Game Changers

Tracking the Evolution of the Organized Crime in the Americas

2014
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I. Introduction

Welcome to InSight Crime’s Game Changers for 2014, where we highlight the year’s most important trends in organized crime in the Americas.

This year was one of dashed hopes. In the same year that Mexico celebrated the capture of the world’s most wanted drug trafficker, Joaquin “El Chapo” Guzman, it also had to accept the horror that came with a smaller, splinter criminal group executing 43 protesting students and burning their bodies to destroy the evidence. The group, known as the Guerreros Unidos, was believed to be acting in concert with the local police, a local mayor and his politically ambitious wife, in what is a blatant example of the regular collusion that exists between local authorities and criminal organizations throughout the region.

The death of the students in Mexico shattered the façade created by the administration of President Enrique Peña Nieto that by capturing the country’s most wanted figures -- which, in addition to El Chapo, included the heads of the Juarez Cartel and the Beltran Leyva Organization (BLO) -- and largely ignoring institutional reform, it could quell Mexico’s criminal problem. Instead, the resulting atomization of large criminal organizations into smaller, more volatile groups that depend on local revenue streams, has led to bloody battles over the territory they need to keep the money flowing. The Guerreros Unidos, for instance, were once a part of the BLO.

This fragmentation is a regional phenomenon. From Colombia to Brazil to Guatemala, large, hierarchical structures are now small, amorphous cells, working in networks, which are responsible for much of the violence that has given Latin America and the Caribbean the highest murder rates in the world. They are thriving, in part, because of the increase in the domestic consumption of illegal narcotics. The US market, while still the biggest consumer of drugs, is being challenged by growing drug use in countries like Brazil, Argentina, Colombia and Mexico, to name but a few, and these new markets are giving birth to new criminal syndicates that are feeding this violence.

Lastly, the Mexico case highlighted a stark reality about security forces: that they are at the heart of much of the violence. This has been a central feature of the Colombian civil conflict and the same is true in Brazil. Brazil continues to implement its once vaunted citizen security project, the UPP, although belief that the program is a panacea is now waning, especially amidst continuing concern over the police’s repressive tactics. Not even cameras attached to the police’s shirt pockets and fixed to the inside of official vehicles, it appears, can impede the police from doing what they have been doing for years: executing suspects.
Brazil also fell under the spotlight this year as it hosted the World Cup. Lost in the pageantry and spectacular performances of the players was the fact that soccer remains central to organized crime. From owners of local teams in the smallest villages to the largest club teams and their most celebrated players, criminal groups use soccer, and the social and political capital it generates, to make huge profits and continue their illicit operations in relative impunity.

Efforts to defuse conflicts with large political-criminal organizations also faltered this year. The peace process in Colombia between the government and the country’s insurgencies stumbled, after guerrillas from the nation’s largest rebel group, the Revolutionary Armed Forces of Colombia (FARC), kidnapped an army general. The FARC, the region’s oldest and arguably most criminalized insurgency, now seems to be splitting into pieces, some of which may adhere to their Secretariat’s move towards peace and demilitarization, and some of which may break away and form their own criminal organizations.

El Salvador’s government-brokered truce with the two most powerful street gangs, the MS13 and the Barrio 18, also unraveled as a new administration took power and sidelined the efforts. For many who saw the truce as a farce and believe the gangs could develop into transnational criminal organizations (TCOs), the death of the truce was a relief. But for those seeking a reprieve from the resurging violence in that country -- including an increasing number of attacks on security forces and a surge in unaccompanied minors to the United States -- there are few answers.

The one silver lining can be found in the slow move towards a new drug policy paradigm, one that so far decriminalizes drug use while continuing to criminalize those who create illegal, dangerous and destabilizing criminal structures. The region is not exactly poised to overturn a century of international legal precedent, but it is taking steps to measure just what levers it can pull and push in order to slow the criminal dynamics that have helped make the Americas the most violent place on the planet.

Thank you for reading us, following us and supporting us. We are looking forward to another productive year in 2015, monitoring, analyzing and investigating organized crime and government efforts to combat it.

- Steven Dudley and Jeremy McDermott, InSight Crime Co-directors
II. 'Narcosur': A New Drug Trafficking Dynamic in South America

Traditionally, transnational drug trafficking routes pointed north from Colombia, through Central America or the Caribbean, and towards the United States, the world’s principal drug consumer. In recent years, however, a new dynamic has emerged in Latin America, fueled by growing domestic demand for narcotics and lucrative drug markets in Europe and Asia.

An investigation conducted by the Brazilian newspaper Jornal Extra in 2014 found that traffickers from Peru, Bolivia, Brazil, and Paraguay had formed the largest drug trafficking alliance in the world. The publication dubbed the network -- which allegedly involves over 30,000 individuals -- “Narcosur” after the Mercosur trading bloc.

