian Ponce who was known throughout the neighborhood for his use of violence. They were neighbors for many years; their mothers knew each other, and Cristian and Melvin were close basically their whole lives.

The gang killed Melvin at the end of 2012, while he was unarmed and had his back turned. They shot him in the head three times as he was taking down some boxes of butter.
Nonetheless, Melvin's rapid prosperity earned attention from Cristian and other members of the Ponces. After two years, the story began to play out as it usually does: a boy visited Melvin's store and told him that he must pay the war tax like all the other businesses in Sinai. If Melvin refused, the gang would have to kill him. Outraged, Melvin refused, brandished his shotgun and chased the boy out of the store, with a message for Cristian Ponce: if he wanted the money, he would have to come get it himself. Calling the police was never an option for Melvin. He trusted his weapons more than the police.

The gang killed Melvin at the end of 2012, while he was unarmed and had his back turned. They shot him in the head three times as he was taking down some boxes of butter. He suffered for a moment in front of his children and later died in San Pedro Sula's public hospital. The killer chosen by Cristian was Cleaford, a youth that Melvin didn't associate with the group and who therefore could approach him without drawing suspicion.

That same night, while the Clavels cried over the dead fisherman, Cristian Ponce and his gang entered Melvin's store and took the candies, the gas cylinders, the boxes of Coca Cola, as though they were collecting the spoils of war...

People in Sinai say that the Ponces worked throughout the night. After they were done with the merchandise, they started moving the furniture out of the house, the clothes, the television. The house was completely emptied. But the Ponces wanted more and, like a whirlwind, they tore off the roof, tiles, door frames, toilets, lamps. They sucked out everything that Melvin Clavel had earned at sea. His wife and two daughters never returned. They were terrified of Cristian and his band of killers and thieves, so they sought refuge and fled the area, the furthest away they could get from Sinai and Rivera Hernandez. As months passed, Cristian took over the house, which became the headquarters for the Ponces. From there they were able to wage war with neighboring gangs: the Vatos Locos, the Barrio Pobre 16, the Tercereños, the Mara Salvatrucha 13, and the feared Barrio 18, the most violent gang in Rivera Hernandez. This was how the house of Melvin Clavel became a den for thieves.

**The history of death in Rivera Hernandez**

The day Jose Caballero was killed, he was in a meeting discussing the need for a communal cemetery. It was the 1970s, and what is now a dense web of dark alleyways, dirt roads, and run-down houses was at that time enormous and lush cane fields and pastures. Jose Caballero and another group of men had taken over these lands, as was often done back in those days, by grouping together a large number of homeless people, of which there were many after Hurricane Fifi. They took over empty lots in the dead of the night and hoped that the property didn't belong to anyone important. If all went well and the land belonged to the state, Jose Caballero and the others could negotiate and organize the sale of the plots, keeping a slice of the profits for themselves.

The day he was killed, Jose Caballero made a proposal: that the cemetery be named after the first dead person who was buried there. Everyone agreed. After the meeting, a man approached Jose and asked for his money back, since that man had bought a plot of land where another family was already living. Jose refused, and the cemetery now bears his name. The man took a shoemaker's knife to José's throat, and José bled to death in front everyone.
Almost all of the founders of Rivera Hernandez are dead. And several of the old men who tell these stories were their killers.

Almost all of the founders of Rivera Hernandez are dead. And several of the old men who tell these stories were their killers. Mr. Salomon, the man who replaced Jose Caballero as head of the neighborhood board, was killed with a machete by Mr. Andres, a battered old man who now complains about the five bullets he once received from Salomon, more than 30 years ago, before dying from wounds he suffered from a blunt machete.

At some point before these deaths, Carlos Rivera, the president of the first neighborhood board in this area, was killed on the steps of San Pedro Sula’s Attorney General’s Office. In his honor, they named the area and a school after him. The name of the neighborhood was also taken from Hernandez, one of the first owners of these lands.

The conflicts in Rivera Hernandez seem to follow a pattern. They are small wars fought over resources or land. Not large estates, but small plots, the majority of which are a few square meters that could barely fit a tent.

Juan Ramon is among those who talked to us about those violent years when the neighborhood was founded. We found him by asking a question all anthropologists want to ask before dying: “Can you take me to the oldest man in the neighborhood?” Juan Ramon is small and dark-skinned, an evangelical pastor for the last 30 years. He isn’t technically the oldest man in Rivera Hernandez, but he is one of the most respected members of the community. He likes to talk, tell stories about all those deaths he witnessed when Rivera Hernandez was established. He knows about all of the deaths. At one point, he told a story about a murder, then mentioned that if the killer wasn’t already dead, then he surely lived just a few blocks from Juan Ramon’s house, and probably spoke with Juan Ramon just “a little while ago.”

The kids who are now fighting over this same territory are the grandchildren of those who were involved in the bloody founding of Rivera Hernandez. Just like their ancestors, the gang members water this poor neighborhood with their blood on a daily basis, in order to maintain territorial control.

The old men say that a few months after having established the first settlement, another group of people arrived in Rivera Hernandez, and then another. The settlements kept drawing more and more people, as if with a magnetic force. Some settlements employed desperate survival strategies, like when the founders of the “Celio Gonzalez” neighborhood decided to name their settlement in honor of the current president, hoping to please him and that he would take pity and would not force them off the state-owned land.

The Barrio Pobre 15 was a revelation for the youths of Rivera Hernandez. Those who had been deported from the US had tattoos, spoke English, wore flashy clothes, and were seen as the definitive, real-life image of modernity.

Another man baptized his neighborhood “Human Settlements.” The community thought that this name evoked human rights, and that perhaps by reminding the government that they were people, this would prevent authorities from driving them off the property. Eventually,
the residents were able to keep their territory, and the neighborhood became an enormous sprawl known for its wars between rival gangs and criminal groups.

Rivera Hernandez has always been known for its violence. It’s an area with many people living in tight quarters, in poor conditions with few resources, where what little there was, was fought over with machetes. The elderly remember a long list of dead and injured as a result of small disputes. The cemetery is full of young men and women who were murdered by their neighbors. Nonetheless, it was a primarily one-on-one style of violence, with little structure or involvement of large groups. Most fighting occurred between families over the death of one of their relatives.

The first gang to arrive in this area was the Barrio Pobre 16, which was established at the end of the 1980s, according to the community elders. Veterans of the gang say members included deportees from the United States. The Barrio Pobre 16 was a Latin gang formed by Mexicans that originated in southern California. Originally the gang’s name was Barrio Pobre 13, but in San Pedro Sula, they want to differentiate themselves from the Mara Salvatrucha, or MS13, and of course, from the 18th Street, or Barrio 18, so they chose a number in the middle.

The Barrio Pobre 16 was a revelation for the youths of Rivera Hernandez. Those who had been deported from the US had tattoos, spoke English, wore flashy clothes, and were seen as the definitive, real-life image of modernity. In just a few years, a young man from Rivera Hernandez transformed the Barrio Pobre 16 into a group of feared killers and extortionists who dominated the neighborhood. This young man was called El Yankee -- dark-skinned, strong, violent, all that is left of him is graffiti on a wall. Next to his initials, the graffiti artist drew a tomb and the phrase "in memory," followed by the initials of El Yankee’s gang, BP XVI.

Gang histories are almost never written down -- gang members carry the memories to the grave, or they write it out on their skin in ink. Other stories are captured on the walls of slums and shantytowns. Like a Mayan monument, this particular concrete wall tells an interesting story. Above the memorial for El Yankee, someone, several years later, crossed out “BP XVI” with black paint and instead painted a formidable “MS X3.” The small Barrio Pobre gang could not survive an assault by the two largest gangs in the Americas: the MS13 and the Barrio 18. A veteran of the Barrio Pobre XVI said that El Yankee died in a rain of bullets before his family. Another death that the Jose Caballero cemetery swallowed greedily.

Juan Ramon, the respected elder, finished his stories. I asked him if at some point he had ever killed or injured someone. He looked me intently in the eyes and told me that he had only shot at Salvadorans. He is not joking -- he was one of the recruits for the war between El Salvador and Honduras in July 1969, an ephemeral war that barely lasted 100 hours.

Although Juan Ramon is a man with a certain amount of power within the neighborhood, he does not live any differently than the others. His house is a flimsy structure like all of the houses in this area, whose roof is bombarded every two minutes by Jurassic-sized mangoes that make a tremendous din when they fall. His wife makes tortillas and baked beans cooked on a wood stove that fills each corner with smoke, as it does with all the houses in the neighborhood.
While the illustrator who accompanied me, German Andino, drew a portrait, Juan Ramon sat in his chair made of old woven rope -- surrounded by the halo of this mysterious wood smoke and accompanied by a group of his wife's screeching hens -- and looked at us with a face that was both happy and surprised.

**Rivera Hernandez neighborhood. San Pedro Sula, beginning of 2013.**

Melvin Clavel's house was nothing more than rubble. Of all the objects that had once filled the house just a few months earlier, nothing was left except for the roof, the floor and the cement-colored walls. The Ponces ate quickly. Where there were once shelves with treats, now there was now only trash and the blood stains where Melvin had been shot.

Something similar would happen to the Ponces' leader -- Cristian Ponce would eventually be assassinated by the Olanchanos, one of the most violent gangs in Rivera Hernandez. The Olanchanos are a strange mix of drug traffickers and thugs that the others gangs looked upon with respect. In some ways, the death was caused by Cristian's younger brother -- he allowed the Olanchano hitmen to enter Cristian's house and gun Cristian down. Afterwards, Cristian's little brother fled to the United States as an undocumented immigrant, and nothing else has been heard from him since. The Ponces that stayed behind behaved like a group of lawless thugs, betraying and killing each other. After Cristian's death, no one trusted anyone else, and everyone was watching their own back.

At the beginning of 2013, other gangs began coveting the neighborhood that the Ponces had dominated for years.

At the beginning of 2013, other gangs began coveting the neighborhood that the Ponces had dominated for years. One section was stalked by the MS13, perhaps the largest gang in Rivera Hernandez. On the other side were their life-long enemies, the Olanchanos. Two streets down, the Vatos Locos cast a greedy eye. Two other small but ferocious gangs were also fighting to take over Sinai: the Parqueros and the Tercereños. These gangs made their own attempts to finish off what remained of Cristian Ponce's group. On top of all this, just one kilometer away, lurked the most feared and violent gang in the entire neighborhood: the Barrio 18.

As a result of these circumstances, several Ponce members deserted and joined the MS13. After this loss, Sinai was controlled by no more than five Ponce members. The other gangs had them cornered, but the Ponces would survive another year in the middle of the crossfire. By January 2014, the Ponces had increased their “war tax,” charging their neighbors exorbitant amounts. They followed the same logic that Cristian had taught them: anyone who didn’t pay, paid with their life.

One of these extortion operations targeted the Argeñal family, who owned a small store. The Argeñals were unable to pay the “tax” and tried to negotiate. But there was no room for leniency, and a few days later the Ponces kidnapped Andrea Abigail, the family’s 13-year-old daughter. The police made a timid attempt to search for her and carried out a few raids. Afterwards, the girl’s mother was left on her own, knocking on doors, begging for Andrea. The Ponces held Andrea captive for several days and after raping her, they cut her into pieces and buried her in the patio of Melvin Clavel’s house. They say that while she was being mutilated,
one of the Ponces called Andrea's mother on the phone, so that she would hear the shouts and the sounds of the machete. The mother talks very little now. She is not the same person she was before.

By doing this, the gang signed its own death warrant. The Olanchanos, upset with all the attention from the media and police, captured two of the Ponces and, after torturing them, killed them both. One appeared in a sack on the side of the road and the other was found by a local farmer several meters below ground. That left only two members of the Ponces. The entire family of one Ponce member was killed by the MS13, and the gang took all that was inside of the house as their bounty -- the same that had happened to the Clavel family. The other Ponce gang member still lives in the neighborhood. He told us his story and even allowed German to draw his portrait, but he does not leave his room. The day that he does, the MS13 will be there to make him pay for his mistake.

While we were conducting field research for this report, between February and June 2015, the houses of all the Ponce members were like vestiges of an ancient war. Vegetation was growing inside them. The ceilings and the doors had been removed months ago. Inside, all that remained were the walls, painted with the graffiti of dead gang members. One of the houses had a room flooded with greenish water swarming with mosquitoes. It was like a big factory for chikungunya, the malaria-like illness plaguing Rivera Hernandez.

No one wants to inhabit these ruins. Although these are large tracts of land, the community prefers to ignore them. They are left as nothing more than headstones of past deaths, dilapidated reminders of people who are no longer here. Only one of the Ponce ruins remains inhabited: by an elderly woman and an enormous dog, the group's mascot. The dog was supposed to watch over the property and the elderly woman -- it completed the first task, but not the second. One dark night, the woman left the house and walked across the patio, where the dog mauled her to death. Now the mutt lives alone, watching over the ruins of the property.

Nevertheless, another force has taken over Melvin Clavel's old store. In the midst of so much confusion, and while Rivera Hernandez's gangs riddled the neighborhood with bullets, another silent house has steadily been taking over Sinai since mid-2013. This force is called Daniel Pacheco, and ever since he proclaimed his authority over Sinai, the gangs withdrew. Sinai has a new boss now.

**The 6 Armies of Rivera Hernandez**

“El Polache,” followed close behind by “El Colocho” and “El Gato,” leaves one of the houses with a metal gate. They look at us suspiciously and circle us. We are a strange group, perhaps the most exotic that has passed through these parts: a Salvadoran

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![Image of a dog and a man](image)
observed us from head to toe. They were members of the MS13, and their mission is clear: to control the area and defend it from incursions by other gangs. Suddenly a lanky, dark-skinned young man appeared. They call him “El Calaca.” His simple clothing contrasted with the power we knew he wielded. He is like a king of the slum, and he looked at us with perhaps even more curiosity than the others. He asked a few questions, and after talking we realized our answers sounded as though we came from a different world. This was when our guide, Daniel Pacheco, talked on our behalf. Everything was smoothed over and the young men invited us into their house.

Daniel Pacheco is an evangelical pastor and the son of a pastor. Everything in their family revolves around a small church, ”Rosa de Saharon.” In these neighborhoods, being a pastor has a different connotation than elsewhere in Honduras. In Rivera Hernandez, pastors are among the few people who command power, or respect, besides the gangs. Pastors are a type of ”holy men” -- people go to them when they are in need of help, when they have no food to give their children, or when a gang has kidnapped a family member. The near total absence of the State, non-governmental organizations, and other institutions means these local pastors accumulate a significant amount of prestige and power. They are looked at as though they give off a divine aura.

There are many pastors, as well as small churches. There is one on almost every block. However, only a few pastors are truly venerated. The community is constantly scrutinizing them, pressuring them, molding them. A pastor cannot cheat on his wife, cannot have debts. Nor can he be seen smoking a cigarette in the corner store with other men from the neighborhood. Only those that follow these rules pass the test. Only then will the community bestow absolute trust upon them. These holy men usually pass on their status to their children, who begin their training in preaching and healing at an early age. Thus, small dynasties of pastors are created. Daniel Pacheco is the son and grandson of popular pastors and he is training his children the same way he was taught.

Within this small group of holy men, Pacheco stands out for one thing: Daniel talks and negotiates with the six gangs that govern Rivera Hernandez.

Inside the house, the pastor reminded the MS13 gang members of the time he got them out of the police cell and talked on their behalf before the authorities. He also reminded them that he has known “Zuich” and “Stark” -- the MS13 generals in this area -- since they were young. The young men listened with respect. German took out a plate of chicken with rice that we bought in a Chinese restaurant on the block and he opened it in the middle of the group of gang members. They restrained themselves at first, like suspicious animals, but pastor encouraged them to eat.
After a little while, German hands over drawing and El Polache's eyes grow as big as dinner plates. He shows the drawing to the other gang members and, for a moment, while they pass the paper between them, they are like a group of kids chatting after school.

“Eat, guys, take advantage! Just think about how many days you went hungry. Eat!”

Pacheco told us that the gang members are virtually fasting. And he told us about the missions they carry out, about how the gang leadership barely gives them food to eat.

“These guys go hungry,” the pastor said. “At times they have to be on watch all day without food. When I see them like that, I bring them a plate of food to share because I feel bad.”

Soon, the gang members started to warm up to us and started talking about the war against the other five gangs. They told us about what, according to them, was the betrayal of the Ponces and how the Maras exterminated them. Calaca pointed at someone and said without hesitation:

“He was a Ponce before. Now he belongs to the Marota,” he said, making the MS13 symbol with his hands. The man looked silently at the floor.

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“He was a Ponce before. Now he belongs to the Marota,” he said, making the MS13 symbol with his hands. The man looked silently at the floor.

German took a notebook and a pencil out of his backpack and asked if he can draw them. Only El Polache said yes, but first he wrapped a red handkerchief around his face in order to protect his identity, like a bandit. German drew the first few lines and the gang members were silent. It was a touching moment. El Polache posed with his gangster face and his fingers forming the trademark Salvatrucha “claw,” while German shaped him on the page. After a little while, German handed over the drawing and El Polache's eyes grew as big as dinner plates. He showed the drawing to the other gang members and, for a moment, while they passed the paper between them, they were like a group of kids chatting after school. But the moment was fleeting and they soon reverted back to their roles. “El Crimen,” a young and scrawny youth, stopped shoveling down the rice and told us about how he survived seven gunshots, two stabblings, and five machete blows. The others told more anecdotes and the
conversation drifted towards more thorny issues. Only El Polache was left looking at the version of himself in graphite and watercolor, staring so hard at the drawing it was as if he wanted to dive into it.

Later, our guide, Pastor Pacheco, signaled to me and German and told us that we could go into Barrio 18 territory, but we must do it carefully. According to Pastor Pacheco, the police chief responsible for this sector of Rivera Hernandez, and everyone else we've spoken with, this Barrio 18 faction is violent. They have earned their reputation through violence and are known for their rigid control of the community.

The pastor offered to bring us to Kitur, a sector in the heart of Barrio 18 territory. We left Sinai at 9:00 p.m. in Pastor Pacheco's truck, carrying musical instruments for an evangelical vigil. "El Malvado," the leader of the Barrio 18 faction in this area, told Pastor Pacheco over the phone that we needed to turn off all lights before entering the territory.

A soft rain erased the path before us and we had to guess where there were no potholes. Every time we passed a border that the gangs had marked with blood and bullets, Pastor Pacheco let us know. The rain grew stronger and the dirt streets of Rivera Hernandez were now small streams. No one was on the streets and only a few houses had their lights on. A malnourished horse wandered before us, sloshing water with its legs, the only way we could guess where the path leads.

Suddenly, a far-off light indicates which direction we should drive. We left the horse behind and followed the light shining from a hill. It was the Barrio 18's sign. The lights changed direction, and at the end of an alley a large group of shadows were waiting for us. Among them was El Malvado. He was wearing a button-down shirt, Nike Cortez shoes, loose pants and all the typical gear you'd expect from a gang catalog. He was clean-shaven and wore a pair of sunglasses on his head, despite the darkness. A pistol hung from his belt and his hand gripped his cellphone as though it were an extension of his body.

El Malvado dominates various sectors of Rivera Hernandez, from Ciudad Planeta to Asentamientos Humanos and through Cerrito Lindo, where we were meeting him. He was surrounded by at least eight kids, most of them boys, who quickly lost interest in us and instead started calling the look-outs, or "banderas." None of the gang members were over 20 years old.

Malvado talked very little, and said canned phrases like, “The 18 are always pure, sincere and respectful.” Later, he told us how he respects everything that comes from God. After a little small talk, he asked us to take him someplace else, and without waiting for an answer, El Malvado got into the front seat of our truck.

“Copy from the entrance below that I'm going to enter. Give a report,” he instructed someone on his cell phone, while we once again began driving down a dirt path that was more like a pond at that point. We talked very little. He made a comment about how stressed he felt, being in charge of so many people. “It's like having a plane... if the pilot falls asleep, the plane crashes,” he said, holding his head.
Hardly a minute went by without El Malvado making or answering a phone call. “Mmm.. stop a white car that’s heading for the red light. That’s not a local,” he said into his phone.

The tour was coming to an end. We left him in the same place we picked him up, and there he met with his second-in-command. Both went into the shadows, but not before telling us that we could drive their territory without worrying, since they had already alerted all the Barrio 18 members in Rivera Hernandez of our presence.

The next morning there was bad news for El Malvado and his gang. The police had captured four of their members and had them in custody at the police station. Outside, a group of weeping women were waiting. One of them cried, “If I had only sent him to buy me dough, he would be in the house right now.”

A police officer approached and reprimanded them. He told them that it was their fault that the kids were gang members. He told them that while arresting the kids, one of them said, “This is what we are, this is our fate as gang members.”

The mother of the gang member who said this began to cry. The father said, “That is what he said...? Then that idiot can go ahead and die. I have already done so much for him, let the fool die!”

The man then went to the police officer and told him about how day after day, he beat his son, but despite this the boy remained “on wrong path.”

“This fool, you see, I have beaten him, I have beaten him. In order to straighten him out, but he doesn’t want to understand.”

Eventually, the boys who were arrested left the police station. They were four boys. All of them were younger than 17. All of them lowered their gazes when they saw their mothers. The biggest of all of them tried to calm the women and said defiantly, “Calm down, this is not the end of the world! We are going to resolve this.”

But he looked down when his own mother approached and began to reproach him. “Very nice, Marlon, very nice, how the hell are you going to get out of this one? This time I’m not going to help you,” the woman said, mumbling some curse words to herself. She looked sharply at her son, who had already lowered his eyes to hide them from the woman’s anger.

The gang member who told the police, “This is our fate” was just a boy. He was 14 years old, but he looks younger. He was dark-skinned and had large, light-colored eyes. His clothes were very simple, the same as his mother’s and father’s. This boy was not afraid. He had a smile on his face and even appeared to be lapping up the attention.

Then the boys were herded into a police vehicle, to be taken down to a courthouse in San Pedro Sula. Before leaving, most of the boys lost their tough-guy composure. They began calling out for their mothers and bitterly crying together. One of the boys did not stop crying until we lost sight of him. His mother sat down on the sidewalk with her hands over her face, repeating again and again: “My boy... my boy, my boy, my little boy.” The sister of the youngest boy walked behind the truck and said to her brother: “When you get there, close your mother up, do you hear?” and she put a finger to her lips.
The boys were accused of carrying an illegal weapon, drug trafficking and carrying ill-gotten money. We asked El Malvado about the arrests, but he told us there was no problem, that they were all “banderas,” the lowest-ranking members of the gang hierarchy.

Later on, we visited El Malvado's enemies. We went to the boundaries of Sinai and waited there for the MS13. They were happy because a boy who they thought was going to die had left the hospital. They called him “Bocha,” and in fact, his name had already been graffitied onto a wall, as a type of obituary. According to gang protocol, seeing someone's name on this wall is like seeing it on a tombstone. We spend the afternoon with the MS13 in their territory, eating Chinese food and swapping stories. After a while, El Calaca explained that we had to leave, since they were at war and could not be so careless. But before we left, he ran into his house and brought out a black handkerchief. He put it on like a thief from the Wild West would and asked German to draw him. He stood in front of the wooden door of a nearby house and posed with his hands making the unmistakable Salvatrucha claw.

Meanwhile, Bocha ate slowly and looked at German and Calaca with a zombie-like expression. His chest was wrapped in bandages; the doctors in the public hospital left him with a large, vertical scar. Suffice to say, they didn't think of aesthetics when they stitched him up. Bocha had been shot by El Malvado’s people for entering their territory. Bocha was unarmed and managed to run to the nearest police station, where the officers reluctantly mounted him on a stretcher and brought him to the hospital. Investigating the incident appears to not be an option. “I saw those assholes and the next time they will see...” Bocha said, between breaths, as loud as his feeble voice permitted.

Everyone then headed off towards the bowels of the neighborhood. Only El Calaca returned and reminded German to give him the portrait, once it was done. But El Calaca never ended up seeing it: he was killed weeks later. Bocha was also unable to carry out his revenge, since he was killed by the Barrio 18 days after Calaca’s death.

**The house. Rivera Hernandez neighborhood, San Pedro Sula. 2015.**

Melvin Clavel's house now looks different. At least on the outside. Pastor Daniel Pacheco, using what little salary he earns as as a carpenter, was able to buy paint and, along with the young children from
his church, painted the house one Sunday afternoon. One of the walls depicts what's supposed to be Roman gladiator, if you look at it with enough imagination, and acknowledge that the artist has no idea how a Roman gladiator should dress. The gladiator was painted by “the best artist in the neighborhood,” who is actually a drunk. They say this man went crazy after handling too much paint solvent, and that he began sniffing it instead of painting. The man spent some time working on the gladiator, then sniffed solvent all afternoon. That’s why it took a few days before the gladiator was finished.

Inside the house, Pastor Pacheco’s volunteers washed away Melvin’s blood stains. The pastor and his team took out the trash, planted flowers, and threw away everything that one would expect to find a gang hideout: empty liquor bottles, cigarette containers, torn women’s clothing, and rusty machetes. The pastor also built a large sink that the children from the neighborhood use as a pool. At night the community hosts small soccer matches, and on Sundays they hang piñatas and organize games for the children. Other days the house is filled with evangelicals and their singing. It is the closest thing that Sinai has ever had to a neighborhood center- something that is normal elsewhere, but not here. It is an oasis of peace in Rivera Hernandez.

Those who live in Rivera Hernandez will invite you into their homes if they catch you taking a peek inside. Despite all the violence, the people seem trusting. You only need to ask a simple question to get them talking with strangers all afternoon. They will tell you their life story and that of their siblings and cousins.

The people of Rivera Hernandez are happy, and when the afternoon comes to an end, groups of people will congregate on corners just like in any other neighborhood. They talk and laugh loudly. If they want to say yes, they say “check” (“cheque”), and, if they are upset, they say they feel “ruined” (“maleados”). They talk quickly and with a Caribbean accent that reminds one of the coast. These people will offer food and blankets to strangers, even though they know they are offering all that they have.

There is no regular State presence here, only an occasional police or military patrol, which usually only comes during a fumigation campaign against mosquitoes carrying chikungunya or to inspect the gang-infested schools. The violence here is difficult to understand. It is so present in everything, so immersed in everyday life, that it is difficult to decipher. The people live with the violence without thinking about it, like how the Eskimos spend their days without thinking about the snow that surrounds them. This is life in Rivera Hernandez, the poorest neighborhood in San Pedro Sula.

*This article is the result of a collaboration between InSight Crime, El Faro, and Revistazo. Juan Jose Martinez d’Aubuisson is an El Salvador-based anthropologist. German Andino is an artist, researcher and writer based in Spain.
VIII. Shifting Trafficking Routes and Drug Production Dynamics

Latin America’s drug trafficking and production dynamics underwent two significant shifts in 2015, both of which will continue to play out over the following year and cause ripples in the transnational drug trade. First, drug smuggling routes continued to shift in response to law enforcement efforts and regional consumption habits. Similarly, drug production saw an important and major fluctuation, with Colombia overtaking Peru to again become the world's top cocaine producer.

In Central America, drug traffickers have begun to shift away from overland and aerial routes towards maritime smuggling. Honduras -- once the primary transit country for US-bound cocaine -- saw drug flights drop significantly, due to increased use of radar. Meanwhile, officials in El Salvador noted that drug trafficking organizations in that country had become more reliant on maritime routes. Up to 89 percent of the cocaine that transits through El Salvador and towards the US may be smuggled by the Pacific, Salvadoran officials have said. As maritime smuggling routes continue to grow in popularity, it is possible that criminal groups may eventually reopen the trafficking corridors in the Caribbean that fell out of favor in the 1990s.

The Southern Cone nations of South America -- which have become increasingly important to the regional drug trade in recent years -- also saw reports of new drug trafficking routes emerging in 2015. This was particularly true in Bolivia, which continued to solidify its role as a drug transit hub, thanks to its drug trafficking “air bridge” with Peru.

In terms of drug production, one significant development was Colombia overtaking Peru as the world's top producer of cocaine. This was in part accelerated by President Juan Manuel Santos’ controversial decision to halt aerial fumigation of coca crops. This move, taken in conjunction with the government's ongoing peace negotiations with the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC) guerrillas, has opened the door for Colombian drug production to further increase in 2016. Additionally, if a peace accord with the FARC is reached in 2016, it is likely that dissident guerrilla elements will look to take advantage Colombia's increased cocaine production, and transition into full-time drug trafficking.

- Michael Lohmuller
Drug Traffickers Upping Use of El Salvador Maritime Routes
Written by Arron Daugherty
Wednesday, 01 July 2015

Drug traffickers are reportedly increasing their use of maritime routes to carry cocaine through El Salvador, a sign that criminals continue to adapt in accordance with interdiction efforts.

Starting in 2014, El Salvador began seeing a shift from land-based drug smuggling to maritime smuggling, the country's Anti-Narcotics Division Head Marco Tulio Lima told El Salvador.com. Lima attributed this to increased drug detection capabilities at border crossings, such as X-ray machines, and to El Salvador's limited control over its surrounding waters. While most ships carrying large drug shipments travel 250 to 450 nautical miles off the coast, Salvadoran authorities are only able to patrol roughly 20 nautical miles off the coast.

Despite these limitations, between February and April authorities seized a total of 1,069 kilos of cocaine off of small boats, and captured numerous local and foreign drug traffickers, Lima said.

InSight Crime Analysis

In the isthmus, illegal drugs have long moved mostly via the sea. According to El Salvador officials, 89 percent of drugs reaching the United States and Canada travel through maritime routes. A recent book on the subject entitled “Mares de Cocaina” (“Seas of Cocaine”) echoes the claim, and a section of the United Nations Office on Drugs and Crime's latest report also highlights the importance of maritime drug trafficking.

This tendency may increase in the near future. With more radar and air interdiction capabilities, flying drugs through Central America is becoming harder. Meanwhile land shipments may be getting easier to detect, as Lima suggested. Additionally, carrying drugs over land generally requires the involvement of other criminal groups, which also increases the cost of smuggling and the chances of betrayal.

What's more, authorities have always had a hard time policing the sea. Large-scale maritime interdiction efforts, including ongoing programs like the United States-led Operation Martillo, have failed to stem the tide.

Despite the uptick, do not expect El Salvador to become a drug trafficking haven like some of its neighbors. With high population density and a short coastline, El Salvador remains a poorman’s hub when it comes to drug trafficking.
‘Drug Flights Entering Bolivia From Paraguay, Argentina’
Written by Arron Daugherty
Tuesday, 28 July 2015

According to Bolivia’s top anti-drug official, criminal groups have developed new international drug trafficking routes through the country. Alongside the release of new drug seizure statistics, this all points to Bolivia's growing role as a transit hub in South America’s drug trade.

Bolivia’s Special Counter-Narcotics Police Force (FELCN) nearly tripled its marijuana seizures between 2013 to 2014, according to agency director Santiago Delgadillo. The FELCN also seized 24 “narco planes” -- lightweight aircraft generally used to ship cocaine -- during the first half of 2014, compared to 27 narco planes seized in all of 2014, Delgadillo said.

While Delgadillo credited these numbers to better law enforcement, he also acknowledged Bolivia’s growing role as a transit hub for South American drug traffickers. “Bolivia is basically a transit nation, with easy access allowing free movement,” the anti-drug official was quoted as saying.

According to Delgadillo, the majority of marijuana moving through Bolivia is grown in Paraguay. It often transits through the southern Bolivian city of Tarija before moving on to final destinations in Chile and Argentina, he added.

Meanwhile, drug traffickers have increasingly been launching narco planes from Argentina and Paraguay, and landing them on hidden airstrips in east and northeastern Bolivia, Delgadillo said. Despite interdiction efforts, criminals are flying narco planes across Bolivia’s borders with Argentina and Paraguay on a near weekly basis, he said. Drug shipments carried on these flights are often moved on to Chile, and from there to the United States and Europe, he added.

During the first half of 2015, Bolivia arrested 1,875 people in relation to drug trafficking crimes. Many of those arrested were from neighboring nations like Colombia, Brazil and Peru, Delgadillo said.

**InSight Crime Analysis**

As previously documented by InSight Crime, Bolivia is becoming a key transit nation for South America’s drug trade, with transnational criminal organizations using the country as a stopover point before moving cocaine to Argentina, Brazil, and Europe.

Delgadillo’s comments suggest that drug smugglers may now also be moving in the other direction, and are using Chile as a jump-off point to international markets.

What this means for Chile remains to be seen. The nation is regarded as one of the safety and most stable in South America. However, an increase in international drug trafficking activity would likely lead to an increase in drug-related violence.

Evidence has previously suggested that -- aside from the cocaine processed within Bolivia’s own borders -- cocaine is also entering the country from Peru’s Apurimac, Ene and Mantaro River Valley region, known as the VRAEM. Notably, during his press conference, Delgadillo reportedly asserted there is no longer a significant amount of aerial trafficking between Peru
and Bolivia. While both Peru and Bolivia have made efforts to confront this cocaine air bridge, the governments of both countries would have to release more evidence showing that trafficking between the VRAEM and Bolivia has indeed dropped, before this should become a credible claim.
Survey Reflects Shifting Drug Trafficking Dynamics in LatAm
Written by Michael Lohmuller
Thursday, 23 July 2015

An investigation conducted by a non-governmental organization into perceptions of drug activity in Latin America reflects changing patterns in trafficking routes and consumption habits, as well as evolving opinions on drug policy.

The most recent report by the Latin American Observatory for Drug Policy & Public Opinion (OPDOP) compiles results from surveys on drug use and policy in the region. Researchers conducted almost 9,000 interviews in nine Latin American countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, El Salvador, Mexico, Peru, and Uruguay.

Below, InSight Crime highlights some of the report’s most noteworthy findings.

Drugs Seen as Increasingly Available

Many Latin American nations believe drug trafficking and the availability of narcotics is on the rise; on average, 67 percent of those surveyed felt drug trafficking had increased over the last five years. The exception is Colombia, where only 34 percent felt drug trafficking activity went up during that time. Argentina had the highest percentage of respondents (92 percent) who considered drug trafficking had increased.

As far as the availability of specific drugs, 78 percent of all interviewees said marijuana had become easier to obtain. Once again, Argentina had the highest ratio of respondents (90 percent) who expressed this sentiment, followed closely by Bolivia at 87 percent.

Similarly, 74 percent of respondents across all countries perceived an increase in the availability of cocaine. This perception was highest in Bolivia (88 percent) and Argentina (87 percent), and lowest in Colombia (63 percent).

Varied Opinions on Drug Policy

Throughout the region, 45 percent of respondents felt illicit drug consumption should be considered a citizen security issue, while a similar number (44 percent) felt it should be treated as a public health issue. Mexicans are the most likely to view drug consumption as a health issue (58 percent), while Bolivians (67 percent) are the biggest proponents of a security response to drug use.

On a related topic, 40 percent of respondents felt a drug reduction strategy that relies on police and the persecution of users is ineffective. More than half of all respondents in Mexico agreed with this assessment, while it garnered the least support in Peru (16 percent).

Regionally, 33 percent of respondents said drug production should be de-penalized or legalized, with a similar level of support for the de-penalization or legalization of drug sales (27 percent) and consumption (38 percent). Mexico is the most in favor of drug de-penalization or legalization, while individuals in Bolivia and El Salvador are the least likely to take this view.
InSight Crime Analysis

The OPDOP’s findings are reflective of several ongoing trends in Latin America regarding illicit drugs. For example, the high rate of perceived drug trafficking in Argentina and Bolivia is consistent with the growing role these nations play in the regional drug trade.

These changes in drug activities are especially apparent in Argentina. The country has seen a marked increase in the number of synthetic drug and cocaine laboratories in recent years, while cocaine consumption, micro-trafficking, and drug-related violence is also on the rise.

Similarly, while Bolivia has long been a producer of coca (the raw ingredient used to make cocaine), it has recently emerged as an important hub for drug trafficking in South America, feeding both regional and international markets.

Perceptions of increased drug trafficking activity in Bolivia and Argentina have also likely been influenced by the growing presence of foreign drug trafficking organizations in these countries.

Meanwhile, the study’s mixed findings on drug policy highlights the lack of a regional consensus on how to address this issue.

There is a growing chorus of Latin American leaders and politicians calling for a revision to the region’s drug policies. These calls have centered on finding alternatives to the harsh anti-drug policies enacted as part of the so-called "War on Drugs." Uruguay has taken the biggest step towards implementing progressive reforms, with the legalization of marijuana in 2013.

Nonetheless, the OPDOP study shows there is still a large percentage of people -- especially in traditionally conservative countries like El Salvador and Bolivia -- who feel illicit drugs should not be legalized, demonstrating some of the contradictions and continued differences of opinions on drug policy reform in the region.
Colombia Halts Aerial Coca Fumigation
Written by Arron Daugherty
Tuesday, 12 May 2015

Colombia’s president has ordered an end to controversial aerial fumigations of drug crops with the herbicide glyphosate. However, in some ways, he is arguably replacing one controversy with another.

The Defense Ministry and other authorities must begin phasing out glyphosate fumigations, and the practice must be completely eliminated no later than October 1, President Juan Manuel Santos announced in a press conference.

Chemical giant Monsanto produces glyphosate under the trade name Roundup. The substance is used in Colombia’s US-funded aerial fumigations, which aim to eradicate drug crops, particularly coca, the base material for cocaine. The World Health Organization (WHO) and Colombia’s Health Ministry have both raised concerns about the herbicides’ potentially adverse effects on human health. Monsanto has said glyphosate poses no risk to humans when used properly.

Santos cited glyphosate’s potential health risks as the main reason behind his decision. He also cited a recent report by the White House that said Colombia coca cultivation rose 39 percent in 2014. “This indicates fumigations are not having the effect we’re looking for,” President Santos said.

The president also said that the decision to end glyphosate fumigations was not a concession to Colombia’s largest guerrilla group, the Revolutionary Armed Forces of Colombia (FARC). The rebels, who are currently engaged in peace talks with the government, are believed to derive the majority of their funding through cocaine production.

Colombia will look to replace glyphosate fumigations with alternative drug crop eradication methods, including manual eradication, Santos said.

InSight Crime Analysis

In the short-term, Santos’ decision appears to have little political cost. Ending the use of a potentially harmful chemical is unlikely to earn him many enemies domestically (asides from the usual critics). Meanwhile, despite having urged Colombia to continue glyphosate fumigations, the United States appears to have taken Santos’ decision in stride. US ambassador Kevin Whitaker said he accepted the decision and reiterated his nation’s support and cooperation with Colombia on counter-narcotics efforts.

Nevertheless, it remains to be seen how Colombia’s drug policy will adjust to this new scenario. So far, the president has only mentioned increased manual eradication as a replacement for fumigation. But this practice has fallen out of favor due to the number of casualties it often accrues. FARC guerrillas are known to booby-trap coca field with landmines and target manual eradicators with snipers.

Santos -- who has banked his political legacy on a negotiated peace with the FARC -- is likely keen to avoid such casualties, which could potentially upset peace talks. But with Colombia
apparently set to reclaim its infamous title as the world’s largest cocaine producer, Santos may face a tricky road ahead in terms of defending his policy decision.
IX. Politics and Organized Crime

The past year saw several major elections in Latin America, as well as a series of groundbreaking revelations about the alleged involvement of political elites in corruption and organized crime. Guatemala saw its president step down due to a customs fraud scandal, just prior to the election of political newcomer Jimmy Morales after two rounds of voting. Other countries saw similarly transformative elections: Argentina’s opposition won the presidency after 12 years of Kirchner family rule, while Venezuela’s Chavista bloc experienced a major setback in December’s parliamentary elections.

All in all, these elections saw low rates of violence, but they shared other characteristics. For instance, few candidates offered progressive policy solutions for issues like drug use or organized crime; instead, many advocated for a more militarized approach.

Other developments highlighted the degree to which criminal and special interests have influenced politics at both a national and local level in Latin America. In one report, a United Nations-backed anti-impunity body found that Guatemala’s political parties derived around half of their financing from corrupt sources, including criminal groups. The commission has identified campaign finance reform as a major issue in Guatemala, but it remains to be seen what steps, if any, Morales’ new government will take to address the problem.

Brazil’s corruption scandal emanated from its state-run oil company, Petrobras, but bore all the hallmarks of a mafia-run operation. As the investigation proceeds, it has inched ever closer to Brazil’s President Dilma Rousseff, who ran Petrobras during the period that government officials inside and outside of the company were allegedly receiving kickbacks for overpriced contracts. The case has also implicated top officials from the ruling Worker’s Party (Partido do Trabalhador - PT), such as Jose Dirceu, who was Chief of Staff of Brazil President Luis Inacio Lula da Silva.

Other investigations dove into even murkier waters. Peru’s First Lady, Nadine Heredia, faced accusations of money laundering, in a probe that may have had more to do with political motives rather than an interest in justice. Meanwhile, a new book by a Spanish report made astounding accusations regarding ties between Venezuela’s top government and military officials and the drug trade.

- Elyssa Pachico
Elections and Organized Crime: 4 Takeaways
Written by Arron Daugherty
Monday, 26 October 2015

Results are mostly in for mayoral, gubernatorial and presidential elections in Argentina, Colombia and Guatemala held October 25. Violence was low, but the specter of organized crime remains central to the region’s political dynamics.

Below are four election takeaways:

1) Polarization and Militarization
Candidates from extreme ends of the spectrum fought for control of these countries’ governments.

In Guatemala, the comedian-turned-presidential candidate Jimmy Morales beat social-democratic candidate Sandra Torres, with the help of his right wing, military-backed party, the National Convergence Front (Frente de Convergencia Nacional - FCN).

Argentina is scheduled for its first ever run-off vote in November after leftist candidate Daniel Scioli failed to secure a 45 percent majority. Scioli will face center-right Buenos Aires mayor Mauricio Macri.

In only one case, Colombia, did election monitors link political differences to violence, including six murders and a disappearance.

Despite these political differences, the region’s largely militarized approach to security issues will likely remain unchanged as it is the favored method amongst both conservatives and liberals to deal with rising crime and violence.

In Central America both the left-wing El Salvador government and the right-wing Honduran government have deployed military brigades domestically to tackle gangs and organized crime, as has staunchly socialist Venezuela and more neoliberal Mexico.

Although militarized security polices are often linked to human rights abuses and their effectiveness in decreasing violence is debatable, these policies play well with voters and make politicians appear responsive to security issues.

2) Guatemala’s New President is in a Vulnerable Position
Guatemala’s latest elections were colored by the resignation of Otto Perez Molina from the presidency over connections to a customs agency scandal, as well as corruption allegations against several presidential candidates.

This context helped President-elect Jimmy Morales win in a landslide. Cynicism towards national politics also resulted in low voter turnout but may have also blinded people to Morales’ woeful lack of experience: he has never held public office.

Paradoxically, this lack of experience may make him more susceptible to corrupting influences. In order to effectively navigate Guatemalan politics, Morales will need experienced people in his administration -- the very same people whose experience may make them adept at plundering the government under his watch.
It’s also worth noting Morales’ military connections. The FCN party that backed him was founded by a military veteran’s association. While being connected to the military is not evidence of corruption, military officials have a history of participating in Guatemalan corruption networks, including in the recent customs agency case. His future choices in cabinet members and ministers will better indicate his true intentions and the degree of influence the military wields over him.

3) Argentina Run-Off and the Nisman Case

As the handpicked heir to two-term Argentina President Cristina Fernandez de Kirchner, Scioli’s second round chances may be affected by lingering accusations of Argentine prosecutor Alberto Nisman.

Nisman, who was investigating the 1994 bombing of an Israeli community center in Buenos Aires, was found dead the day before he was to testify in front of congress. The Kirchner administration’s mishandling of the investigation into Nisman’s death aroused accusations of a coverup and government impunity.

In a late-breaking development, imprisoned Colombian drug trafficker Henry de Jesus Lopez, alias “Mi Sangre,” has come forward claiming to have information on the case. With only a month until the run-off, any new information linking the Kirchner administration to Nisman’s death could hurt Scioli by association.

Either way, Argentina is likely to see an increase in militarized security efforts. Scioli has previously suggested the government reexamine a ban on deploying soldiers in police roles, and both candidates are in favor of shooting down suspected drug flights.