The new dynamic is driven in part by demand for drugs in Brazil, home to the world’s second largest market for cocaine, and Argentina, which has seen a rapid growth in domestic consumption. Domestic drug markets in Chile, Peru, Colombia and Ecuador also appear to be expanding. Meanwhile, European and Asian markets have become increasingly attractive to traffickers because of high drug prices and growing cocaine markets in some Asian countries. A kilo of cocaine can sell for up to $50,000 in the United Kingdom and as much as $100,000 in Japan.

Changing drug trafficking patterns have impacted the Narcosur countries in a number of different ways. Bolivia, which borders both the world’s largest producer of cocaine -- Peru -- and the world’s second largest consumer of cocaine, has become a hub for transnational organized crime. Neighboring Peru has seen suspected drug traffickers and money launderers infiltrate its political system, with over one hundred candidates in the country’s 2014 elections linked to the drug trade.

The dynamic has also contributed to the evolution of illegal groups in Paraguay and Brazil. In the case of Paraguay -- which, as South America’s largest marijuana producer, feeds domestic markets in Brazil, Argentina, and Chile -- there have been indications that an offshoot of the country’s main guerrilla group has gotten involved in drug production. Meanwhile, in Brazil, the Narcosur dynamic has seen the rise of powerful independent drug traffickers and the growing presence of Brazilian crime syndicates, like the First Capital Command (PCC) and Red Command (CV), in neighboring countries.

In this selection of articles, InSight Crime examines the factors that have spurred this new dynamic, the Narcosur alliance’s major players, and the challenges that law enforcement bodies face in combatting South America’s drug trade.

- Kyra Gurney
A Closer Look at Brazil-Bound Drug Networks

Written by Geoffrey Ramsey
Friday, 27 June 2014

Considering that Brazil is the second-biggest market for cocaine in the world, relatively little is known about the shadowy networks that connect it to drug producing nations in the region, especially compared to the drug cartels that have become almost household names in the United States.

For that reason, Rio de Janeiro-based newspaper Extra’s recent attempt to identify the biggest players in the (exclusively) South American drug trade is impressive. The investigation series, a result of six months’ research and interviews with Brazilian, Peruvian, Bolivian and Paraguayan authorities, lays out the big names in what Extra refers to as “Narcosul,” a play on the name of the Mercosur trading bloc.

Certain names on the list are well-known to regional security analysts, like Marcos Williams Herbas Camacho, alias “Marcola,” the imprisoned head of the São Paulo-based First Capital Command (PCC) prison gang. But the majority of kingpins identified by the paper have relatively low profiles, and appear to be known by few outside of law enforcement circles.

The biggest of these is Luiz Carlos da Rocha, also known as “Cabeça Branca,” or “White Head.” The 55-year-old Brazilian national is believed to be living in Paraguay, where he allegedly oversees a large-scale smuggling operation that moves Peruvian and Bolivian cocaine into Brazil across the porous Paraguayan border. According to Brazilian Federal Police, Cabeça Branca buys product mainly in Peru’s Apurimac and Ene River Valley (VRAE) and Bolivia’s Chapare regions.

Other figures identified by Extra as the “ambassadors of Narcosul” operate in more isolated regions in the north, particularly in frontier regions in the border state of Amazonas. This includes Peruvian Jair Ardela Michue, who along with his brother Wilder built a major drug trafficking empire that linked a network of coca cultivators and laboratories in the Amazon Tri-border Region with distributors in the state capital of Manaus. From there, shipments were split either north to the Trans-Atlantic route or south to the consumer markets of Rio de Janeiro and São Paulo.

Wilder and Jair were arrested in 2010 and 2011, respectively, but their smuggling routes remain as popular as ever.

Extra’s investigation exposes these and other big fish of the Southern Cone, responsible for supplying cocaine, marijuana and other illicit substances to Brazil, and in some cases shipping them on to the more lucrative European market. According to the paper’s

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InSight Crime estimates, South American trafficking networks pull in an astounding $9 billion from drug sales annually. To put this into perspective, the US State Department claims Mexican cartels earn between $19 billion and $29 billion from trafficking illicit substances.

**InSight Crime Analysis**

The $9 billion figure, which the paper bases off on “the average price of cocaine produced in the region to be exported to Europe,” is likely inflated, as it doesn’t account for sales in Brazil. Still, shedding light on the underworld leaders who oversee the drug flow into the world’s second-largest cocaine consumer (after the US) highlights some important trends.

The first of these is the difficulty that Brazil has in policing its borders. Unlike the trafficking dynamic in the US, the overland flow of drugs isn’t largely confined to one border. Instead, there are various countries with smuggling routes leading into Brazil -- a product of sharing borders with the world’s three biggest cocaine producers: Bolivia, Colombia and Peru.