4) Colombia Criminalization of Local Politics

Colombia’s recent gubernatorial and mayoral elections highlighted the criminalization of local politics. While the infiltration of criminal groups into Colombia’s municipal-level politics has arguably diminished, the underworld continues to exert its influence in various ways.

In addition to the pre-election violence, the election cycle was tarnished by a reported vote buying scheme, the election of a mayor who has been arrested and accused of misappropriating land seized from drug-traffickers, and the mayoral victory of Oneida Pinto Perez, who has been arrested and accused of links to Juan Francisco “Kiko” Gomez, an ex-governor arrested in 2013 for alleged ties to criminal groups and multiple homicides.

This criminalization of local politics is evident not only in Colombia but throughout the region. Witness Mexico’s “narco-mayor” in Sinaloa state and the recent arrest of a mayor in Guatemala accused of embezzling over $1 million in municipal funds.

As InSight Crime has previously noted, municipal-level governments are particularly vulnerable to bribery and intimidation by organized crime, a trend which is likely to continue.
A new report details the sweeping extent to which organized crime and interest groups have infiltrated Guatemalan politics.

Guatemala's political parties derived around half of their financing through corruption, including 25 percent from wealthy elites and businesses and 25 percent from criminal organizations, Guatemala's UN-backed anti-impunity body CICIG said in its latest report.

The situation is fostered by Guatemala’s costly election campaigns, weak campaign finance regulation, lack of independent media, and nearly complete impunity regarding political corruption, the CICIG said.

“Guatemala is the perfect country to commit electoral crimes without consequences,” CICIG head Ivan Velasquez Gomez said while presenting the report in a press conference.

Over the last three decades, organized crime -- particularly groups dedicated to drug trafficking and contraband -- have infiltrated politics through money and violence. Meanwhile, wealthy elites and businesses have privately financed candidates and political parties to gain access to public resources and pursue special interests, the report said.

This mix of corrupt politicians, businesses, and organized crime often comes together to form ad hoc networks looking out for these special interests.

Central figures that the CICIG dubbed “recaudadores” -- or collectors -- are responsible for handling dirty money within these networks, in order to influence both local and national politics. “Recaudadores have been seen in every administration and they've wielded substantial influence over the Executive branch,” the report stated.

As the cost of running a political campaign in Guatemala is significantly higher than in neighboring nations, political hopefuls who aren’t willing to raise money through corruption are often unable to compete with well-financed rivals, the report added.

To remedy the situation, CICIG recommended the following:

- Mandating shorter and cheaper election campaign
- Greater controls over private campaign financing
- Requiring all campaign funds to flow through banks for better transparency
- Strengthening penalties for campaign finance irregularities
- Improving coordination between entities such as the nation’s tax authority and banking regulator.

**InSight Crime Analysis**

While political corruption via campaign financing is an issue for nearly every country in the world, the CICIG’s report is particularly timely given the string of corruption scandals that have plagued Guatemala this year and the nation's upcoming general election in September.
While CICIG-backed investigations have snared numerous members of the current administration, opposition candidates have also been accused of corruption. As the CICIG’s latest report illustrates, dirty money and lack of transparency has allowed corruption to fester throughout Guatemala’s political landscape, regardless of the party in power.

Addressing these systemic issues will be painful for elites and businesses who benefit from the status quo, which makes it all the more telling that the governments of Honduras and El Salvador recently rejected the possibility of creating their own version of the CICIG.
New Book Levels Serious Drug Trafficking Allegations Against Venezuela Officials
Written by Michael Lohmuller
Tuesday, 12 May 2015

A new book documenting alleged links between Venezuela officials and the drug trade is astounding in the scope of its accusations, and alleges that corruption and involvement in drug trafficking have penetrated the upper echelons of the country's government.

In Boomerang Chavez, Emili J. Blasco, the Washington DC correspondent for Spanish news agency ABC, offers a devastating critique of the legacy of former Venezuelan President Hugo Chavez, arguing that the contradictions and falsehoods of his Bolivarian Revolution are leading to the collapse of Venezuela.

Throughout the book, Blasco focuses on several key strands -- mostly pertaining to Venezuela's political, economic, and ideological behavior under Chavez -- which he holds responsible for the country's unraveling. One of these strands is the government's alleged sponsorship of drug trafficking, which Blasco asserts started under Chavez.

Relying heavily on conversations with Lemisy Salazar, the former head of security for National Assembly President Diosdado Cabello and a former member of Chavez's security detail, Blasco accuses several top officials, including Cabello, of participation in the drug trade. Salazar -- who fled Venezuela in late 2014 and arrived in Washington DC in January, where he has reportedly been providing testimony for a Drug Enforcement Administration (DEA) investigation into Venezuelan officials -- recounts several scandalous stories involving Chavez and Cabello from his time working as a bodyguard.

According to the book, Salazar graduated in 1998 from Venezuela's Naval Academy, where his exceptional performance earned him a position as one of Chavez's personal bodyguards and assistants. During his time protecting Chavez, however, Salazar claims he came to learn of the complicity and active participation of government officials in drug trafficking. Most notably, Salazar describes a scene that took place around the year 2007 at a farm in the Venezuelan state of Barinas, near the border with Colombia. There, Salazar says he witnessed Chavez negotiate with FARC leaders, arranging to buy drug shipments from them in exchange for weapons and military supplies.

Following Chavez's death, Diosdado Cabello selected Salazar to be his bodyguard. According to Blasco, Salazar singles out Cabello as the facilitator of the Venezuelan government's drug trafficking and criminal activities. For instance, Salazar tells a story from 2013, when he accompanied Cabello on a nighttime trip to the peninsula of Paraguana. There, according to Salazar, Cabello inspected four go-fast boats that were loaded with several tons of cocaine. Among the heavily armed and masked men they met in Paraguana was Hugo Carvajal, Venezuela's former director of military intelligence. It was Cabello, however, who Salazar says gave final instructions to the crew of the drug boats before they departed.

Some days later, Blasco writes, a truck from Venezuela's tax agency (SENIAT) arrived at Fuerte Tiuna, a military complex in Caracas where Cabello had an office. Salazar, who was present at the time the truck was being unloaded, claims that inside he saw a number of identical suitcases, all of which were closed with locks. Curious, he went to a room where one
of the suitcases had been taken. The suitcase was open, and inside, he alleges, were stacks of $100 dollar bills. According to Salazar, trucks from SENIAT -- whose director is Cabello's brother, Jose David Cabello -- arrived on more than one occasion.

Salazar also describes an experience he claims he had at a farm on the border between the states of Barinas and Apure where Cabello liked to go hunting. Salazar was accompanying Cabello and his personal assistant, Lansford Castillo, during a nighttime excursion, when Cabello ordered Salazar to stop and wait. The other two continued ahead, walking for another 100 meters or so before stopping. Their flashlights suddenly went out, and, after a period of time, came back on. They returned to tell Salazar they were going off to hunt deer, and after they left, Salazar walked to the site where their flashlights had gone out.

There, he allegedly encountered a trap door in the ground, which opened to reveal a staircase. He descended, and found a room completely filled with stacks of money. When he told a co-worker about his discovery, the co-worker said they had seen similar hidden rooms belonging to Cabello in the state of Monagas and in the city of Ciudad Bolivar.

Following a series of such incidents, which Blasco narrates in the book, Salazar came to fear for his safety. In the fall of 2014, he established contact with the DEA, and began making preparations for his departure from Venezuela. In late 2014, he fled the country, and eventually made his way to Madrid, Spain (where Blasco first interviewed him) before arriving in Washington DC on January 26. In March, he reportedly made a statement as part of an ongoing case against Diosdado Cabello -- opened by the US District Court for the Southern District of New York -- which, according to Blasco, accuses the National Assembly President of operating a drug trafficking network created by Hugo Chavez with the support of current President Nicolas Maduro.

The creation of this drug trafficking network, Blasco contends, is tied to the immense wealth generated by high oil prices over the last decade, which he says has created opportunities for bribes, embezzlement, and fraud, fueling corruption. This economic corruption, Blasco argues, has been accompanied by judicial corruption, paving the way for activities like money laundering, which in turn enables drug trafficking.

According to Blasco, it was under Chavez's government that drugs began to flow through Venezuela, forming part of Chavez's strategy for his Bolivarian Revolution. That is, drug trafficking provided a means to help the guerrilla group Revolutionary Armed Forces of Colombia (FARC) fight a Colombian government wary of Venezuelan leadership, as well as allowing Venezuela to undermine the United States.

Ultimately, Blasco argues that drug trafficking, growing authoritarianism, and financial troubles in Venezuela are a result of the “maturation” of chavismo, a boomerang that has returned to its starting point: to a Venezuela where the lower classes increasingly suffer from poverty, shortages of basic goods, and crime. By opening the door to drug trafficking, Blasco argues that Chavez and other officials have caused the country immense harm.

InSight Crime Analysis

While Emili Blasco is a respected journalist, the stories of egregious corruption among Venezuelan officials included in his new book are almost beyond belief, and are sure to antagonize many in Venezuela's political elite.
Indeed, Diosdado Cabello recently announced that he was suing four news outlets over coverage provided of a story -- which Blasco wrote for ABC -- that appeared in January and publicized Salazar’s drug trafficking accusations.

However, this is not the first time Cabello has faced allegations of corruption and drug trafficking. Eladio Aponte, a Supreme Court judge who was dismissed in March 2012 -- and has also been accused of collaborating with drug traffickers -- reportedly told the DEA back in 2012 that Cabello ran drug trafficking operations. Then, documents and audio tapes leaked in 2013 implicated Cabello in a massive government corruption scandal, and in 2014 a human rights activist filed a lawsuit in Miami that accused Cabello of receiving $50 million dollars in bribes from a Venezuelan engineering firm in exchange for public works contracts.

US cables posted on Wikileaks have labeled Cabello as “one of the three major poles of corruption close to or within” the government, and described him as “amassing great power and control over the regime’s apparatus as well as a private fortune, often through intimidation behind the scenes.” Such descriptions have led to him being described as "Venezuela’s Frank Underwood" -- a reference to the protagonist of the popular US TV show House of Cards.

Nonetheless, Cabello is not alone when it comes to accusations of drug trafficking being leveled against high-ranking Venezuelan officials. The Venezuelan military has also routinely been implicated in the drug trade -- with top military brass allegedly making up a criminal organization known at the Cartel of the Suns. When it comes to investigating or prosecuting government officials for such activity, however, impunity tends to rule the day.

Still, as economic distress and corruption scandals continue to roil the country -- which has become one of the most dangerous in Latin America -- it remains to be seen if Cabello truly is the Venezuelan “capo of capos,” as Blasco suggests in his book. Indeed, it appears the final chapter has yet to be written, with Roger Noriega -- former US Assistant Secretary of State for Western Hemisphere Affairs -- recently stating that the United States has a series of ongoing investigations that have generated “a substantial volume of evidence” demonstrating the involvement of Cabello, and other high-level Venezuelan officials, in drug trafficking.
Brazil’s top electoral authority is investigating President Dilma Rousseff for receiving illicit campaign financing from the state-owned oil company, which could implicate the embattled leader in the massive Petrobras corruption scandal she has so far managed to avoid.

On October 6, Brazil’s Supreme Electoral Tribunal (TSE) re-opened an investigation into Rousseff and Vice President Michel Temer on suspicion of illegal campaign financing, reported Globo.

In a 5-2 vote, the TSE ruled there was sufficient evidence to investigate if Rousseff and Temer abused their power in the run-up to the October 2014 presidential election, and whether misappropriated money from state-owned oil company Petrobras was used to fund their campaign. This is the first time the TSE has opened such an inquiry into a sitting president.

In February the TSE declined to investigate Rousseff due to lack of evidence. However, TSE ministers stated that advancements in the ongoing Petrobras scandal have given rise to new evidence, compelling them to re-consider the case.

According to Reuters, if the investigation uncovers evidence of wrongdoing, Rousseff’s election victory may be invalidated.

**InSight Crime Analysis**

The TSE’s ruling could tie Rousseff directly to the Petrobras scandal, a multi-billion dollar corruption scheme that allegedly involved executives from the state-owned oil company issuing overpriced contracts in exchange for kickbacks.

Until now, the president has managed to avoid being implicated in the ever-widening Petrobras scandal. Known as “Operation Car Wash,” the investigations have already ensnared a number of Brazil’s political and economic elites, including Jose Dirceu, a founding member of Rousseff’s Workers’ Party and a former Chief of Staff to ex-President Luiz Inacio Lula da Silva. Rousseff was also the chairwoman of Petrobras during the time when investigators say much of the corruption took place.

Nonetheless, it remains to be seen if the TSE’s investigation will lead to an impeachment process against Rousseff, or even her resignation. As BBC Brasil points out, any investigation into illicit campaign funding -- including whether or not Rousseff accepted illicit donation money from Petrobras -- must conclusively prove the abuses influenced the outcome of the election.

Additionally, the investigation is expected to take months if not years, and any decision is subject to appeal by Brazil’s Supreme Court.
Dynamic Wife of Peru President Under Investigation, Again
Written by Michael Lohmuller
Monday, 09 March 2015

Investigations into the wife of the Peruvian president for money laundering have been opened for a third time. While there may be political motivates for the dogged pursuit of the politically ambitious first lady, such scrutiny is warranted in a country where politicians are notoriously corrupt.

At the end of January, prosecutor Ricardo Rojas Leon reopened a money laundering investigation into Nadine Heredia and her brother over a series of deposits made into her bank account between 2006 and 2009, reported El Comercio. Heredia’s brother, Ilan Heredia, and other family members and friends of the Heredia family, made the deposits, which totaled around $215,000. Peru’s Financial Intelligence Unit (UIF) said these people did not have the economic means to make such transfers.

The new investigation into Heredia is apparently the result of a leaked government report in which officials said they could not account for the $215,000 deposited into her bank accounts, reported the Wall Street Journal. This is the third time the case against the spouse of President Ollanta Humala has been opened since 2009, with the first two investigations being closed due to insufficient evidence.

Rojas, however, has argued that the investigation deserves to be reopened in light of the new evidence, and that prosecutors fumbled the first investigations (a 2014 Constitutional Court decision allows for cases to be reopened if they are deemed to have been investigated poorly). Rojas also outlined three reasons why he believed the case warranted further investigation, including payments of $67,000 Heredia received from her husband’s former campaign administrator, Martin Belaunde Lossio -- who is now a fugitive.

Heredia’s lawyer, Anibal Quiroga, has moved to have the case dismissed, saying no new evidence has been presented. Heredia has also claimed the accusations against her are politically motivated and conceal a fear political opponents have of the Nationalist Party in the run-up to the July 2016 general elections. She said they were attempts to impede “new political forces, youths, moderns, with ideals of development, which can overcome the eternal candidates of the opposition, who over the years take turns in power.”

It has been speculated that Heredia -- who is head of the Nationalist Party but legally barred from running for president -- may run for Congress in the 2016 elections.

More recently, the Nationalist Party’s presumed presidential candidate Daniel Urresti -- a retired general and the Minister of the Interior under Humala until last month -- has been charged with the murder of journalist Hugo Bustios. Bustios was investigating human rights abuses when he was killed in November 1988.

Urresti has vigorously denied the charges and also claims that the accusations are politically motivated. According to the Wall Street Journal, political allies of former President Alan Garcia -- also seen as a potential candidate for 2016 -- have significant influence in the Public Ministry, as the Attorney General’s Office is known in Peru.
**InSight Crime Analysis**

What stands out about this latest round of investigations into Heredia -- as well as those against Urresti -- is the timing. While the July 2016 elections are well over a year from now, it appears Peru's major political factions have already begun to position themselves for the campaign season.

Already, the Nationalist Party (PNP) -- and its political coalition “Peru Wins” -- has been clashing with the American Popular Revolutionary Alliance (APRA) -- the party of Alan García -- and the Popular Force (FP) -- led by Keiko Fujimori, daughter of former president Alberto Fujimori -- over discussions about electoral reform, as well as alleged spying by Humala on political opponents using Peru's National Directorate of Intelligence (DINI).

As the wife of current president, Nadine Heredia has had considerable access to the power brokers and elites of Peruvian politics, allowing her to cultivate and maintain a significant political presence. Indeed, as president of the PNP, she wields influence on various stages and through various channels, and has been well received among ordinary Peruvians.

While ineligible to run for president in the upcoming 2016 elections since she is wife of a sitting president, it appears she is seriously considering running for Congress. And at only 38 years old, her personal political career is just beginning, meaning the long-term prospects of her becoming a presidential candidate are considered high (with presidential terms five years long, Heredia would have to wait until 2021 to run).

Yet due to the money laundering and spying allegations against Heredia and Humala, their approval ratings have both dropped, to 16 and 22 percent respectively. Furthermore, the allegations against Urresti -- who just recently joined the PNP on February 27 -- will prevent him from running for office in 2016, as party rules state that candidates “must not have pending criminal trials or have been convicted of a felony.”

Such timing raises speculation about pre-campaign political stratagems by the PNP’s rivals, especially given alleged connections with García and the ARPA with Peru’s Public Ministry.

Nonetheless, these accusations should not necessarily be dismissed outright as political machinations. Corruption and money-laundering have been shown to have penetrated Peruvian state institutions, with political candidates -- including former presidents -- frequently tied to criminal behavior. Indeed, impunity for politicians in Peru is widespread, with both national and local politicians implicated in engaging in illicit activity routinely escaping without prosecution or conviction.

Additionally, that Martin Lossion -- Humala’s former campaign chief wanted on charges of conspiracy and embezzlement -- has fled to Bolivia and remains on the run, creates suspicion about the extent of the involvement of Humala and Heredia in his alleged activities.

However -- while the merit of the accusations against Heredia and her culpability still remains unclear -- it seems doubtful the current case against her will result in a different outcome from the previous two investigations. Nor will it likely significantly derail her burgeoning political career.
X. Organized Crime in Popular Culture

Criminal organizations that emerged across Latin America in the 1970s and 1980s, such as the Guadalajara Cartel in Mexico and the Medellin Cartel in Colombia, were large, hierarchal structures capable of moving enormous quantities of cocaine and controlling multiple links of the drug supply chain. Over time, thanks to the immense profits reaped in the drug trade, traffickers were capable of grabbing power out of the hands of traditional elites and institutions. In their own way, they undeniably reshaped the distribution of income -- and influence -- in Latin America.

Accompanying this increased economic influence was a visible impact in popular culture, which we have dubbed “narcoculture.” Narcoculture is a complex phenomenon to define, but can be described as social products and interactions -- film, language, clothing, and so on -- related to organized crime. Many of those who imitate or participate in this narcoculture may not have any involvement or sympathy with criminal groups, but will find themselves adopting the trappings of narcoculture all the same.

People are inherently fascinated by stories of good and evil. This has helped feed the demand for cultural products -- particularly films, television shows, and music -- that explore the world of drug trafficking and violence. Depending on the genre of the work, this can result in a wide range of interpretations, some more faithful to historical facts than others.

The following articles review some of 2015’s most prominent cultural products -- a book, a documentary, a film, and a TV series -- that attempted to explore narcoculture and the history of Latin America’s drug trade.

- Felipe Puerta
Netflix ‘Narcos’: ‘Cultural Weight’ or Cultural Maquila?
Written by Juliana Martinez*
Friday, 27 November 2015

*Netflix’s hit show “Narcos” pretends to be culturally sensitive and historically accurate, but it is actually the opposite, and worse.

From the moment it debuted on August 28, Netflix hit show Narcos seemed to be different than other popular interpretations of the rise and fall of the infamous drug lord Pablo Escobar. In hallways, Facebook posts, small talk during coffee, and other informal settings, many smart and otherwise culturally sensitive and well-educated friends in the United States praised the show for its entertainment and even pedagogical value. They learned a lot about Colombia and had fun in the process, isn’t that wonderful?

Netflix shared their enthusiasm. By September 3, the show had been renewed for a second season.

However, I could not share their excitement. References and stories about Escobar are not new in the United States, and more contemporary renditions of his trials and tribulations abound in mass media (former InSight Crime writer Christopher Looft does a good summary of the more relevant ones in the LA Review of Books).

I have watched and read my share, out of professional and personal interest. I remember when Escobar (pictured right) blew up a commercial airplane, as well as exploded several bombs in public places, as a perverse way of protesting the Colombian government’s extradition policy.

I watched on television as he was “jailed” in a prison of his own making. And like millions of Colombians, I held my breath in front of the TV as my family and I watched news anchors confirm that he had been “neutralized,” as they like to say about the faceless enemies in American cop shows.

I was 13 years old, and I remember asking my father why some celebrated Escobar’s death while others cried, as if they had lost a loved hero. “No one is always bad with everyone,” he told me.

It was a coming of age moment for me. I realized I lived in a deeply divided country, and that reality -- especially when it comes to violent conflicts -- is made up of many different layers and stories.

However, Narcos has very little of the nuance and complexity that the real story of Escobar has. And when it was first made available, every time I tried to watch it, I was either too bored or too angry to continue. Eventually, I sat through it.

The problematic nature of Narcos is encapsulated in the narrative arch that frames the first episode. The show begins with a declaration: “This television series is inspired by real events.” (The trailer also proclaims it’s, “Based on a true story.”)
Then a quote in block letters emerges that reads, “Magical realism is defined as what happens when a highly detailed, realistic setting is invaded by something too strange to believe.” (As Jimmy Johnson noted in his blog post, “For Love of Cocaine and Empire: Narcos Season 1,” the definition of magical realism that opens the show is a direct -- and unaccredited -- quote from Matthew Strecher, taken from the second paragraph of Wikipedia’s explanation of the genre.)

Most of the phrase fades to black, but the white letters of “too strange to believe” turn red, and the sentence is left floating on the screen against the backdrop of mist-covered mountains and -- what I assume is meant to sound as -- exotic music. Then, also in red, the caption “there is a reason magical realism was born in Colombia” appears.

This introduction to Colombia colors the narrative and highlights the contradiction that permeates the show as a whole: despite being assured that we are about to witness “real events,” i.e., a historic account of the life and death of Escobar, we are also told that it is a narrative imbued in “magic,” filled with things “too strange to believe,” or understand.

Caught between exoticism and a moral rhetoric that upholds the war on drugs as legitimate, Narcos provides its intended audience with a seductive and entertaining -- albeit highly manipulated -- version of Colombia’s recent history.

In this sense, it is productive to think about Narcos as a fusion of marketing slogans. While “magical realism” was an established brand, as Alejandro Herrera-Olaizola notes, it was only in the 1990s that major publishing houses made “narco” a powerful marketing pre-fix. Nowadays this phenomena expands to include works that use Colombia as a historically rooted -- yet highly stereotyped -- signifier from where to tell stories about drugs, violent men, and voluptuous women for considerable profit.

This form of storytelling, Herrera-Olaizola argues, “Perpetuates the commercialization of the margins and promotes the exotization of a ‘raw’ Latin American reality geared for an audience that is more attentive and instructed in Latin American socio-political matters, and that is eager to read something new, something light, but with a certain ‘cultural weight.’”

Enter Narcos, a show whose Wikipedia understanding of magical realism mobilizes cultural difference in a way that is both profitable and convenient. On the one hand, it highlights its insensitive (and lazy) cultural appropriation techniques. On the other hand, it shows how its appeal to historical verisimilitude is primarily a marketing technique and an effort to capitalize on the aura of cultural weight that its educated, yet uniformed audiences demand. The result is often sensationalist imagery, cultural platitudes, and a racialized sense of entitlement that translates into what Jimmy Johnson aptly called the show’s “condescending racism.”

The show’s faux cultural weight can be seen in some of the aspects that have been praised the most by US audiences as evidence of cultural sensitivity and accuracy. For example, many note that, unlike most programming made in the United States, Narcos uses Spanish -- and therefore subtitles -- extensively. Many of the scenes were also filmed in Colombia allowing viewers to see the country’s large cities and not only its remote jungles. However, these places are used more as props than essential elements of the story, and it’s clear from their disposable nature that a realistic depiction of the historical, political, and cultural background of the narco is superfluous to the larger story and will only serve to reinforce preconceived notions about them.
In the case of language, as it has been extensively noted, the mismatch of Spanish accents -- and the poor efforts to mimic the local dialect and style strongly associated with the narcotics by Spanish-speaking audiences -- only provide a sense of realism for those who either do not speak Spanish or are not familiar with its Latin American variations.

In a way, it reminds me of the word “barbarian,” which comes from the Greek word which means “babble.” The Greeks used it to refer to all those who lived beyond their borders, and whose languages and cultures they could not differentiate, much less understand. To the Greeks, it all sounded like the same, unintelligible chatter. In Narcos, the stark differences between Mexican, Puerto Rican, Peninsular, Colombian, and even Portuguese accents, vocabulary, and rhythm seem inaudible for the producers and are conflated into the speak of the violent, modern-day barbarians, the narcotics.

Furthermore, the fact that Escobar himself is played by Wagner Moura (pictured below), a Brazilian actor who, despite his best efforts cannot smoothen his thick Portuguese accent, further points to the show’s orientalist approach and almost complete disregard for cultural nuance. After all, could one imagine a movie about Sherlock Holmes played by an actor with a thick French accent? Would the same creative team cast actors with British, Australian, and Scottish accents to perform as cowboys in a film about the Far West?

But in the world of Narcos, this is not a problem since it is assumed that the majority of the audience will not notice the incongruity. On the contrary, the mere task of reading subtitles provides its audience a false sense of cultural accuracy. Jimmy Johnson summarizes the strategic deployment of the Spanish language with no regard for actual linguistic accuracy when he says that “the cumulative effect [of the shows linguistic quilt] is not so much a bilingual program as an American English one with a preponderance of Spanish(es) in it.”

The way in which Narcos treats geography and location is similar to its use of language: it clings to an element that is easily recognizable as authentic by foreign yet only slightly informed audiences (in this case actual shots of Medellin and Bogota), and uses it to create its own reality.

For example, when the protagonist Steve Murphy (Boyd Holbrook) and his wife Connie (Joanna Christie) are on the plane on their way to Colombia, they look out the window and Murphy explains in a voiceover: “We should be over the Amazon by now. From 10,000 feet, Colombia was a paradise of untouched rainforest. But things were different on the ground.”

Anyone with a minimum sense of geography would notice that there is no need to fly over the Amazon (in the south of the country) to arrive to Bogota (nestled up in the Andes in the center of the country) from Miami (even further to the North...). But for Narcos this is irrelevant. Colombian geography is reinvented to delineate the contours of what media critic Omar Rincón has aptly referred to as NarColombia.

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Like many before them, first world travelers envision themselves arriving to an untamed, deceptive, and dangerous land with a mission to bring civilization and justice. Furthermore, because of the strangeness (magic?) that is said to define this territory, navigating it requires - as in the scene in the airplane over the “jungle” -- the white, male, Drug Enforcement Administration (DEA) voice of the protagonist to act as cultural and historical mediator.

The image of Colombia’s dual and threatening reality is the leitmotif that justifies the show’s outdated overreliance on voiceover. The camera production crew went to Colombia (or at least they flew over it), but this does not translate into a real proximity with the site. Despite its many shots of Bogota and Medellin, the show remains firmly anchored in the perspective of a protagonist who does not bother to learn the language of a place he has supposedly inhabited for several years, does not seem to have any local acquaintances or friends, and not once is shown having a non-narco interaction. The protagonist and his wife remain entitled and isolated foreigners fighting for justice (for the United States) in an unwelcoming (and undeserving) land.

This is why, when towards the end of the first season Murphy refuses to leave the country calling it his new “home,” the announcement is both surprising and terrifying. Murphy has not settled in Colombia. On the contrary, this is Murphy going “Apocalypse Now” on us: His “colombianization” is an embracing of this dark and violent side, his shocking realization that war is a dirty affair.

The viewer is invited to share this experience. More than settling in Colombia, s/he flies over it, making strategic stops in jungles and cities but never quite getting to know either. It is perhaps no coincidence that the introductory sequence to Colombia is an aerial view of Bogota. This seems to be the perspective from where Narcos sees the country: a bird’s-eye-view that glazes over large areas without much attention to detail, and from where depth is lost to the flatness of a colorful and varied landscape.

Instead of bringing us closer to Colombian culture and its history, the use of Colombian historic and cultural elements conforms to what George Yudice calls the “cultural maquila.” Yudice notes that nowadays, “cultural production has turned into a maquila,” where production is controlled from abroad, proceeds go to the international conglomerates that own the means of production, and local elements are used in as far as they generate value to a (cultural) product designed for a particular, geographically removed, audience. While traditional maquilas produce clothes and other cheap goods, Yudice says the most valuable outcome of the cultural maquila is a marketable version of cultural difference: “The transnational market needs to generate local differences in such a way that they are profitable outside their territorial borders.”

A quick look at the show’s creative team shows exactly how Narcos fits this description. Chris Brancato has written for “The X-files” and “Species II”; and Carlo Bernard and Doug Miro are the writers of “Tintin”, “Prince of Persia: The Sands of Time,” “The Sorcerer’s Apprentice” and “National Treasure 3.” Jose Padilha, the only Latin American of the team, is Brazilian and the show’s director. But Padilha is far from the good-old-“Elite Squad”-days, which was made in Brazil. Since he moved to Hollywood, he’s done a sequel to “Elite Squad” and a remake of “RoboCop.”

Staffing decisions like these reveal the ethos of the show: through the lens of Narcos, Colombian history and culture are not magical realism, but science fiction. What’s more, like
in a maquila, the use of on-the-ground sites, cultural elements, and economic reality, is predatory, not benevolent. Even worse, it produces a false sense of cultural competence that is nothing more than a new and profitable type of orientalism.

Through its use of local elements and its reference to magical realism, Narcos also de-historicizes and de-politicizes the war on drugs. It anchors drug trafficking, and the violence related to it, to prefabricated notions of culture and race. Responsibility for the production of drugs and its violence is geographically displaced, and the hope to understand the complex -- and global -- dynamics that produce it are abandoned. The sad irony is that the producers’ myopic view of that war is much more akin to a magical land where things are "too strange to believe," than to the "real" Colombia the show purports to show its viewers.

Blaming Colombia for the war on drugs also plays on popular perceptions of foreign audiences and thus serves the show’s interests. As Yudice notes, cultural identities are often manufactured into national brands with concrete entertainment value. Therefore, they should be analyzed taking into account the context in which they acquire such value. Following the model of the designation of origin used to sell wine and other goods to international consumers, local identities are also crafted to meet the demands of foreign audiences while providing a localized sense of originality and quality.

However, in contrast to the production of fine wines, the cultural production around the origins of drug trafficking is nothing more than a façade. Even though it is filmed in Colombia, Narcos is not a Colombian production. As it is with other cultural maquilas, Yudice writes: "The country of origin is important only in the sense that it generates added value, in a context in which the [cultural] differences accelerate the demand for it. However, profits do not stay in the communities. They belong to transnational corporations instead."

In the case of Narcos the issue is even more problematic. The series not only does not bring profit or value to Colombia, it harms and debases it by reaffirming a geopolitical narrative that places the country on the side of violent and irrational nations that threaten the wellbeing and stability of the developed world.

This geopolitical Manichaeism structures the narrative and is essential to its plot, timeline and character development. More specifically, a demeaning version of the other is essential to the show’s construction of its hero, and here is where Narco’s notable -- and much commented -- rewriting of Colombian history, and its controversial choice to make the main character and narrative voice a DEA agent, come into play.

Which takes us back to the first episode. That episode ends with the loss of innocence of the protagonist couple. Connie witnesses the death of a pregnant Colombian woman working as a drug mule, and Murphy presents statistics about the rise in homicides in Miami interspersed with pictures of dead bodies. After these events, they decide that drugs are a serious matter, and they see it as their moral duty to defend the United States against this new foreign threat.

The next scene shows the brave, white, young couple holding hands at the airport ready to leave their beloved homeland. Murphy explains their decision: “My dad volunteered to fight in World War II because of Pearl Harbor [...] He was a West Virginia farm boy, but these fuckers stepped on our soil, so he laced up his army boots and went to fight. It was his duty. Cocaine in Miami, kilos from Colombia. This was my war. This was my duty. And I was ready to fight it, and my wife was ready to fight it with me too."
As sensationalist and historically outrageous as this analogy may be, it is also very telling. It sets the tone for the political ideology that informs the show and explains the historical juggling it performs. By comparing the deliberate military attack of a foreign power on the United States in the context of a world war to drug-related violence in Miami, the show is not only rewriting Colombian history. Through the omission and manipulation of facts, statics, and dates, it also radically alters US history.

The homicide surge in Miami, and the war on drugs more broadly, is framed as a struggle between good guys and bad guys, not as the result of specific domestic and international policies lead by the United States, and the steady growth in the demand for cocaine, also lead by the United States. This convenient geopolitics of the war on drugs allows the US characters -- and by extension, Netflix’s core viewers -- to be both victims and heroes.

After the Pearl Harbor reference, the writers attempt to tone down the statement, finishing Murphy’s monologue with: “One year later, all that patriotic bullshit was out the window.” Perhaps appealing to its more cynical, hipster, audience base, Episode 1 ends with the lure of a Heart-of-Darkness-like journey that its title in Spanish -- Descenso -- promises.

However, Murphy's warning that Narcos is not a patriotic show is yet another misdirection. In fact, the show largely upholds the Reagan Era’s teleology on the war of drugs, and imposes a neocolonial perspective that prioritizes the voices, experiences and lives of North Americans over everybody else. According to this narrative, the war on drugs is the inevitable and just -- albeit undesirable -- consequence of a foreign attack on the social fabric of the United States. In this context, the sometimes violent and morally ambiguous actions of the protagonist as he enters into the Colombian side of the fray -- and of the US more broadly -- are still perceived as being on the “right side of history.”

At the end of the day, Narcos may profess its path toward moral ambiguity, but it always puts its gringo protagonists on higher moral ground. Murphy often says that in the world of narcotics, right and wrong are hard to discern. However, Steve Murphy is no Charles Marlow, Joseph Conrad’s famed alter-ego in his dark, searching novels about colonialism. His actions are not constructed as morally ambiguous for an American audience. And unlike the “Heart of Darkness,” this (supposed) moral ambiguity does not catalyze a process of neocolonial self-criticism and reflection. On the contrary, it reinforces the preconceived notions that consistently place the prosperity and interests of some nations over those of others.

Yes, Murphy violently interrogates a few narcotics. Yes, he bullies and disobeys the -- female -- US ambassador. Yes, he yells at a taxi driver, and yes he takes a Colombian baby without consulting anybody. (It seems that a couple of episodes later a good-willed attorney might have told the writers that this actually constitutes child theft even in Colombia, and therefore the show appeases its viewers by clarifying that the baby is legally being saved from her barbaric land through adoption proceedings.) But all this violence is aimed at Colombian characters for whom the audience feels little or no empathy.

The show’s legitimization of the war on drugs and the sharp empathy gap between American and Colombian characters firmly place Murphy in one of two orientalist narrative tropes: 1) The story of the good white man that is forced to do morally reproachable things in order to achieve a greater good for himself or his country, and 2) the story of the civilized man corrupted by a violent and uncivilized environment. In other words, to survive in that
“Amazon” jungle that he and his wife so bravely -- and unnecessarily -- fly over in the initial episode, Murphy must adapt.

To further reassure its audience, Murphy is repeatedly portrayed performing one of the acts most deeply rooted in the construction of western heroism: saving women and children. He saves a prostitute informant from being raped and killed by the narcos; he provides protection to a female ex-guerrilla combatant that -- supposedly -- can link Escobar to the famed 1985 insurgent-led attack on the Palace of Justice; and, as close as he came to actually trafficking a child, his action is probably perceived as the generous and valiant act of saving a baby. All of these actions are fictitious and implausible, and serve no purpose in the advancing of Escobar’s story. However, they play a key role in separating good from evil, heroes from villains.

And this is what makes for a palatable cultural product for an international audience that thinks of itself as interested in foreign cultures and histories, but that is sufficiently removed from the events so as not to notice, or care about, the many cultural and historical incongruences. The show has just the right “cultural weight” without the cumbersome ethical concerns that too often pass for good entertainment in the United States.

Andy Greenwald’s enthusiasm in his article for Grantland captures this perception well: “Narcos is unquestionably the type of show Netflix ought to be investing in: expansively international, splashily violent, able to tap directly into a preexisting fan base. It’s enjoyable even when it’s not particularly inspiring. Like a lot of TV during these boom years, it’ll get you high.”

The cultural maquila, in other words, turns Colombia’s recent violent history into a good-enough product for the entertainment of a “preexisting fan base.” Furthermore, through its use of magical realism and historical revisionism, Narcos displaces responsibility away from the North American consumer who has the luxury of consuming our cocaine and our violence like it were some sort of innocuous party game. The cycle of production and consumption is nearly perfect: on the one hand we have the well-known double standard of the United States that allows it to wage a war on foreign soil in the name of the eradication of a product for which they are the largest market; and, on the other hand, the violence generated by this conflict is then turned into a profitable cultural commodity that, like cocaine, encourages an uncritical mode of consumption that ignores the inconvenient truths embedded in it.

Like Greenwald, too many people describe the experience of watching Narcos like drinking too many Maker’s Marks. Sure, it’s not great, but tell me you didn’t have fun last night. But here’s the thing: despite what the show’s creators may think, Pablo Escobar is not a science fiction character, and Colombia is not a Disney version of Persia. The violence unleashed as a direct result of US polices and its inability -- or unwillingness -- to curb domestic consumption of drugs is nothing like eating too much chocolate. So if you are in need of a guilty pleasure, or are looking for something not-so-boring to do on a lazy Sunday afternoon, perhaps you should just go for ice cream.

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Perhaps the single most important factor explaining the power of organized crime in Mexico is government dysfunction. It is appropriate, then, that official missteps are the mostly unspoken core of “Cartel Land,” a new documentary from Matthew Heineman that divides its time between a vigilante group in Arizona and the self-defense militias of Michoacan.

The star of the movie is Juan Manuel Mireles, the Michoacan physician who founded the self-defense groups in Michoacan in 2013 and proceeded to run the Knights Templar drug cartel out of one town after another.

In Heineman’s portrayal, Mireles comes across as a fundamentally decent man undertaking a fundamentally good challenge; he feels like a genuine hero. The film tracks how Mireles’ sudden rise to prominence is ultimately undone by a combination of factors -- his own ambition and missteps, sabotage and lack of commitment from within his group, and government co-option. Mireles is now imprisoned on weapons charges in a federal facility in Sonora. While he was reportedly on the verge of being released this summer after Mexico’s Justice Department dropped the original weapons charges, a new sentence issued weeks later means he will remain behind bars for the foreseeable future.

The officials who periodically drop into “Cartel Land” -- whether local army commanders, Michoacan’s federal security czar Alfredo Castillo, or President Enrique Peña Nieto -- come across as puppeteers who are dumbfounded when the puppets refuse to move as instructed. When one of Mireles’ subordinates labels the president a “pendejo” (roughly translated as dumbass) during a speech on Michoacan that was particularly divorced from reality, it is hard to disagree. Peña Nieto’s and Castillo’s public comments on the issue are trite and meaningless -- at times going so far as to insult the intelligence of the people listening.

Overall, officials’ appearances leave viewers with the impression that they are either deluded or corrupt. In responding to the vigilantes, the government is only searching for easy alternatives to a status quo that threatens to relegate it to the sidelines, rather than paying anything more than lip service to the grievances that gave rise to the militias.

The film’s portrayal is profoundly discouraging and pessimistic. One character talks of breaking the cycle, but there is no evidence that this is remotely plausible in Mexico. Loosening the grip that organized crime has on communities in places like Michoacan will require diligence and determination from the government at all levels. As is made clear in “Cartel Land,” and in countless other pieces of reportage and analysis, such an official commitment doesn’t exist.

As disheartening as the film’s message is, it is nonetheless an exhilarating work born of the astonishing access secured by Heineman. Seemingly attached to the hip of Mireles and his subordinates for months at a time, Heineman captured several gunfights between purported members of the Knights Templar and the vigilantes, which are far more gripping in their chaos and palpable sense of panic than any acrobatic slow-motion set piece emerging from Hollywood studios.
Many of the movie’s most jarring and memorable moments occur when the militias manage to arrest their adversaries. At one point, this brings a vigilante face to face with the author of a massacre who killed his uncle. Later, a young girl becomes hysterical as the militiamen insist on taking her father away for interrogation. Another sequence at an ad hoc interrogation center, repeatedly interrupted by off camera screams, overflows with anxiety.

Though the topic delves into depravity, “Cartel Land” displays an abundance of humanity. The combination of fear, anger and feelings of impotence that motivates Mireles’ supporters is overwhelming. It will surely strike a chord with anyone who has lived in a city overrun by criminal groups and is the emotional wellspring that generates the subsequent satisfaction when Mireles’ successes manifest themselves.

At the same time, any demonization of the Templars is fleeting. The two scenes of interviews with Templar meth cooks, which serve as bookends framing the rest of the picture, portray them as pawns who are justifiably (albeit problematically) looking for a way to improve their material well-being. Over and over again, we see people committing acts of aggression big and small for reasons that are entirely understandable.

And most human of all is Mireles, a charismatic string bean of a man with an enormous gray moustache. He is not without his flaws; we see him carry on an affair with a woman decades younger, earning the ire of his wife in the process, and at one point he appears to order the summary execution of a Knight. But he is a fascinating onscreen presence, a figure who is as compelling while talking security with an assault rifle slung over his shoulder as he is when treating patients for stomach ailments.

There are fair complaints to be made about the film. Heineman’s sympathies may be a bit too evident for some, and others may complain that he presents little about the situation that was not already known. He undersells the inevitability of the vigilantes’ demise, treating it as the avoidable product of human failures. He also arguably fails to fully grapple with the disaster that the militias’ emergence represented for the rule of law and the strength of Mexican institutions. In particular, the Arizona border vigilantes fail to justify the substantial screen time they receive. Their misguided and occasionally racist motivations will repel many viewers, but the biggest problem is that, in comparison to Mireles and the Mexican militias, their essentially fruitless forays through the Arizona brush are simply boring.

But measured against the movie’s strengths, these are mere nits. “Cartel Land” is a stunning work and is among the most vivid depictions of organized crime and its effects on Mexico in any medium.
‘Sicario’ Presents Dramatized Yet Refreshing Drug Critique
Written by Michael Lohmuller
Thursday, 26 November 2015

The recently released movie “Sicario,” while at times presenting an exaggerated depiction of Mexico’s drug violence and US counter-cartel strategy, offers a harsh but refreshing critique of regional anti-drug efforts.

Released in October, Denis Villeneuve’s “Sicario” is about “an idealistic FBI agent” who is “enlisted by an elected government task force to aid in the escalating war against drugs” at the US-Mexico border.

Kate Macer, the “idealistic FBI agent” (played by Emily Blunt), gets recruited for a mission to dismantle the network of fictional Mexican drug kingpin Manuel Diaz. Diaz is responsible for a booby trap that kills members of Macer’s team during the movie’s gruesome opening sequence. This drives her to accept the opportunity to help take down his criminal group, despite initial misgivings.

Leading this mission is the enigmatic US agent Matt Graver, who is accompanied by the equally mysterious Alejandro, played by Benicio Del Toro.

The basic strategy to get to Manuel Diaz is to “shake the tree” by visibly and antagonistically disrupting Mexican criminal networks. By doing so, the law enforcement team hopes to prompt Diaz to summon his key contact in the United States back to Mexico, thereby revealing Diaz’s location.

To begin this process, Macer flies to El Paso, Texas, where she joins a composite team that includes a Special Forces squad, Texas law enforcement, and other persons whose exact affiliation is unclear. Despite being given scant details, she is immediately included in a dramatic (and, in reality, improbable) operation into Mexico’s Ciudad Juarez. (We learn the mission’s objective is to retrieve a prisoner -- a cartel boss -- and bring him back across the border.)

The team’s journey into Ciudad Juarez makes for suspenseful viewing, yet presents several dubious and fanciful ideas about the nature of US-Mexico joint drug operations. Namely, that US security forces would be allowed to launch such a bold and conspicuous foray into Mexico during broad daylight, or that US officials would do so with such poor planning (they get stuck in traffic on the Bridge of the Americas when returning to the United States).

Regardless, the Juarez operation takes the viewer on a condensed tour of Mexico’s drug violence that is filled with unease and tension: we hear gunfire in the background, and see several decapitated and mutilated bodies hanging from a bridge.

For a period of time, Ciudad Juarez was indeed synonymous with Mexico’s “drug wars,” as rival groups battling for control over trafficking routes into the United States turned the city into the world’s most violent. Yet this has largely passed, and a degree of calm has been restored. (The mayor of Ciudad Juarez called for a boycott of the film, making the warranted claim its depiction of drug violence in the city was outdated.)
However unbelievable or misleading, the operation leads to a post-mission scene that subtly illustrates one of the effects of the so-called “Kingpin Strategy” -- a tactic in which Mexican and US law enforcement focuses on taking out cartel leaders.

Post-mission, as Macer and the team relax, one of the Special Ops soldiers invites her up to the roof of a building. With dusk approaching, they use binoculars to look across into Juarez. We see an explosion, tracer rounds being fired, and security forces frantically driving through the streets. “That’s what happens when you cut the head off a chicken,” the soldier remarks.

Again, a bit dramatic. But the vision of Ciudad Juarez descending into further chaos following the day's mission is an illustration of a side effect of the Kingpin Strategy. That is, removing key leaders of criminal organizations frequently results in increased violence and mayhem. This is something Mexico did witness under the administration of President Felipe Calderon, which focused on eliminating high-value drug targets. This led to the fragmentation of criminal organizations. And, as succession struggles between mid-level operatives seeking to consolidate their power in Mexico’s evolving criminal landscape played out, bloodshed escalated.

Such a phenomenon directly connects to the core message of “Sicario.”

As the plot unfolds, Macer becomes ever more alarmed and disillusioned with the tactics being used to catch Diaz. During the movie’s climatic sequence, she confronts Graver about this, and receives a dose of harsh reality: the war on drugs is unwinnable; as long as a US drug market exists there will be groups working to supply and profit from that demand. At best, Graver explains, governments can only hope to control and influence the structure of those criminal organizations supplying the drugs -- hence the mission to locate Diaz. The goal is not to eliminate drug groups -- a Sisyphean task -- but achieve a modicum of stability and order. As Graver implies, having one or two groups dominate the drug trade and impose this order harkens back to the “golden era” of drug trafficking under Colombia’s cartels, who were less wanton and indiscriminate in their use of violence than their modern Mexican heirs.

It may be government officials have already adopted this logic in formulating anti-drug strategy, although do not publicly acknowledge doing so, owing to various political considerations. For instance, in the past, the Mexican government has been accused of favoring the Sinaloa Cartel by focusing anti-drug efforts on their more violent competitors, such as the Zetas.

When confronted with this concept, Macer seems perturbed. Yet, moral and ethical questions aside, it reflects a pragmatic logic that is difficult to argue with. Indeed, beyond all the drama and exaggerated plot points, “Sicario’s” blunt message is one to be taken seriously, and perhaps reflects a wider shift in consciousness regarding the cost/benefit calculus of perpetuating the war on drugs.

In this way, the bleak and merciless picture painted by “Sicario” is also a refreshing one. It does not sugarcoat the difficult truths of the drug trade, nor shy away from depicting the harsh realities of how this world functions.
How 100 Years of Failed Drug Policy Gave Rise to Mexico’s Cartels
Written by David Gagne
Monday, 06 April 2015

Many say Mexico’s war on drugs began after former President Felipe Calderon took office in 2006, but a new book suggests that the genesis was prohibitive drug policies enacted by the United States at the turn of the twentieth century, a process that was later fueled by an economic trade agreement.

In their book "A Narco History: How the United States and Mexico Jointly Created the Mexican Drug War," authors Mike Wallace and Carmen Boullosa argue the creation of Mexican drug cartels and the violence they have spawned is inextricably linked to proscriptive drug policies developed by the US and later adopted by Mexico.

The prohibition of first opium and then other narcotics in the US and Mexico during the early part of the twentieth century created favorable conditions for criminals to meet the demand for narcotics that had become outlawed.

"When you establish a policy of prohibition, you also create a black market. And Mexico, being next door, did its best to respond to that market," Wallace told InSight Crime.

It would take several decades, however, before Mexican drug trafficking groups became highly sophisticated. Here too, the United States would take an active role in fostering the growth of Mexico’s first modern drug trafficking organization, the Guadalajara Cartel, the authors argue.

According to the book, the United States sent discreet shipments of high-caliber weapons to a founder of the Guadalajara cartel, Miguel Angel Felix Gallardo, during the early 1980s. These guns were later passed on to the US-proxy, the Contras in Nicaragua, to assist in their attempt to topple the left-wing Sandinista regime (something InSight Crime has chronicled as well). In return for this “humanitarian aid” the cartel provided, the US turned a blind eye to the huge quantities of crack cocaine processed in Mexico that were arriving on street corners throughout the United States, the authors say.

The weakness of state institutions in Mexico at that time -- such as the National Security Directorate (DFS) -- also facilitated the cartel’s expansion, the authors argue.

“The Guadalajara Cartel prospered largely because it enjoyed the protection of the DFS... The DFS provided bodyguards for the capos, [and] ensured drug-laden trucks safe passage over the border by using the Mexican police radio system to intercept U.S. police surveillance messages,” the authors write.

Mexico’s Militarization, and NAFTA’s Accidental Impact on the Drug War

The militarization of Mexico’s drug war and the kingpin strategy are frequently associated with Calderon, but the authors suggest these policies were put in motion much earlier. For instance, former US President George H.W. Bush proposed spending billions on a militarized approach to combat drug trafficking, and signed off on greater border security and US aircraft to fly over Mexican airspace in order to monitor drug trafficking activity. Bush also requested then-Mexican President Carlos Salinas de Gortari capture Felix Gallardo.

InSightCrime.org
The authors argue Salinas accepted US demands in large part because warm relations between the two nations would improve the chances for the passing of the North American Free Trade Agreement (NAFTA) between the US, Mexico and Canada.

However, NAFTA’s implementation in 1994 would inadvertently create even better conditions for drug trafficking groups to expand, the authors say. Bilateral agreements on agriculture under NAFTA made it nearly impossible for small Mexican farmers to compete with subsidized foodstuffs imported from the United States, Wallace and Boullosa write. These destitute farmers “found the burgeoning market for marijuana and poppies their only avenue to surviving on the land,” thereby increasing the drug supply available to cartels, they say. The higher number of goods crossing the border also made it more difficult for authorities to detect cartels smuggling drug shipments into the United States.

Other free market policies enabled Mexican gangs as well, the authors suggest. The expiration of the US semiautomatic assault weapons ban in 2004 was quickly followed by high-power weaponry like the AR-15 and AK-47 assault rifles appearing in Mexican border cities such as Tijuana, Juarez and Nuevo Laredo, which by 2012 was suffering from sky-high murder rates.

**InSight Crime Analysis**

The authors make a number of arguments that challenge the accepted wisdom on Mexico’s drug war. One is that the “war” is relatively new; the authors suggest it is the product of a series of policies implemented by the US and Mexico over the past 100 years.

“Most people, when they talk about the ‘Mexican drug war,’ are thinking only of the Calderon period, but those six years were a century in the making,” Wallace told InSight Crime.

Wallace and Boullosa also propose that the reference to “Mexico’s drug war” is actually a misnomer, since the United States has played an equally important part in creating and sustaining the drug war. Mexico’s acquiescence to flawed US security policies is a major reason for the growth of cartels, however, the authors stress that corruption in Mexico played an important role as well.

Finally, the authors argue the snowball effect is in play concerning Mexico’s drug war, which began in the early twentieth century but has been building slowly over time. Prohibition was the source of the drug war, Wallace told InSight Crime, calling prohibition, “The mountain spring whose waters fed a river that got bigger and bigger as it ran downhill.”

Nevertheless, certain historical events have left an indelible mark on Mexico’s drug war. Below, InSight Crime identifies a turning point from each of the past four decades that has helped shape and define the current state of the conflict.

**1980s: The torture and killing of DEA Agent Enrique “Kiki” Camarena**

In 1985, members of the Guadalajara Cartel kidnapped, tortured, and killed undercover Drug Enforcement Administration (DEA) agent Camarena while he was on assignment in Mexico. His killing helped push the US Congress to pass the Anti-Drug Abuse Act one year later, which levels sanctions against drug-producing or drug-transit countries that do not fully comply with the United States on interdiction efforts. As noted in the book, this law has created
powerful incentives for Mexico -- and other countries in Latin America -- to cooperate with the United States in the fight against transnational drug trafficking.

The refusal by Mexican authorities to hand over drug trafficker Rafael Caro Quintero -- the suspected intellectual author of Camarena's murder -- to the United States has strained coordination on extraditions between the two countries ever since. Caro Quintero's early release from a Mexican prison in 2013 only increased tensions, and the controversy his case has caused is considered to be one reason drug lord Joaquin “El Chapo” Guzman has yet to be extradited to the United States following his capture in February 2014.

1990s: The passage of NAFTA

As detailed above, NAFTA may have indirectly created favorable conditions for Mexican criminal groups to prosper. What's more, the strengthening of economic bonds has made it difficult for the United States to sanction Mexico under the Anti-Drug Abuse Act, despite ample evidence of drug trafficking groups corrupting state institutions. These close economic ties -- Mexico is the world's second-largest purchaser of US goods -- also may have pushed the United States away from pressuring Mexico on human rights violations related to the drug war.

It is worth noting that NAFTA has also contributed to the strengthening of Mexico’s growing middle class (and, arguably, decreased migration to the US). Whether or not Mexico could have achieved this economic success without experiencing the security drawbacks is a complicated question that has no easy answer.

2000s: The end of a political monopoly and the new militarization of the drug war

In 2000, for the first time in a century, a president not from the Institutional Revolutionary Party (PRI) entered office. Vicente Fox represented the National Action Party (PAN), a conservative coalition that sought tighter relations with the US. The upheaval would do more than begin a new, tumultuous era for Mexican politics, it would end decades of cozy relations between political officers, bureaucrats and security officials with the underworld.

The result was more conflict between the state and organized crime, which eventually led to Calderon’s heavy reliance on federal troops to combat some of the most potent and dangerous criminal groups. The deployment of 6,500 soldiers to Michoacan to root out criminal organization the Familia Michoacana just 10 days after Calderon took office in December 2006, would set the tone for the rest of his presidency.

However, while it may remain a necessary stop-gap while the government continues its overhaul of the police, statistics show violence has increased in areas where the military has been deployed. The military surge has also been linked to a dramatic rise in reports of human rights abuses by Mexican security forces. Despite indications President Enrique Peña Nieto would reduce the military’s involvement in combating drug trafficking organizations, so far this has not proven to be the case.
2010s: The Guerreros Unidos and the missing 43 students

The disappearance of at least 43 students last September allegedly engineered by a criminal group, local police, and a mayor in the southwest state of Guerrero sparked outrage in Mexico and abroad. In many ways, the criminal group involved -- the Guerreros Unidos -- represents the new generation of organized crime in Mexico.

The fragmentation of monolithic criminal organizations such as the Juarez Cartel and the Tijuana Cartel has given rise to smaller successor groups that do not have the resources or the international contacts to transit drugs on a massive scale. As a result, groups such as the Guerreros Unidos -- a splinter cell of the Beltran Leyva Organization (BLO) -- are relying more heavily on other sources of criminal revenue, such as kidnapping, extortion and local drug peddling.

These criminal activities target and impact the general population to a much higher degree than international drug trafficking, and can lead to higher levels of violence, as seen in Guerrero and other parts of Mexico. The capture of two prolific drug lords in the span of one week in early 2015 suggests this trend of atomization will continue.

This phenomenon of rising violence as criminal organizations splinter hints at the complexities involved in bringing an end to “Mexico’s war on drugs.” The authors argue the United States and Mexico must roll back the prohibitive drug policies that started the war on drugs more than a century ago. However, such policies may push criminal groups even further into kidnapping or extortion as the demand for narcotics via illicit means diminishes, and may result in greater insecurity for the Mexican population.

As Wallace told InSight Crime: “There is no silver bullet that can magically resolve the drug war in Mexico.”
XI. Mining and Organized Crime

Organized crime continues to flourish in unexpected ways. Perhaps the most significant evolution in recent years has been the development of mining operations controlled by criminal groups and their proxies. Criminal groups are now involved in gold, coal, diamonds and other precious minerals stretching from Mexico down to Peru.

In Colombia, the remnants of the right-wing paramilitary groups, known as the BACRIM (Spanish for “bandas criminales”), compete with rebels from the country's largest insurgency, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC) for control over extortion and mining profits. In Brazil, a vast underground network operating in remote, largely indigenous territories has coopted parts of these communities to flush out illegal diamonds. And in Peru, numerous gold deposits are controlled by criminal networks which abuse the local workforce and plunder the country's resources with impunity.

All three examples share something in common: the need for corrupt government officials and private sector accomplices to legalize the minerals and enter them into the “legitimate” economy. That line of inquiry is what got InSight Crime into trouble when it began looking at, and naming, the international companies that were purchasing illegal gold from Peru. Kaloti Metals and Logistic threatened to sue us, so we doubled down on the investigation to reveal just how the company works in murky waters.

In Brazil, our investigators were some of the first to get access to the Cinta-Larga's territory, which is also one of the largest diamond deposits in the world, and witness firsthand how this precious stone was tearing apart an indigenous community. And in Colombia, InSight Crime illustrated just how agile criminal groups have become, oscillating between gold and coca-generated revenue.

- Steven Dudley
A Seizure, a Lawsuit and Illegal Gold from Peru
Written by James Bargent
Wednesday, 16 December 2015

In January 2014, InSight Crime reported on a record seizure of suspected illegal gold in Peru. Since then, that case has snowballed; marking a turning point in the modus operandi of illegal gold exports, uncovering what authorities believe is a major criminal network, and threatening to land InSight Crime in court.

The article, a news brief based on a report in Peru's El Comercio newspaper, detailed how Peruvian authorities had seized over half a ton of gold from storage facilities in the city of Callao.

The seizure announced the arrival of a new era in policing the multi-billion dollar illegal gold trade in Peru, sending a message to the Peruvian companies that were moving illicit gold into legal markets that they would never again have it so easy.

The report named the six Peruvian export companies and four US and Italian companies that were set to receive the shipments. In our analysis of the seizure, we discussed how, although importers ostensibly monitored their supply chains, the proof of origin documentation provided by exporters often concealed the illicit source of the gold they were buying.

A year after the report, InSight Crime received a letter from the lawyers of Kaloti Metals and Logistics (KML), a Miami-based gold company that is part of the Dubai-based Kaloti business group and one of the companies named in the story. Kaloti threatened to take legal action over what it called “unsubstantiated assertions” and “libelous references.”

The letter stated InSight Crime had “inaccurately associated KML with illegal mining operations in Peru,” and “wrongfully established that ... [KML] was engaged in importing illegal gold.” The letter concluded with a threat to take legal action unless all mention of Kaloti was removed from the article and InSight Crime published a letter of apology for inaccurate reporting on the front page of our website.

We did not remove the article.

This is the story of a gold seizure that changed the game for illegal mining in Peru -- and why we stand by the original story.

The Callao Seizure

In December 2013, agents from Peru's tax and customs agency, the SUNAT, seized 508 kilos of gold from a storage facility in the city of Callao.

The seizure was a culmination of government efforts to crack down on the trade. The sector had exploded when international gold prices soared, but it was becoming associated with environmental devastation, human trafficking and money laundering.
In 2012, the government overhauled the penal code, giving prosecutors new powers to directly confront a trade that previously had been classified as a minor environmental crime. While the impact was first felt at the mines themselves, by late 2013, the government was targeting the companies involved in trading and exporting the tons of illegal gold being sacked from regions such as Madre de Dios in Peru's southeast.

Ferrari became an infamous figure in Peru, spending several years in prison and standing trial for money laundering, drug trafficking and tax evasion -- and walking away free each time.

The gold seized in Callao, for instance, belonged to six Peruvian export companies, and was being prepared for air dispatch to one refinery based in Italy and three in the United States -- among them Kaloti Metals & Logistics.

InSight Crime was unable to discover which of the companies was exporting to Kaloti from this shipment. However, of the six, three companies have traded with Kaloti since 2012, according to commercially obtained export data; Minerales Rivero, CG Koenig and Giovanni Gold.

Official sources in Peru confirmed to InSight Crime that whichever of these companies was dispatching to Kaloti, there were only two possible outcomes for the gold they were preparing to send. One option is that it was permanently seized and the export company is now under investigation for money laundering. The other is that it was spirited away under the nose of the authorities after a bizarre series of events that helped investigators uncover what they now suspect is a major criminal network whose reach expands far beyond the gold trade.

A Suspicious Company

Approximately one third of the gold, belonging to five of the six exporters, was seized permanently after the exporters were unable to prove its origin. The companies and many of their executives are now under investigation for suspicion of money laundering by Peru's Financial Intelligence Unit (UIF) and the money laundering unit of the prosecutor's office.

However, for the other company involved, Minerales Rivero, which has in the past supplied Kaloti, the story took an unexpected twist.

Minerales Rivero was founded in 2013 by 34-year-old Miguel Angel Rivero Perez with a capital of just 15,000 soles ($4,800). However, within six months it had exported nearly five tons of gold.

The key to its success lay not with Rivero but with the company's financial backer, his uncle Pedro Perez Miranda. Better known as "Peter Ferrari," in the 1990s Ferrari became an infamous figure in Peru, spending several years in prison and standing trial for money laundering, drug trafficking and tax evasion -- and walking away free each time.

While the authorities lost the gold, they were left with a glimpse of a powerful criminal network whose reach extended deep into state institutions.

Ferrari, according to his lawyer, finances Rivero Minerales through an investment contract. However, he is not only an investor in gold companies, but also a suspected “principal
financier and trader of illegal gold, which he exports using Lima based front companies,” according to a prosecutors’ investigation obtained by Cuarto Poder. Although he does not yet face charges, prosecutors believe Ferrari has exported over $600 million of illegal gold.

After losing their gold in the Callao seizure, Ferrari and his allies began to flex their muscles. Representatives of Rivero flew to Callao, where they became involved in a legal tug of war for the gold; a tug of war they won after a ruling by a local judge, who was later removed from his position, and arrested on charges of corruption and ties to organized crime.

While the authorities contested the ruling, Rivero’s recovery crew, which by now included police, lawyers, and prosecutors, managed to secure the gold anew. Video footage shows Miguel Rivero watching as his lawyers, escorted by police with riot shields, rush to load up a car with gold bars.

A Larger Network

The plot then took a further twist.

At the time, El Comercio noted how the lawyers and officials that helped smuggle away the gold were all connected in one way or another to one man, Rodolfo Orellana.

Orellana, who was arrested in November 2014, is allegedly the mastermind of a criminal network involved in corrupt property deals and money laundering. He is also connected to human trafficking, prostitution and drug trafficking. He has since been called to testify about his role in the Callao seizure and Peter Ferrari’s gold interests.

While the authorities lost the gold, they were left with a glimpse of a powerful criminal network whose reach extended deep into state institutions.

“This is a case of a hidden criminal organization in Peru that had links with the Public Ministry and judicial powers, and it has now become a mega-investigation,” Sergio Espinoza, deputy superintendent of the UIF, told InSight Crime. “They have this end of exporting gold, but they also have corruption, drug trafficking and various other activities.”

Right of Reply

Kaloti’s seized gold would already have passed through several hands as it moved from mine to warehouse. Each set of hands would have had to provide the company with documentation demonstrating its legality, says Alvaro Rodriguez, Kaloti's operational manager.

“You have a mining concession that has a contract with miners, the miners sell the material to consolidator, the consolidator exports. All along that supply chain all the documentation has to tie in together,” he said.

Even before this process begins, Rodriguez says Kaloti not only checks the companies have the appropriate licenses and registries, it also performs a background check on shareholders and key personnel. Kaloti’s compliance with the legal requirements for importing gold is verified by third-party auditors, he added.
However, Rodriguez declined to comment on any specific allegations of business ties that suggest their monitoring protocols have failed to weed out suspicious suppliers.

Rodriguez did not address the company's connections to the exporters under investigation for money laundering, the ties to Peter Ferrari’s front companies, or the relationship the company has with the suppliers based in the illegal mining hub of Madre de Dios that have been publicly identified as buyers of gold produced by the region's most notorious illegal mining clan.

“What I can tell you is that we have indeed followed the appropriate protocols according to international standards,” said Rodriguez. “You make your best effort to verify the information that is provided, but unfortunately we don’t have the capacity to have as far a reach as the local agencies that are in charge of enforcement or licensing.”

So is it fair to say Kaloti may have been importing illegal gold even though it had met its legal obligations over due diligence and compliance protocols?

The Callao seizure heralded the beginnings of a new era in which exporting illegal gold will not be so easy.

“Any standards you have you always have to apply to the best of your abilities and at the end of the day they are guidelines because there are elements at play that are beyond our control,” said Rodriguez.

And is it fair to say Kalotí cannot say with any certainty it was not about to import illegal gold before it was seized in Callao?

“That's part of the ongoing investigation; that hasn't been determined,” he said. “The authorities are acting under what their presumptions are and there is a due process that is required for this investigation and that is what we have to respect.”

But can Kaloti deny reports in the Peruvian media that the company itself is now part of the Peruvian authorities’ investigations?

“They are ongoing investigations, and there is nothing that has been published as far as the authorities indicating that's the case, which is why we're a bit surprised in the manner in which certain news sources have obtained and publicized certain information that is quite frankly privileged,” said Rodriguez.

Rodriguez added that Kaloti threatened to take legal action against InSight Crime because the company felt our article falsely attempted to establish Kaloti was involved in importing illegal materials. When pressed over whether the permanent seizure of the gold destined for Kaloti and the investigations in Peru imply that the company was likely about to import illegal gold even if it was unaware of it, he replied, “In the case you're asking about, that is still ongoing and that will be determined.”

Rodriguez added that the original El Comerico article was based on information that was either inaccurate, mischaracterized or privileged, but would not comment on which parts of
the story they took issue with. Espinoza, however, confirmed that the information regarding the companies named in the El Comercio story was accurate.

**The New Game**

The Callao seizure heralded the beginnings of a new era in which exporting illegal gold will not be so easy. The result, says Espinoza, was an overhaul of the methods used to smuggle illegal gold out of Peru.

“Seizures have dropped a lot, because the presumption is that they are now smuggling it across the border to Bolivia,” he said.

This new modus operandi has already been exposed by investigative journalist Oscar Castillo and the news site Ojo Publico. Castillo said there had been a 4,000 percent increase in Bolivian exports from 2013 to 2014, much of it linked to Peruvian companies with suspected ties to illegal gold. His report named Kaloti, which has an office in Bolivia, as among the recipients of the suspect gold.

The evolution of export routes shows the illegal gold trade in Peru is evolving to meet the challenges of the authorities’ crackdown, and no doubt will continue to do so as long as there are buyers for their black market product.

Kaloti, meanwhile, maintains it is trying its best under difficult circumstances in both Peru and Bolivia and has at no moment shirked its supply chain monitoring obligations.

“We’re just people who work here and at the end of the day we’re trying to do our job correctly and appropriately according to the laws and regulations that apply to us,” said Rodriguez.

However, for the UIF, foreign companies buying gold from Peru must take more responsibility.

“It is relatively easy to prove whether certain gold comes from a legal concession or not. They have the ability to prove this,” said Espinoza. “The foreign buyer has the responsibility to know who he is buying from and knowing that they are not a criminal organization, they are not cutting down forests, damaging the environment, or employing children.”
How Illegal Diamond Mining Threatens Brazil's Indigenous Communities
Written by Fellipe Abreu and Luiz Felipe Silva*
Wednesday, 14 October 2015

The Cinta-Larga indigenous group in Brazil is on the brink of collapse as they struggle to confront illegal mining in one of the world's largest diamond deposits.

“Our land is our spirit. An indigenous person without his land is an indigenous person without a soul.” This is how one of the leaders of the Cinta-Larga tribe ends his speech at a meeting held in May to discuss new indigenous policies. Believed by the indigenous to be inseparable, the land and the soul of the Cinta-Larga suffer together: the cultural genocide and the violence against their members is the result of violations that occurred on the grounds that they consider sacred.

Beneath the indigenous reserves Roosevelt, Serra Morena, Aripuanã and Aripuanã Park, between the states of Rondônia and Mato Grosso where the Cinta-Larga live, hides what may be the world’s largest diamond deposit. The glistening of the stones began to attract illegal miners to the Lajes creek region between 1999 and 2000. The demarcated indigenous territory (which in theory can not be used for mining activity, except for informal mining conducted by the indigenous themselves) is a clearing approximately 10 kilometers wide and 2 kilometers long, in addition to an appendix called the Grotta do Sossego, which also spans 2 kilometers.

However, miners and indigenous estimate the area to be larger: they say more than 1,000 hectares are used for exploratory mining.

The peak of the diamond rush in Roosevelt occurred in 2004, when there were more than 5,000 miners in the region. It was interrupted after a series of mutual threats by miners and indigenous resulted in the deaths of 29 miners. Since then, mining operations in the area have been closed and reopened several times.

“The current situation is more serious than it was in April 2004,” says Reginaldo Trindade, the state prosecutor in charge of defending the Cinta-Larga. “In March of this year, there were no less than 500 armed miners who told the Cinta-Larga that they would not leave the indigenous land.”

This was no isolated incident. Mining activities were completely suspended in May on orders from the indigenous community. In July, the area was retaken by armed miners, who returned to extracting diamonds.
World’s Largest Diamond Deposit?

Due to its status as indigenous territory, the Roosevelt reserve cannot be studied or exploited until a law that sets out specific regulations is passed. As a result, knowledge about the land today is based off estimates, all of which are below the territory’s actual potential for diamond extraction, according to experts and mining companies.

Even conservative estimates for the region are superlative. The Research and Mineral Resources Company (CPRM by its Portuguese initials), linked to the Ministry of Mines and Energy, calculates that just in the Lajes mine, it would be possible to extract 1 million karats of diamonds per year, valued at over $200 million (close to 800 million reals).

What’s more, varieties of the rare Kimberlite (a type of volcanic rock in which diamonds are formed) exist in Lajes and at least 14 additional areas, according to one mining company. It would not be an exaggeration to say that there is an annual value of $3 billion lying below the earth.

If these numbers are confirmed, Roosevelt would be the world’s largest diamond deposit, almost 50 percent bigger than the Jubilee mine in Russia, which produces 10.4 million karats per year. In 2012, Russia announced that the Popigai Astrobleme deposit, which is a crater almost 100 kilometers in length created by the impact of an asteroid, would produce enough diamonds to supply the global market for 3,000 years. However, there is still no evidence the deposit has this type of capacity.

Currently, Brazil is a lightweight in the international diamond industry: in 2013, the country produced approximately 49,200 karats, which corresponds to just 0.04 percent of the 130.5 million karats produced globally. It is not a coincidence that the Brazilian states with the largest production, Mato Grosso (88 percent of the national total) and Minas Gerais (11 percent), are also principal areas for illegal diamonds to be laundered.
The diamonds from Roosevelt are highly valued for their shape, size, purity and color. “They can be mainly used for high-value jewelry, they are different and easy to identify,” says Francisco Valdir da Silveira, chief of the mineral resources department at CPRM.

To achieve a production capacity proportional to Roosevelt's potential, it would require advanced industrial mining technology with modern machines and additional manual labor. That is to say, a significant difference from the semi-formal mining that is currently carried out, in which up to 40 percent of the diamonds are lost in the process. Improvised mining equipment is used without supervision and has low production capacity.

The backhoes used in Roosevelt open cracks of up to 20 meters, while excavations in large mines reach 600 meters. Nonetheless, it is estimated that annual sales of diamonds extracted from the indigenous territory exceed $25 million.

**Mining on Indigenous Territory**

From above, a large clearing in the Amazon rainforest can be seen, with the red earth contrasting the lush green. On the ground, the entrance to the mine appears as an island in a dry and lifeless ecosystem, bordered by a river on one side and a marsh on the other. It’s important to watch your step -- the cracked earth can hide quicksand pits.

A few kilometers ahead is the heart of the mining: enormous craters lined up, interspersed with mountains of dirt. Near the holes, precarious wooden shacks covered with tarpaulin have been built. This is where the miners eat their meals, prepared by their wives or by the cooks.

“[The miners] have a lot of drugs and prostitutes, of course, but a lot of families go to the mining areas,” says one miner who did not want to be identified. “The whole family, wife and children included, spend months there, and everyone is respected.” Life as a miner is very difficult, he adds.

Just getting to the mine is very difficult. Roosevelt, the largest of all the reserves, is located atop a 35 kilometer road that is only passable on tractors, powerful vehicles or motorcycles. By motorcycle, the trip includes passing wetlands, and the bike must be picked up and carried at some points. The wear on the brakes is such that they often give out before finishing the trek, which takes approximately four hours to complete.

In the mines, the work is difficult, and the benefits are uncertain. “We found a large, beautiful rock, more than 11 karats,” says one miner. "We gave it to the diamond dealer to sell, but we never saw any money from it. They said he sold it for 180,000 reals ($46,000),” says the miner, who quit his job after that episode.

The operating system of the mine is a complex mechanism that generates a “Cold War” mentality between the miners, indigenous, and intermediaries: everyone tries to outmaneuver the others.

The process starts with an investor who is willing to buy equipment, make contacts with foreign buyers, and bribe the state surveillance apparatus. The investor uses a local intermediary to negotiate each step of this process. The intermediary, of course, receives a commission for their work.
The intermediary contacts one of the two principal Cinta-Larga leaders (each one can “operate” a stretch of mining) and offers the machines in exchange for a percent of the sale of the diamonds, ranging from 20 to 30 percent. The miners are considered laborers, and have no fixed income. They are “hired” by the indigenous leader and must report to the leader if they find diamonds. The miners receive 7 percent of the total value of the diamond, which is generally shared among them equally.

The intermediary frequently values the diamond 30 or 40 percent below its real worth, say indigenous leaders and buyers. Many times, the indigenous receive their share but do not pass on the profits to the miners, who in turn attempt to sell diamonds directly to the buyer, cutting out the indigenous and the middlemen. Small stones can easily fit in bags or can even be swallowed. The problem, however, is that a miner found selling directly to buyers runs the risk of paying for it with his life.

**Cinta-Larga: ‘On the Brink of Genocide’**

The first contact between the Cinta-Larga and white men was tragic: they suffered a monstrous genocide, known as the Massacre of Paralelo Onze, in 1963, that killed some 3,500 indigenous. The massacre precipitated the extinction of the Service for the Protection of the Indigenous (SPI) agency, which was succeeded by the National Foundation of the Indigenous (Funai). An indigenous group that once counted close to 5,000 individuals today has a population of just 1,758, according to census statistics.

The relationship between the indigenous and the whites then remained stable until mining operations began. Thereafter began a systematic process of acculturation. At first grudgingly, the indigenous permitted the mines with conditions, but the large sums of money and their growing consumer habits led to corruption and generated insurmountable debts for the indigenous communities.

A survey conducted by the indigenous activist Maria Ines Hargreaves indicates that, on average, for every Cinta-Larga, there are between three and four court cases, the majority of which are related to unsettled debts. Independent from the financial mess, part of the debt is due to fraud: swindlers take advantage of the indigenous by having them sign blank documents, accept unfair interest rates or approve credit cards with no details on the terms of payment.

To pay off debts, which are often claimed by lenders at gunpoint, the indigenous ally themselves with the miners and permit them on their land.

“They know that the criminal situation in which they find themselves will drive (is already driving, in fact) the entire community into extinction,” says prosecutor Reginaldo Trindade. “The Cinta-Larga people are on the brink of genocide, if not physically, than at least ethnically and culturally.”

The Funai’s regional coordinator in the municipality of Cacoal, Bruno Lima e Silva, echoes Trindade’s comments. “The community, in general, is against the mining, it is only a few leaders that generate profits from it, which creates political divisions among the group,” he says.
Flood of Diamonds

There are Federal Police bases on all the official indigenous reserves, but nonetheless it is impossible to control the flood of people and equipment associated with the mining. Clandestine roads are opened that snake their way onto the reserve through farms located on the border. There is also an airstrip on the reserve, and several small airports on farms.

The diamonds extracted from Roosevelt principally leave the reserve by one of three ways. One of these is aerial transport.

Once taken out of the earth, the stones are photographed and the photos are sent over the internet to intermediaries, generally Europeans and North Americans. The negotiations over the price, as well as date and point of delivery, are made remotely.

The buyer arrives to South America via Ecuador, Peru, Colombia or Bolivia. Once the arrive, they rent a single-engine plane and cross into Brazil, before landing on a clandestine air strip in order to hand over the money in exchange for the diamonds without ever having officially set foot in Brazilian soil.

Another way to remove the diamonds is by sending them to Venezuela or Guyana by land. Until April of this year, when it signed the international agreement, Venezuela was one of the few diamond-producing countries that did not issue a Kimberley certificate -- the international accreditation that, in theory, proves the legal origin of diamonds. Previously, Venezuela’s entire diamond market was illegal, and the smuggled Brazilian stones were incorporated into the local industry.

The flow of contraband into Guyana is weaker. The advantage in Guyana is that one can get the Kimberley seal -- stones that enter a certified legal zone are registered as if they were extracted from there.

The third method for laundering the diamonds is internal. The operation is similar to that which takes place in Guyana, with the stones registered as made in other states, such as Mato Grosso, Minas Gerais and Goias. Diamonds are smuggled to formal mines and, once there, become “formalized.” With the Kimberley seal, the diamonds can be exported directly or are sent to the city of Juina, where they are sold in a legalized “diamond stock exchange” in the main square.

All of this would be difficult without the protection provided by powerful interests. “We have always believed powerful people are involved in the mining,” says Reginaldo. “There are many reports about the involvement of officials from different agencies, politicians, businessmen, and even multinationals in [diamond] exploration; this is the only justification for how such a serious situation has been treated in such an amateur way,” he concludes.

Of course, the money that enters the accounts of indigenous leaders is not legal either. It is generally used to improve the community, with some privileges afforded for the leaders: for example, they buy trucks that are used by everyone for transportation, but the priority goes to the chief. Likewise, they have installed a satellite dish and Wi-Fi, but in the chief’s house. Still,
if a leader does not attend to the minimum expectations of the other village members, their leadership will be contested internally.

Today, the most influential leaders are those with the greatest popular backing, such as Marcelo Cinta-Larga, the chief of the Roosevelt village, and the aging João Bravo, chief of the Tenente Marques village, where few speak Portuguese.

João Bravo is a historic leader of the Cinta-Larga and has lifelong mayoral status, bankrolled by mining funds. He has become rich, but has also improved the community: he had roads built and lights installed, provided medicines and remedies for the village, bought cars and even erected a small hydroelectric plant on the indigenous land.

But his son, Raimundinho Cinta-Larga, does not have the same prestige. A report by Rondônia’s Public Ministry states that in 2005 he was the owner of a house valued at 400,000 reals ($103,000) in Cacoal. In 2014, he was cited in Brazil’s massive “Car Wash” investigation as the recipient of eight remittances for a total of 21,450 reals ($5,500) that came from the money changer Carlos Habib Chater, who is suspected of participating in the extraction and sale of diamonds abroad.

Raimundinho’s defense lawyer says that he and the cooperative that he runs, Coopecilar, never extracted diamonds from indigenous lands.

Is Legalization the Solution?

Paragraph three of article 231 of the Federal Constitution states that “the use of hydraulic resources, including potential energy resources, prospecting and mining of minerals on indigenous lands can only be done with authorization from the National Congress, after listening to the affected communities and assuring their participation in the results of the mining, according to the law.”

In other words, it is necessary that Congress creates and approves a law that permits and regulates the extraction of natural resources on indigenous lands. Since this law does not currently exist, any mining done in Roosevelt is illegal.

“We want mining to be legalized,” Marcelo Cinta-Larga vehemently states. Nine out of ten sources consulted for this report said regulation is the solution to the mining problem, including officials from the Public Ministry, Federal Police, indigenous, indigenous activists and even miners, who say they prefer to work legally.

Three legislative proposals have previously tried to regulate the activity, the most prominent of which was proposed by Senator Romero Juca almost 20 years ago. Juca’s proposal was seen as unacceptable by defenders of indigenous rights, mostly because it reduced the importance of consulting local communities and stipulated that only 2 percent of gross revenues from the natural resources, belonged to the indigenous union. The project would have applied for all types of mining, including that of diamonds or any other precious stone.

In 2010, Representative Eduardo Valente presented a substitute text to Juca’s proposal that incorporated 40 amendments, but rejected another 62, in addition to considering four to be
unconstitutional. The text, which slightly raises royalties to 3 percent of gross revenue, also faces resistance.

Another proposal is before Congress that transfers from the union to Congress the right to demarcate indigenous lands and permits the revision of previously demarcated lands, based on the new criteria. These measures go against Convention 169 of the International Labour Organization, which Brazil signed in 2003, which incorporates indigenous and tribal peoples within domestic law protection mechanisms.

“The law has not yet come,” states Fernando Scaff, a lawyer and professor of financial law at the University of São Paulo. “The mining model depends on the approved text, whether it be by bidding, by direct negotiations with the indigenous, or by a different model,” he states.

Scaff explains that, generally, the first to discover the wealth has the right to exploit it, but on indigenous lands the process will depend on the law. Consultation of indigenous peoples should occur during each mining operation, not in the process to approve the proposal.

This means that, in order to operate on demarcated lands, it would be necessary to come to terms with the indigenous communities. Some are already doing this.

Among the Cinta-Larga, two cooperatives exist that are dedicated to mineral exploration. One is the aforementioned Coopecilar, which for years has been led by João Bravo and Raimundinho. The other is COESCI (Cooperative of Sustainable Extraction for the Cinta-Larga), which is run by Marcelo and Oita Mina Cinta-Larga, but supported by almost all of the indigenous leaders. These are the two entryways for anyone interested in running a legal mining operation. Both of these cooperatives already have their legal representatives.

The lawyer Raul Canal -- whose office is located in Brasilia -- has represented Coopecilar for years. For COESCI, Luis Felipe Belmonte, a lawyer who is also based in Brasilia, and the businessman Samir Santos Entorno presented a regulatory mining proposal in March of this year.

In both cases, their arguments are similar: they do legal consulting work in Brasilia in order to protect indigenous rights and provide them with representation in court cases that favor mining legalization.

There are promises too. The indigenous believe that, after legalization, the Cinta-Larga will be one of the richest ethnic groups in the world -- a report found Samir Entorno showing the indigenous photos of his work with millionaire communities in New Mexico.

Their actions, however, suggest otherwise. Canal says that he is working to get a legal case approved this year that would remove the requirement for the Cinta-Larga to obtain Congressional approval for “the exclusive exploration by the [indigenous] of all the subterranean resources and sources of energy.”

“We do not support any legislative initiative, since none of the proposals before Congress address the interests of the indigenous,” Canal says. “They all favor the interests of large mining companies.”
Belmonte is already working to get the Cinta-Larga permission to legalize exploratory mining procedures that are conducted on the surface. “The proposal is to give them legal means to work,” he explains. “The money would all go to the community through legal means: they do the mining, the diamond trade, and manage the cooperative.”

“The indigenous statute already allows this,” Belmonte adds. “The problem is that it is open to miners entering and exploring illegal activities.”

The two lawyers state that they do not maintain a relationship with illegal mining or miners.

A federal government source says that the legalization of mining in Roosevelt is part of an international lobby in Antwerp, Belgium (the country involved in 80 percent of the world’s trade of rough diamonds and 50 percent of polished diamonds), whose investors want to direct their money towards countries with democracy and stable economies.

In conflict with the state, without money and with a culture in decline, the Cinta-Larga will continue to be dependent on mining, regardless of whether it continues to be clandestine as it is today, or if it becomes legalized by men wearing suits in Brasilia.

*A version of this article was originally published by Folha.*
Colombia: From Coca Cultivation to Gold Mining and Back
Written by James Bargent
Tuesday, 22 September 2015

It was one of the few successful drug crop substitutions in Colombia’s history -- albeit one led by armed groups and an underground economy. But now, the migration from coca cultivation to illegal gold mining in the north of the country has been thrown into reverse, and regions where cocaine production was in decline are witnessing a coca revival.

The latest coca survey carried out by the United Nations Office on Drugs and Crime (UNODC) showed a huge increase in coca cultivation in Colombia in 2014, a rise researchers attributed to a complex interplay of evolving conditions.

However, even the 44 percent overall rise was dwarfed by the increase in the northern province of Antioquia, where cultivation leapt 131 percent. And for those in the epicenter of Antioquian production -- the sub-region of Bajo Cauca -- there was one reason above all: the bursting of the illegal gold mining bubble.

“A lot of people left behind the cocaine and coca business to get involved in mining,” said Ramiro Restrepo, the president of the Bajo Cauca Miners Association. “And now it is the reverse, gold has gone down and a lot of people are saying they’d be better off back where they were, that coca is the only thing that’s profitable.”

This illicit labor migration is largely driven by market forces, but those in the region say it is also a direct result of the state’s policies. And while these policies may have helped curb the expansion of the illegal mining trade, the return to coca shows they have done little to break the vicious circle of poverty and criminal economies that afflicts regions such as Bajo Cauca.

A Criminal Crop Substitution
Consisting of six municipalities in the north of Antioquia, Bajo Cauca is one of many areas in Colombia cursed by its resource wealth and fertile lands. The isolated hills on the edges of the region have rich soil and the perfect climate for growing coca, while the river valleys below contain a wealth of gold.

These resources -- along with Bajo Cauca’s strategic location as a corridor to move drugs to coastal dispatch points -- have long attracted illegal armed groups. For the last two decades, paramilitaries and their criminalized successors have occupied most of the central zone and urban centers, while guerrilla insurgents prowl the outer mountains, jungles and coca fields.

“A lot of people left behind the cocaine and coca business to get involved in mining.”

According to the UNODC, coca cultivation in Antioquia reached a peak of 9,926 hectares in 2007, with Bajo Cauca at the heart of the trade. In 2008 it began a decline, reaching a low of just 991 hectares in 2013.
As coca production fell, the region’s long established informal mining sector began to grow rapidly, fueled by a surge in international gold prices, which leapt from $731.75 per ounce in 2008 to a high of $1,889.7 in 2011.

The work was not as reliable as coca farming, but promised much higher returns for those willing to chance their hand. At the time, it also promised less risk of persecution, with security forces far more concerned with eradicating coca than preventing mining.

Armed groups quickly realized the boom in informal mining represented a new opportunity to diversify their criminal revenue streams, all they had to do was intimidate miners into paying what is known in Colombia as “the vaccination” -- extortion fees.

However, their interest was not limited to extortion. The region’s guerrillas and narco-paramilitaries also saw advantages to operating in an economy caught between the legal and the illegal, a murky world where irritations such as formal land titles, environmental licenses and proof of origin requirements were largely absent.

“Mining favors them in the sense that it is part legal and part illegal, and they shield themselves and camouflage themselves behind the gold panners and other miners,” said Lieutenant Colonel Luis Leon, who leads anti-mining operations in the Bajo Cauca Carabineros.

While the easy money of extortion remained their main interest, the armed groups also began to infiltrate and directly exploit the informal sector to extract even more profits and to launder their drug money. According to local police, they began to invest in mining machinery to rent out or to send to work productive spots. They also stepped up their involvement in running mines, not only charging the “vaccination” but also regulating the mines and using frontmen as administrators.

“This is the answer of these criminals, there is stricter control over illegal mining so they say they are going to return to illegal crops.”

“They had the money to buy machines and to take over certain territories,” said Lieutenant Colonel Javier Guerrero, Commander of the Bajo Cauca police division. “By investing money in machines, workers and technology they began to turn their hand to gold mining.”

In Bajo Cauca, all three of Colombia’s main armed groups -- the insurgents of the Revolutionary Armed Forces of Colombia (FARC) and their smaller relations in the National Liberation Army (ELN), and the narco-paramilitaries known as the Urabeños -- now profit from the mining trade.

**The Counter-Migration**

The most recent coca stats confirm a trend that has long been popular knowledge in Antioquia; the migration from coca to gold is now in reverse. In 2014, the UNODC registered more than double the year’s previous total of hectares cultivated, rising to 2,293.

The move back to coca from mining is largely influenced by international gold prices, which have fallen 37 percent since their 2011 high. In an industry such as mining, where overheads
can be high and results are never guaranteed, such price fluctuations can savage profit margins, driving miners to seek work elsewhere and forcing criminal groups to reassess their economic priorities.

However, gold prices still stand at around $1,200 an ounce -- returning to levels last seen in mid-2010, when the criminal mining boom was already in an upward swing and coca cultivation in Antioquia nearly halfway through its seven year decline. This is not just a story of diminishing returns, say miners, security forces, and local authorities in Bajo Cauca, but also one of increased risks from the state’s crack down on the informal mining sector.

![Image](image.jpg)

*Photo courtesy of the author*

Over the last two years, Colombia has stepped up its efforts to tackle illegal mining exponentially, and the results are clear to see. According to Ministry of Defense figures obtained by El Tiempo, in 2014 security forces seized 739 kilos of suspect gold, compared to 11 kilos the year before and just three in 2011, when prices were at their peak. They also confiscated or destroyed 542 machines -- compared to 237 in 2013 -- arrested 1,757 people and closed down 655 mines.

“The issues of control of machines and the law that allows us to establish the criminal connections between mines and organized crime groups has hit these groups really hard,” said Lt Colonel Guerrero. “This has slowed their capacity to hide their money [in the mining sector].”

This has also been a decisive factor in the migration from gold to coca, he added.

“This is the answer of these criminals, there is stricter control over illegal mining so they say they are going to return to illegal crops,” he said.

In its wars against both coca and illegal mining, the authorities have relentlessly pursued the bottom rung of the supply chain, bringing short term success.

However, the move back to coca is not necessarily driven by orders from the leaders of armed groups concerned about cash flows.

The labor dynamic of both illegal mining and coca cultivation means those at the bottom of the chain, who pick the coca and sift the gold, are not members of armed groups but itinerant
workers in the only economies in town. And many of those workers in the mining sector feel unfairly and indiscriminately targeted by the security forces -- making coca a more attractive option.

“They come and they blow up [the machines], close the mines, take the people away and prosecute them,” said one miner, who did not want to be named. “Imagine that, a person trying to earn their living and they become the same as a criminal.”

The police say these operations are exhaustively investigated and carefully targeted. However, littered around the site near where the miner works is striking evidence this is not always the case; the charred remains of hundreds of thousands of dollars worth of mining equipment sinking into the mud. The equipment belongs to a mine taking part in a pilot formalization program.

The informal mining sector is also being squeezed at the point of sale. Over the last year, the government has introduced a spate of new rules and regulations designed to restrict the flow of illegal gold.

“A lot of gold buyers have closed down because they don’t have these legal documents,” said one gold trader in the town of Caucasia, who did not want to be identified. “There are only a few that you see completely open and that are operating within the legal requirements the government is demanding.”

Although miners have found ways to skirt restrictions -- most commonly by selling to a middle man who has secured the right documents or by claiming the gold is a product of artisanal mining instead of mechanized -- this in itself is an additional cost and risk.

The illegal mining boom in Bajo Cauca is far from over; there remain up to 1,100 mining operations in the region directly employing an estimated 45,000 people, according to the miners association. But there is a growing sense that the bubble may have burst.

Also growing is the sense of failure emerging out of success in Colombia's anti-illegal mining campaign -- the same feeling that has haunted Colombia’s efforts to eradicate coca for decades. In its wars against both coca and illegal mining, the authorities have relentlessly pursued the bottom rung of the supply chain, bringing short term success. But the underlying conditions of poverty, lack of opportunity and the control of armed groups in areas rich in coca and gold have remained unaddressed -- and as long as they do, illegal economies will continue to fill the gaps.
XII. What Works

From smartphone apps to job training for ex-gang members, Latin American countries have experimented with implementing a wide range of approaches to crime prevention. The debate over which policies can have the greatest impact on violence levels is vibrant and ongoing, and 2015 saw several notable experiments in how to best approach the issue.

In Central America, Rudy Giuliani touted security policies he enacted as mayor of New York, and asserted that his approach could be replicated with great success in the Northern Triangle as well. While Giuliani found support in certain sectors, it is also worth questioning whether his so-called “broken windows” policy could work in a Central American context.

Honduras also experimented with bringing in an unorthodox choice to reform security policy. Retired military General Julian Pacheco became the first non-civilian to serve as Honduras’ security minister since 1998. In an exclusive interview with InSight Crime, Pacheco asserted that there was no cause for concern over the alleged militarization of Honduras’ security policy, stating that he was brought in for his “technical” experience. “A policeman isn’t a soldier,” he said. “I’m not here to teach them war tactics.”

One of the most dramatic examples of a security policy bringing about significant reform was International Commission Against Impunity in Guatemala (Comision Internacional Contra la Impunidad en Guatemala - CICIG). After CICIG investigations lead to the resignations of the country’s president and vice president, the head of the anti-impunity body, Ivan Velasquez, began to enjoy higher approval ratings than presidential candidates.

The following articles are a selection of InSight Crime’s coverage of what works -- and what doesn’t -- when it comes to Latin America and the Caribbean’s citizen security policies.

- Elyssa Pachico
How Colombia’s Judge Already Won Guatemala’s Elections
Written by Steven Dudley
Tuesday, 20 October 2015

Guatemala’s presidential run-off is Sunday, but the country has already elected the winner: Ivan Velasquez, the soft-spoken Colombian judge who manages the United Nations-backed anti-impunity watchdog, the CICIG.

The official candidates -- Jimmy Morales and Sandra Torres -- are waging a relatively civil, if unremarkable campaign for the October 25 vote.

Morales, a comedian-turned presidential candidate for a party created and funded by ex-military officers, won the first round in September and is leading in the polls by a comfortable margin.

A longtime television star in Guatemala, his popularity can explained by his ability to talk to the TV cameras in short, concise sound bites, and his relative distance from the corruption scandals that led to the recent resignations of Otto Perez Molina as president and Roxana Baldetti as vice president.

If Morales has a plan to fight corruption or crime, he has not said so publicly. Almost every policy question thrown at him will require -- in his words -- "a study" (or two), before his administration can determine a course of action.

Torres is the opposite. She has many ideas -- especially concerning how to increase access to education and health services -- but an electorate that is not ready to listen. She was known as a strong first lady when her husband Alvaro Colom was president (2008 - 2012), and is not averse to playing politics in both the legislative and judicial branches (often with the help of an unscrupulous sister). This reminds many Guatemalans of an old guard that many would like to see removed.

Limited enthusiasm for Guatemala’s presidential candidates -- as well as recent corruption scandals -- is what has helped make Colombian Judge Ivan Velasquez so popular. Velasquez is the commissioner of the International Commission Against Impunity in Guatemala (Comision Internacional Contra la Impunidad en Guatemala - CICIG). His job is dismantling the corrupt structures that undermine Guatemala’s justice system. In particular, this has involved targeting those close to the military intelligence networks that morphed into criminal groups after the end of Guatemala’s civil war in 1996.

And help dismantle them he has, leading to an 87 percent approval rating (and more than a few gushing caricatures). After stunning and ground-breaking revelations that the presidency -- specifically the vice president’s personal secretary -- was running a scheme that skimmed millions of dollars from Guatemala’s customs agency, the CICIG began prosecuting both Baldetti and Perez Molina (in separate cases), eventually forcing their resignations.

The CICIG also launched cases against a powerful law firm dubbed the “impunity buffet” for securing the release of nearly any accused criminal with a phone call; the head of the social security agency, the largest and wealthiest government body in the country, for selling faulty medicines that killed numerous patients; and an elite, well-heeled congressman who bilked money from a work contract with his bodyguards.
The CICIG also has pending cases against a former military-officer-turned-prisoner who was running the jail system from his own cell; a top-level drug trafficker from a prominent, alleged “narco” family who is charged with homicide; and a money launderer with ties to a former vice presidential candidate and numerous other longtime politicians. This last case helped derail the presidential campaign of a candidate many thought would end up winning come October 25.

And the list goes on. The CICIG revealed so many cases in the last five months that Guatemalans started talking about Thursdays as “CICIG Thursday” (#juevesCICIG), a reference to the day of the week that the commission would almost surely launch another bombshell that would shake the country's status quo.

As opposed to previous CICIG commissioners, Velasquez was not seeking Guatemala's limelight. The judge is known for keeping his head down and taking on paramilitary-political networks in Colombia, including family members of Colombia's President Alvaro Uribe. Ousting Perez Molina has given Velasquez incredible status in Guatemala, and those now lining up to pay homage include numerous former detractors of the CICIG, including the country's economic elite who have all but knighted Velasquez even as he has skewered some of their own.

But these cases did not appear from thin air. The CICIG has spent years honing (and significantly broadening) its mandate and retooling its shop to fit the needs and types of crimes it found in Guatemala. This meant breaking the commission into units that focus on five areas: drug trafficking, political financing, customs, corruption, and judicial corruption.

Previous CICIG Commissioners Carlos Castresana and Francisco Dall'Anese, working alongside Guatemala's Attorney General’s Office, also helped lay the groundwork for these arrests by establishing a new means of investigation that relies more on empiric evidence than witness testimony. They also created a 150-member crime analysis unit, which helps prosecutors make cases that undermine networks as much as individuals.

Amazingly, Guatemala's executive and judicial branches have also played roles. The executive has renewed the commission's mandate four times, the last time just days after the CICIG revealed the case against the vice president's secretary (although it's likely Perez Molina -- now in jail -- wishes he could do that one over again).

Meanwhile, Congress passed new legislation that opened up the formerly opaque process of selecting high court judges, the attorney general, and other key judicial and administrative posts to public scrutiny. In another key move, Congress passed laws regarding wiretaps and cooperating witnesses, giving their prosecutors modern crime-fighting tools.

The international community, particularly the United States, footed the bill. Diplomats also stood by the CICIG when it mattered most, particularly during the last renewal of the CICIG's two-year mandate in April.

Velasquez is the face of this broad network of reformers and gets much of the credit for its results. However, the reality is that the cases revealed during #juevesCICIG will not get guilty verdicts without continued herculean effort by the CICIG, the Attorney General's Office and, of course, the new president, whoever that might be.
Both Morales and Torres say they publicly will support the CICIG and Velasquez. When Colom was president, then First Lady Torres was a reluctant, albeit public supporter of the commission. There is little to believe that will change, but scrutiny of Torres’ sister’s record of corruption and possible ties to organized crime may quickly alter the relationship.

For his part, Morales may have less obvious connections to the underworld but his supporters -- particularly ex military personnel -- may have much more to lose with the CICIG’s continued presence than even Torres does.

In the end, both Torres and Morales may not want the CICIG looking over their shoulders anymore, but as long as Velasquez’s popularity remains high, they may have to live with it.
What an Ex-General Wants to Teach Honduras Police: Interview
Written by Steven Dudley
Monday, 02 March 2015

Retired military General Julian Pacheco, who began serving as Honduras’ new minister of security this year, faces some big challenges in the Central American country, the most violent in the region. But even with his military background, in an exclusive interview with InSight Crime, Pacheco says he is “not here” to teach Honduras’ police “war tactics.”

Pacheco is the first non-civilian to serve as security minister since the department’s creation in 1998. The ministry oversees law enforcement and policing in the country, and the selection of Pacheco -- who is the former head of an anti-crime, multi-agency task force known as FUSINA, and who also once worked in military intelligence -- formed part of a wider pattern of military appointments in civilian posts. This prompted some concerns that Honduras was leaning too heavily on its military when it came to citizen security issues.

InSight Crime recently talked with Pacheco in Honduras about his priorities as security minister, how he sees the state of organized crime in the country, and his views on how to best strengthen a police force that has long struggled with corruption.

The interview has been condensed and edited for clarity.

What is your list of priorities in the security ministry?

The first is resolving the issue of criminal investigation, which is a problem that the country has, not the police. So we need to strengthen the criminal investigative police and that’s priority number one. The second priority is the system of police intelligence, and more human resources for police intelligence. The third important issue is the logistical side of the police: more vehicles, more technology so that they can do their job. And the last would be a reclassification of their personnel. Those are the four priorities we’ve established.

There’s been some high-level drug trafficking cases [in Honduras recently]. How have you managed to achieve what previous governments weren’t able to do? What you have done differently that you haven’t done before?

When it comes to security, political decisions are a big factor. You can have an institution that’s very well equipped, very trained, very capable. But if there’s no political will to resolve a strategic, national problem like drug trafficking, you’re not going to go anywhere. That’s why it’s been the decision of this president to say, “We’re going to fight these criminal bands because they’re generating a lot of violence and a lot of bloodshed in the country.”

Have you encountered any resistance, any problems? What’s been the most difficult part of attacking these high-level groups?

Firstly, it’s been the vulnerability of security institutions: the police, the attorney general, the [Supreme] Court, the courts. It’s not news or surprising to anyone that in regions like the west (of Honduras), the prosecutor or the judge or the police officer who maybe doesn’t act in favor of the interests of these groups, they would be too afraid to do so. Because these groups have so many resources, they can be sure to take revenge for any kind of harm that a prosecutor or judge could do to them.
So that was why [the position of] the federal-level prosecutor was created. A prosecutor based in Tegucigalpa who has the power to act in the west. The federaljudges as well....

So these [criminal groups] could buy off the local authorities, but they didn’t have the nationalones. And that unbalanced them, and they began to lose control, and that’s what has permitted us to achieve the things that we have. And alongside that, the US government is supporting us with a lot of information, and that was also a political decision, to accept that aid.

Have you seen any changes in the dynamics of the underworld in the last 18 months?

Yes. The number of narco-flights arriving in our country have been noticeably reduced. The amount of drugs arriving by sea, by land, have been reduced as well. We know that drugs are moving through, we don’t presume to defeat organized crime. What we want is to establish order in the country. And in establishing order in the country, we’re going to push them out to find out routes. If the drugs are going to go through, it’s going to go through, but we don’t want this country to be a stage for drug trafficking, either nationally or internationally.

How can you confront the gang issue in Honduras?

Well, we’ve created special units. The country has an anti-gang unit run by the national police. There’s an anti-extortion unit that specifically combats extortion, which is the main source of funding for the gangs. But on top of that we’ve created special units for prevention.

So we’re going down two paths: undermining their control of physical spaces where they control the population, and also undermining popular support for these gangs, because it’s also important to reduce the social base where they can recruit new members.

Have you been able to establish whether these same gangs have become more sophisticated in the past few years? Do they have better weaponry?

We don’t think so, because we’ve taken down much of the logistical capacity they once had. We’ve fought them hard. We’ve fought the issue of arms trafficking, the issue of car robberies, and also the issue of gangs occupying civilian infrastructure in some parts of the country, we’ve recuperated whole areas.

It’s still a problem, because the gang issue isn’t one we’re going to resolve in a year. It’s a process that will maybe take several administrations, but this administration has started it.

Do you think gangs are responsible for the majority of homicides in the country?

A great deal. The other is the issue of drug trafficking and gang rivalries, the infamous “tumbes” [robberies] of drug shipments, the infamous lack of loyalty among gangs that brings about the infamous massacres. But then there’s also [violence] generated by gangs specifically related to the drug issue – the control of territory for dealing drugs.

What’s the relationship between gangs and transnational organized crime?

Well, more than anything it’s one of high-impact assassinations. That’s where you going to see the participation of a group of gangs – gangs that already have a certain amount of training and experience -- who become involved with drug trafficking gangs, or other criminal groups not necessarily involved in drug trafficking. And [the gangs] are paid to kill someone off, in what’s known as sicariato.
One primordial, ongoing issue is police reform. Honduras has been working on this issue for nearly two decades, and they just haven’t been able to do it.

Well, I think I’ve been lucky enough to identify a group of police officials who want to recuperate their police force, because I’m a retired officer of the armed forces.

And these institutions [police and military] can only recover from these problems if the will comes from within – the commitment to do it. From outside it’s impossible – why? Because these are hierarchal institutions that have a structure, internal codes that only they understand, and sometimes the people on the outside don’t understand them. Why? Because this is a career. The police officer who enters the police academy knows he has 35 years of service ahead of him. So he fights for that. The military man is the same.

So what I’ve done is identify a group of officials who want to work with the Ministry on this issue of strengthening the police, saving the police, and recuperating the image of the police in the public eye.

One debate right now is that there’s a lot of military and ex-military in leadership positions when it comes to citizen security. How do you see this, from the inside, when there’s talk of the militarization of citizen security?

Looking at the police issue – why do presidents use ex-military on these issues? Because it’s an issue of knowledge, experience, and loyalty to the country, and presidents see a military man as a technocrat, a technocrat in his work, in the specific areas that they want to improve. So I see this as an opportunity to serve the country in a transitional phase. Possibly in one, two, three administrations, the minister of security will be a police general.

Perhaps you’re bringing broader experience than others, but the concern is that you’re also bringing a military mentality. The idea that there should be more focus on prevention or occupation of territory rather than the investigative part. So the concern is that a military mentality will be imposed upon the police, which maybe needs a different mindset to confront the country’s problems.

I do come with a technical mentality, that’s true. In three ways – the first is the mentality of fomenting a hierarchy in the police, given that a hierarchy lets you foment discipline, institutional commitment, and solidarity between those very police.

The second is... creating connections between the base-level police officers, and the higher-ranking officers. So you’re creating a connection between these ranks, so that there’s a responsibility of leadership. So we are trying to recuperate the leadership of the police in such a way so that there’s a link between the police general, and those who are out in the streets, because that hasn’t existed before.

And the other issue we want to look at is planning. There’s a lot of inefficiency when it comes to police planning... long-term planning, planning of operations, and tactical planning too. So if you don’t know how define your objectives, you don’t really know where you’re going. But if you can define objectives, then you have an order – an order for employing your human, financial, logistical and legal resources. So that’s what we’re trying to teach [the police] – I know they already have an order, but it needs to be structured.

And the other issue is one of logistics – how to adequately manage logistics in order to be functional, and so that your operations are successful. For example, this can involve things as
basic as knowing vehicle maintenance -- as basic as knowing how much munitions the police need for training this year, how many weapons, what kinds of weapons they need. They don't need weapons of war because a policeman isn't a soldier. He's a civilian dressed in uniform who goes around with a rifle, with a badge, to serve the citizenry... I'm not here to teach them war tactics, or operational tactics, or aerial transport tactics, or special forces. Nevertheless, the police need special forces, but special forces with other characteristics, not the special forces that a military structure has.

You say that this is a transitory era, but at the same time there's talk of putting the military police in the Constitution. So I don't know if those two things are compatible.

That's a political decision of the current president, but I'm going to give you an example. In Spain, there are three police bodies: there's the civil guard, which is a militarized police, there's the national police, and there's the investigative bodies. The civil guard is practically an army in Spanish. Argentina has one too, in the Gendarmerie. Brazil has its military police...

Having just one institution in charge of public security, we run the risk that what happened to our police over the past decade will happen again. [We need] another institution as a counterweight...At the end of the day what the public is interested in is that we give them security, that there's someone to look after them, someone to call during an emergency that will help them. If it's military police, a citizen isn't really interested – what he's interested in is getting a response when he wants help.

You used to manage FUSINA, you had a hand in intelligence, now you run the Ministry of Security. You also had access to phone wiretaps. Some from the outside might see pretty strong concentration of power here. How do you see it from the inside?

I don't think that's something worth worrying about. I don't have as much power as people credit me with because it's not true. Plus the only power I can have is the experience I've managed to accumulate over a 35-year career.
Giuliani’s ‘Broken Windows’ Won’t Fix Central America
Written by Michael Lohmuller
Wednesday, 18 March 2015

Rudy Giuliani -- the former New York City mayor touted as the mind behind a dramatic drop in crime in that city in the 1990s -- is offering some well-compensated advice to some of the poorest, most violent countries in Latin America, but his crime-reduction theories are based on a dubious concept and can be counterproductive.

In October 2014, the former New York City mayor -- who had been hired by Guatemala’s business community -- visited Guatemala to discuss the results of a four-month study by his security firm Giuliani Partners LLC on the country’s security conditions.

A few months later, a team from Giuliani’s consulting firm visited El Salvador to help create an anti-crime strategy, reported Warscapes. Similar to Guatemala, Giuliani’s firm had been hired by El Salvador’s National Association of Private Enterprise (ANEP) to advise local leaders on how to combat violent crime.

Giuliani will be returning to Central America this year to advise Honduras on how to manage insecurity and violence.

Giuliani has also done consultancy work in Colombia and Brazil, where he traveled to Rio de Janeiro to help the city improve security in anticipation of the 2014 World Cup and 2016 Olympics.

The former mayor is uniformly received like a rock star, and his crime-fighting wisdom is treated as gospel, however shallow and rudimentary it is.

“For us the number one priority was security,” Giuliani told the Guatemala crowd of his time as New York City mayor. “When you have a tremendous amount of crime in your society, you are not going to solve it with schools, libraries, nice neighborhoods and sports teams. You have to emphasize law enforcement. As soon you get the crime down, the next thing you do is build up the social programs. That’s when you create more jobs, better neighborhoods, better schools.”

Giuliani left Guatemala with recommendations on how to better measure the effectiveness of its police and justice system, and thus determine how many police were needed and how high their salaries needed to be in order to cut back on corruption.

In El Salvador, the president of the organization who invited him said he was confident the firm’s proposals would “break the circle of violence,” and added that he hoped the government would give full consideration to Giuliani’s formal recommendations, which are expected in early April.

InSight Crime Analysis

Central America needs help. The Northern Triangle region -- Guatemala, El Salvador, and Honduras -- is one of the most dangerous and violent regions in the world. In 2014, Guatemala’s homicide rate stood at 31 per 100,000, while both El Salvador and Honduras had rates of over 60. Much of this violence is the result of widespread gang activity and drug trafficking through the area.
Such levels of violence have taken a large financial toll on Latin American economies: violence in Honduras cost the country an estimated 19.2 percent of its GDP in 2013. Rampant insecurity is also seen as one of the primary factors motivating Central American youths to make the dangerous trek north to the United States.

But there are numerous problems with the former mayor, beginning with his credentials. Statistics show violent crime and homicides started to drop prior to Giuliani’s administration. Indeed, during the 1990s, crime did not only fall in NYC, but in major cities throughout the United States, including Chicago, Los Angeles, San Francisco, Miami, and San Diego.

Many observers also cite a complex mix of social and demographic changes for New York City’s crime drop, namely: the end of the crack cocaine epidemic, an improving economy, and increased prison terms for criminals. All of this suggests Giuliani was less “supercop” and more the beneficiary of circumstance: he was simply in the right place at the right time.

There are also major problems with Giuliani’s core concept. Known popularly as “broken windows,” the theory -- first introduced by college professors George Kellog and James Wilson in 1982 -- suggests police can make areas safer by cracking down on minor “quality-of-life” offenses, like vandalism or panhandling, on the assumption that strict enforcement of the law against petty crime will prevent more serious crime from taking root.

In addition to just how ridiculous this sounds in places with homicide rates six times what New York City had at its worst, there are serious doubts about the effectiveness of “broken windows” policies -- and concerns they have led to abuses by police in New York -- which should give Central American governments a degree of caution in adopting his recommendations.

Randall Shelden, a criminologist at the University of Nevada, Las Vegas, said in an e-mail to InSight Crime that “the so-called ‘broken windows’ idea is based upon a bad theory or no theory at all,” and that “hardly any credit should be given” for Giuliani’s “broken windows” approach.

Robert Gangi -- a criminal justice and law enforcement expert who served as the Executive Director of the Correctional Association for over 29 years and founded the Police Reform Organizing Project (PROP) -- told InSight Crime that “no credible research has proven that broken windows in New York City is an effective crime fighting strategy.”

Instead, Gangi said a variety of factors were responsible for NYC’s crime drop. In addition to reasons mentioned earlier, these include the stabilizing effect immigration had on poor neighborhoods, the eventual resolution of the drug war, and what he termed the “little brother syndrome” -- younger generations avoiding drug use after witnessing its ill effects.

Gangi added that “cities all over the world have seen a significant decline in crime, even those who did not employ a broken windows strategy.” The expectation, he said, that crime will drop by listening and employing Giuliani’s approach is a “theory built on sand.”

Giuliani’s policies can also be counterproductive. Gangi called “broken windows” policing in New York a “blatantly racist form of law enforcement” that has punished minorities for low-level offenses. The same has already happened in parts of Central America. Much of what Giuliani is recommending in Central America -- such as “zero tolerance” and his “broken windows” policies -- are what Central Americans called “mano dura.”
Enacted in the early 2000s to deal with the rise in street gang activity, mano dura involved large police sweeps in marginalized areas and the indiscriminate mass arrests of suspected gang members based on clothing and tattoos. These policies led to mass incarceration but have been ineffective at reducing crime and violence. Some studies even suggest they have actually worsened gang activity and InSight Crime has found they have helped the gangs reorganize, regroup, and recruit in the jails.

In contrast to Giuliani, Gangi said there is a basic wisdom to apply in order to combat crime and violence that involves providing support and opportunity for people who, for one reason or another, have become marginalized. For these people, crime can become a way of life, or simply serve as a means to make a livelihood.

This means governments should aim to provide job training, after school programs, improved education, and an end to aggressive and discriminatory policing. For his part, Shelden questioned how Giuliani would achieve this in Central America, since providing “security” -- which Giuliani explicitly stated during his visit to Guatemala City as his number one priority in New York City -- means “doing little or nothing about the causes of crime.”

While “broken windows” policing continues to have its defenders, Giuliani himself has somewhat retreated from the universal applicability of his policies, acknowledging that what worked in New York might not work in Guatemala.

Indeed, the differences between New York under Giuliani and Central America today are vast: Giuliani’s New York lacked the same crippling levels of poverty, extensive gang activity, and large-scale drug trafficking. Perhaps more importantly, however, the countries that make up the Northern Triangle collect hardly any tax revenue, meaning that funding for any of Giuliani’s recommendations -- such as increased and better paid police -- will be hard to come by and the institutions one might use to apply justice are chronically impoverished.

Central American government and business associations would do well to talk to others who have hired Giuliani before they proceed. In 2003, Giuliani presented a 146-point plan on reducing violent crime to government and business leaders in Mexico City. Then Mexico City police chief Marcel Ebrard said he would follow every one of the recommendations, yet the following year crime dropped by just one percent. This led many skeptical officials in Mexico City to criticize the work of Giuliani’s firm, with new police chief Joel Ortega saying, “I am no fan of Giuliani.”
Behind Colombia’s Dramatic Fall in Kidnappings
Written by Kyra Gurney
Tuesday, 13 January 2015

Colombia was once the kidnap capital of the world, with eight reported abductions a day, but over the past 15 years that number has fallen to less than one a day. How did the country achieve this remarkable turnaround?

In the year 2000, Colombia was a country paralyzed by the threat of kidnapping. Guerrilla groups like the Revolutionary Armed Forces of Colombia (FARC) and the smaller National Liberation Army (ELN) set up roadblocks on major highways and kidnapped travelers en masse. Others were targeted for their political beliefs or their wealth, while some merely happened to be in the wrong place at the wrong time. To make matters worse, the state was barely present in vast swathes of the country, which meant that kidnappers could keep their victims hostage for years.

In 2000, 3,572 people were reported kidnapped. Nobody knows how many cases were never reported.

Then, the following year, kidnappings started to drop. By 2005, kidnappings were down to less than a third of their previous levels, and by 2010 there were only 282 kidnappings reported in Colombia. The number has more or less remained constant since then, with around 300 kidnappings reported during each of the last three years, according to data from the anti-kidnapping and anti-extortion agency, known as the GAULA. As of December 12, 2014, the GAULA had registered 277 kidnappings, which means the figures were on track to come in slightly below the 2013 total.

Now, when kidnappings do occur in Colombia, they look very different than they did in 2000. Whereas the guerrillas groups of the FARC and the National Liberation Army (ELN) were responsible for an estimated 58 percent of kidnappings between 1970 and 2010, by 2012 -- the year the FARC said they would stop kidnapping, as one of the conditions for beginning peace talks with the government -- that number had dropped to 14 percent.

Common criminals are now the perpetrators of the overwhelming majority of kidnappings: 75 percent, based on the GAULA’s figures. Meanwhile, armed groups descended from right-wing paramilitaries, known as BACRIM (from the Spanish acronym for “criminal bands”) carry out just 2 percent of kidnappings, while the FARC and the ELN are responsible for the remaining 23 percent.

The profile of the typical kidnap victim has also changed. The police director of the GAULA, Colonel Fabio Lopez, told InSight Crime that ten years ago, criminal groups and illegal armed actors tended to target mainly wealthy individuals. “Before it was selective, [criminals] chose their victims more carefully,” he said. “Today anybody can be the target of a kidnapping and the ransoms aren’t as large.”

Patricia Rey -- the Communications Coordinator at the International Committee of the Red Cross (ICRC) in Colombia -- told InSight Crime that about a third of the kidnapping victims rescued by the ICRC in 2013 were members of Colombia’s security forces. She said the vast majority were also Colombian citizens, while only a small portion were foreign tourists and workers.
Regardless of the victim’s profession or nationality, the chances that he or she will be held captive for years -- as was the case up until the early 2000s -- are fairly slim. Colonel Lopez told InSight Crime that of the kidnappings that occurred between January and December 4, 2014, some 190 victims were held hostage for 30 days or less. Of those 190, 68 percent were only kidnapped for one or two days.

‘A Frontal Assault on Kidnapping’

According to a Ministry of Defense report, a large part of Colombia’s success in reducing kidnappings can be attributed to former President Alvaro Uribe’s policies. “Without a doubt, the key factor that allowed [the country] to achieve this success was the leadership and determination demonstrated by the Colombian government,” the report reads.

The report goes on to list a number of factors -- including security forces retaking control of areas previously controlled by guerrilla groups, the creation of anti-kidnapping units, and legislation defending personal liberties -- that the government credits with achieving the dramatic security success.

Colonel Lopez echoed this explanation. He said that the high kidnapping rate in the early 2000s prompted security forces to “adopt stronger measures” and launch “a frontal assault” against the crime. He also credited the creation of the GAULA in 1996.

These factors undoubtedly played a significant role in reducing kidnappings. Once security forces retook control of major roads, guerrilla groups could no longer carry out the mass kidnappings they called “miracle fishing”. Greater territorial control also meant that it was harder for illegal armed groups and criminal organizations to hide their victims for years on end. Bombing raids kept guerrilla groups on the run, so lugging a kidnapping victim along became increasingly difficult.

At the same time, Colombia’s penal code broadened its definition of the crime, allowing the judiciary to prosecute different types of kidnapping. In 2008, for example, a type of robbery known as the “paseo millonario” (millionaire’s ride) -- in which perpetrators force taxi passengers to go to the nearest ATM and withdraw money -- was reclassified as “extortive kidnapping” under the law.

Discrepancies in the Numbers

However, some critics have cast a skeptical eye on Colombia’s steadily dropping kidnapping rate.

Until 2003, kidnapping figures were compiled and reviewed by a committee comprised of representatives from the Attorney General’s Office, the now-defunct intelligence agency known as the DAS, the army, the president’s office, and non-governmental organization (NGO) Pais Libre.

In 2003, a year into Uribe’s presidency, the government ditched this system and adopted a new policy: only registering kidnappings in the official statistics when the Attorney General’s Office opened a case, according to Semana magazine. But it may take prosecutors up to four years to open an investigation into a kidnapping case, according to the magazine.

As a result, kidnapping figures from the Uribe administration are considerably different from those compiled by a government commission meant to investigate Colombia’s armed conflict -
- the National Center for Historic Memory (CNMH). Whereas the official figures show a total of 9,382 kidnapping victims during Uribe’s eight years in office, the commission found 15,537 -- meaning that nearly forty percent of victims were not included in the official figures. While police reported 282 kidnappings in 2010, the National Center for Historic Memory counted 1,252, and Fondelibertad -- the now defunct Defense Ministry office previously responsible for recording kidnappings statistics -- counted 1,120.

Colonel Lopez told InSight Crime that kidnapping statistics are currently counted based on reported crimes, and that the figures are reviewed by a committee that includes representatives from several government entities. In response to a question about the methodology for measuring kidnapping statistics between 2003 and 2010, Colonel Lopez said kidnappings were taken from cases reported to the security forces.

**Kidnapping Going Down; Extortion Going Up**

Another reason for Colombia’s falling kidnapping rate is that illegal armed groups and common criminals now have fewer incentives to take people hostage. Kidnapping is not as lucrative as drug trafficking, and is riskier and requires more resources than other crimes like extortion.

“To kidnap someone you need an entire infrastructure including people to do the kidnapping and guard the victim, places to hide the victim, informants, food, etc.,” Maria Consuelo Jauregui, the Director of NGO Pais Libre, told InSight Crime. “To carry out extortion all you need is a disposable cellphone and information, nothing more.”

Although Jauregui believes that better law enforcement measures has made a difference, she said that another major factor behind falling kidnappings is that criminal actors and illegal armed groups “now prefer a different type of crime.”

“Kidnapping has migrated towards extortion,” she told InSight Crime.

Jauregui said that now when kidnappings do occur, they are sometimes used as a way to pressure companies into make extortion payments, rather than as a means of generating revenue in and of themselves. In the oil-rich state of Arauca, she said, there have been recent cases of oil company employees taken hostage by criminal groups, in order to pressure their employers into paying extortion fees.

This anecdotal evidence is supported by Pais Libre’s figures on “simple” kidnappings (in which no ransom is demanded) versus “extortive” kidnappings. Even as the number of kidnappings has remained relatively constant, the percentage of “simple” kidnappings rose between 2010 and 2013 after dropping significantly in 2009.

Overall, Pais Libre’s statistics show a rising number of extortion cases in Colombia, even as the NGO says that the crime is underreported by an estimated 90 percent. The GAULA’s figures show that extortion cases quadrupled between 2008 and 2013, from 830 cases to over 4,800.

Colonel Lopez also conceded that in Colombia, kidnapping might have transformed into extortion to some degree. “Extortion is easier to carry out,” he said, “so it’s possible it has transformed so that there are now more extortions than kidnappings, and that’s why we’ve seen an increase in extortions.”
However, Colonel Lopez also said that the apparent increase could be the result of citizens having more confidence in the police. “It could be because people have lost their fear and are reporting [extortion] more,” he said.

The GAULA is currently planning to create a virtual portal so Colombians can report extortion online. Meanwhile, Pais Libre is lobbying to have extortion reclassified as a crime against personal liberty, rather than simply a crime against a person’s assets. This would affect sentencing, making extortion riskier for criminal groups. Ultimately -- as demonstrated by Colombia’s dramatic drop in kidnappings -- criminal groups appear to make decisions based on a cost-benefit analysis. Like any other for-profit organization, once one activity becomes too costly, they look for a different way to turn a profit.
XIII. What to Expect in 2016

At the end of each year, InSight Crime gazes into the crystal ball and seeks to make predictions on where organized crime is going to find particularly fertile ground in the coming year or where criminal dynamics are set to change.

We often use the year past as a guide. In 2015, corruption and crime at the highest levels have led to unprecedented judicial action in various countries. But the underworld remains adept at undermining prosecutors. What's more, the end of old conflicts -- as well as the unraveling of a truce -- will open new possibilities for transnational organized crime (TOC).

For 2016, we have listed six nations where we expect changes to the criminal status quo, or where organized crime is likely to make gains.

Colombia

Colombia could enter a period of criminal flux in 2016. The country is likely to sign a peace agreement with its largest rebel group, the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC), although not on the expected date in March; more likely in the second half of the year.

This is going to change the criminal dynamics of the entire region, not least because the FARC control up to 70 percent of the country's coca, the raw material for cocaine. The FARC are also involved with numerous other criminal economies including contraband, extortion and illegal mining. In all, the rebels earn more than half a billion dollars every year.

However there is already evidence of other criminal actors positioning themselves to take any earnings that the FARC leave behind. Foremost among those groups is the National Liberation Army (Ejercito de Liberacion Nacional - ELN), the country's second rebel group and the FARC's ally. There are also the latest generation of Colombian drug trafficking organizations, referred to as BACRIM (drawn from the Spanish for criminal gangs, “bandas criminales”) as well as a dissident faction of the long demobilized rebel group, the People's Liberation Army (Ejercito Popular de Liberacion - EPL), which appears to have plans to expand from its base in the region of Catatumbo along the Venezuelan border.

Should the FARC sign a peace deal, it is inevitable that some of their units will evolve into new criminal structures, while other criminal economies will be swallowed by allies and rivals alike. The critical question is whether the government can contain this problem.

Venezuela

While Colombia is seeing a de-escalation of conflict, the trend in Venezuela is in the other direction. Homicide rates in Venezuela long ago overtook those of Colombia, and transnational organized crime (TOC) now has deep roots in this Andean nation.

Traditionally, the drug trade was dominated by the Colombians operating in Venezuela, but the Venezuelans have come into their own, led by corrupt elements of the governing Chavista regime called the Cartel of the Suns. It is not a cartel, nor even a hierarchical organization, but rather a network of corrupt Chavista officials.
A series of arrests and US indictments illustrate that drug trafficking may reach to the very highest echelons of the Venezuelan government of President Nicolas Maduro. The regime’s former drug czar, General Nestor Reverol (pictured right), has been charged with cocaine trafficking, and two nephews of the First Lady now face drug trafficking charges in the US after their capture in Haiti. Investigations are also circling ever closer to the Chavista strongman, Diosdado Cabello.

The regime is also facing political challenges at home, which could hasten its drift towards a criminal state. The government is nearly bankrupt and with the opposition’s crushing victory in December’s elections -- which gave it control of the National Assembly -- the Maduro administration is stumbling.

The likelihood is that the Chavista regime will dedicate all of its energy to a political war against the opposition via the other parts of government that it still controls (most of the judicial system, the military, and others), while protecting its senior figures already indicted or under investigation for corruption and drug trafficking. Specifically, the government will sidestep the National Assembly, while the opposition will use the Assembly to try to hamstring Maduro.

Desperate for cash and allies, the Maduro administration will face a Faustian bargain. The corrupt machinery of the Cartel of the Suns needs oiling and with no more money to rob from an almost bankrupt state, we believe that a deepening involvement of elements of the state in drug trafficking is inevitable to find funds to prop up the faltering regime.

**El Salvador**

With the breakdown of a truce between the country's two largest rival street gangs -- the Mara Salvatrucha (MS13) and the Barrio 18 -- murders climbed throughout 2015, reaching levels not seen since the civil war and likely making El Salvador the region’s murder capital.

Equally alarming is evidence that some gang leaders, especially in the MS13, are maturing and have greatly increased their sophistication, even if they remain bit players in TOC.

This provides a stark contrast to a stumbling government that has been unable to come up with a serious response to the increasing violence or formulate an innovative security policy. While the leftist administration of President Salvador Sanchez Ceren has paid lip service to more social and economic assistance to poor areas and is even raising taxes on the wealthy, it has also emboldened hardline factions within the security forces, who may be moving to take this low intensity war into their own hands.

There is little to suggest that this dynamic will change in 2016. Indeed, El Salvador is bracing itself for another record-setting, violent year.

**Brazil**

When Brazil hosted the World Cup in 2014, the security forces, via their vaunted "pacification" program, flooded into Rio de Janeiro’s favelas. This was a mixed blessing for those areas: homicides went down; police violence increased. That pattern is likely to be repeated in 2016, when Rio hosts the Olympic Games.
What's more, the political situation in Brazil is far more delicate than it was in 2014. A widening corruption scandal in the state oil company, Petrobras, has implicated key sectors of Brazil's elite. President Dilma Rousseff only narrowly escaped impeachment at the end of 2015 and is fighting for her political life.

All of this means that attention is likely to be focused away from TOC, which counts several Brazilian groups amongst its largest and most sophisticated actors. These groups are shipping hundreds of tons of cocaine and its derivatives into Brazil, not only for the booming domestic market but for transit to Europe, Australia, and parts of Asia, where a kilo of the drug can be worth more than $100,000. With the cost of producing a kilo of high purity cocaine between $2,000 and $3,000, profits (and incentives) remain very high.

The upshot is that while Rousseff will likely survive, her weakened status and the pressure to pull off a high-profile event like the Olympics, will steer attention away from the burgeoning criminal economy and the actors that control it.

**Mexico**

Although they have taken some hits and have had to restructure themselves, Mexico's drug trafficking organizations are still the most powerful and potent criminal structures in the region. What's more, President Enrique Peña Nieto is reeling in large part because of his administration's security failures.

The escape of the world’s most notorious drug trafficker, Joaquin "El Chapo" Guzman, was a major embarrassment to the government and a shot in the arm for the mighty Sinaloa Cartel. The bungled investigation into the disappearance of 43 students in the conflict-ridden state of Guerrero, combined with systematic allegations of security force abuses, extra-judicial killings and corruption have devoured the president's political capital and his ability to try anything new or present long-term social or economic solutions.

The Mexican government will continue to stumble through 2016. Meanwhile, organized crime will continue to refashion itself with the two top tier organizations -- the Sinaloa Cartel and the Jalisco Cartel - New Generation (Cartel de Jalisco Nueva Generacion - CJNG) -- likely to stand out; and a series of smaller, but potent groups -- the Zetas, the Gulf Cartel, the Beltran Leyva Organization, among many others -- jockeying for control of other, relatively new local revenue from mining, the theft of petrol, and local drug peddling.

**Guatemala**

In 2015, Guatemala issued the strongest possible challenge to corruption and organized crime with mass protests and judicial investigations into the country's top-tier criminal organizations. The result was the arrest of Vice President Roxana Baldetti and then President Otto Pérez, among many others.

This revolution, however, is on standby after the Guatemalan people elected a former comedian with potential ties to some of these criminal groups as their new president. Expect incoming President Jimmy Morales to face more public protests, especially if the cases against indicted former politicians and officials do not progress and end in convictions.
The key question going forward is whether the power and will of the international community -- mostly channeled via the United Nations-backed International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala - CICIG) -- can continue its mission of prosecuting and dismantling these criminal networks. With a mandate that extends into 2017, InSight Crime believes the CICIG will continue to apply the pressure, which may squeeze the Morales into a corner. How he reacts will determine his own fate and how organized crime reacts.

Honduras

Guatemala has provided a template for Hondurans who are clamoring for their own CICIG-like body to help them attack corruption and crime at the highest levels. But it's not clear the country even needs a new judicial body. In the last two years, some of Honduras' largest criminal structures have been dismantled by Honduran authorities, supported by the US, and many of their members extradited northwards.

This has set the stage for what promises to be the trial of the century for Honduras: the US money laundering case against political and economic juggernaut Jaime Rosenthal, his son Yani, his nephew Yankel, and a lawyer for their powerful economic conglomerate, Grupo Continental. Yani and Yankel are already in the United States, presumably cooperating with US authorities and trying to get Jaime off the hook for alleged criminal dealings with the group known as the Cachiros, who are providing the bulk of the evidence against the Rosenthal clan.

What we do not know is if the US is planning more indictments of elites or whether this was just a warning to the rest of the corrupt and criminally-inclined business class. While more indictments seem unlikely at this time, other elites will undoubtedly face pressure from the US and other international actors to sever ties with criminal structures. This will alter the underworld significantly, as the criminal groups try to create more sophisticated and clandestine means of working with political and economic elites.

- Jeremy McDermott and Steven Dudley, InSight Crime Founders and Co-directors
The InSight Crime Foundation

InSight Crime is a foundation dedicated to the study of the principal threat to national and citizen security in Latin America and the Caribbean: organized crime.

We seek to deepen and inform the debate about organized crime in the Americas by providing the general public with regular reporting, analysis and investigation on the subject and on state efforts to combat it.

We fulfill this mission by:

• providing high quality and timely analysis of news events linked to organized crime in the region;
• investigating and writing reports on organized crime and its multiple manifestations, including its impact on human rights, governance, drug policy and other social, economic and political issues;
• giving workshops to journalists, academics and non-governmental organizations on how to cover this important issue and keep themselves, their sources and their material safe;
• supporting local investigators through these workshops and by publishing, translating and promoting their work to reach the widest possible audience;
• developing a region-wide network of investigators looking at organized crime;
• presenting in public and closed-door sessions to governments, non-governmental organizations, academics and stakeholders on best practices, strategies and pitfalls in implementing citizen security policy on the ground.

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