In addition to the Paraguayan border and the Amazon networks, another popular method of entry is flying product in from Bolivia, and unloading it in the western states of Mato Grosso and Mato Grosso do Sul. As Extra reports, one of the most notorious kingpins of this route is Lourival Maximo da Fonseca, alias “Tião,” who is believed to be operating out of the eastern Bolivia department of Santa Cruz.

Analysts agree that the lion’s share of Brazil’s cocaine comes from Peru and Bolivia, but there is considerable debate over the breakdown between the two. In 2011, just over half of all cocaine shipments seized in Brazil (54 percent) came from Bolivia, compared to 38 percent from Peru and 7.5 percent from Colombia. However, Bolivian authorities insist that the majority of this cocaine is actually produced in Peru, and the emergence of a so-called “air bridge” to Brazil via Bolivia supports this claim.

Tracking these networks points to another trend in transnational drug trafficking in the southern hemisphere: the fact that all of them rely on corrupt officials and kickbacks to law enforcement to operate. This is part of the reason individuals like Tião and Cabeça Branca are able to hide out so successfully in remote areas in the periphery of Bolivia and Paraguay. In the latter case, even though the kingpin has been operating in the eastern Paraguayan province of Amambay since the mid-1990s and owns large swaths of property there through third parties, the National Anti-Drugs Secretariat (SENAD) has never successfully detained him.

Cabeça Branca’s case provides some useful insight into how the kind of social circles traffickers run in facilitate their business. His organization has reportedly bought off key
political and police officials at almost every level in Amambay. Before his arrest in September 2013, one his lieutenants, Carlos Ruben Sanchez Garcete, alias "Chicharô," was an alternate for a sitting congresswoman. What’s more, that lawmaker’s younger brother -- a police official with the Amambay police intelligence unit -- was arrested in March for tipping off Chicharô about police operations and investigations in the area.

Other elements of Brazil’s drug trafficking dynamic also suggest major differences between it and the illicit drug trade that winds up through Central America and Mexico to the US. For one thing, it appears to be more peaceable, or at least less viscerally violent, lacking in the massacres and gory killings that have defined turf wars between Mexican cartels in recent years.

On the US-Mexico border, this is generally interpreted as a sign that a single group has established dominance over the local “plaza.” Of course, there are major transnational crime syndicates in Brazil, like the PCC and Red Command (CV). And there is plenty of evidence that these groups have established drug trafficking networks stretching to Bolivia and Paraguay. But the existence of powerful independent distributors like Cabeça Branca and Tião suggest that Brazil’s most recognizable organized crime factions lack the kind of dominance over smuggling routes enjoyed by their Mexican peers. However, reports of growing PCC and CV activity in Brazil’s neighboring countries suggest this dynamic may not be too far off.
**Paraguay’s Top Anti-Drug Agent Talks Marijuana Trade**

Written by Jeremy McDermott  
Wednesday, 17 September, 2014

There is an assault rifle with an underslung grenade launcher propped against the wall by Luis Rojas’ desk. The drug czar knows he faces an enormous task fighting Paraguay’s marijuana industry and cocaine transit through this landlocked nation, but admits that the government does not yet know the scale of the problem.

The head of the National Anti-Drug Secretariat (Secretaria Nacional Antidrogas - SENAD) is 43, and has worked his way up the ranks, holding positions as Director of Operations and Chief of the Technical Intelligence Unit. In tactical terms, there are few people in Paraguay who have the sort of counternarcotics experience the SENAD boss has.

The following are excerpts of an interview InSight Crime conducted with Rojas.

***

“Let me say first of all that Paraguay is the principal producer of marijuana in the region. This we know. What we do not know is if we have 5,000 hectares of marijuana or 8,000. The American government thinks it might be even more; the United Nations says we have 5,000 hectares. Where do these figures come from? We do not know, we have no data. We have not invested a single dollar in finding out what the real situation of marijuana is in the country.”

**Where is this marijuana being grown? Is it concentrated in certain areas, or spread across the country?**

“Mainly along the border with Brazil. [The provinces of] Amambay, Canindeyu, these are the zones with the greatest concentration, although they are not the only ones. We also have marijuana cultivations in [the province of] Alto Parana.”

**What are your main tools in the drug war in Paraguay?**

“Crop eradication is one of the key tools. But so you understand, eradication has two sides, one positive and one negative. The positive side is that eradication is cheaper than attacking the drug trade further up the chain. However we know that when we carry out large-scale eradication operations in Amambay, there is a corresponding rise in violence and robberies in the area. That is how much the drug trade supports the local economy.

“Carrying out crop eradication also pushes up the price of marijuana, making it a more lucrative business for the drug traffickers. We know that we are investing 90 percent of our
resources in repression of the drug trade, and not attacking the problem at its roots, which are also social.”

**Is the current government of President Horacio Cartes aware of this and the challenges you face?**

“The government has the courage, and the political will, to portray the situation as it really is.”

**In Colombia, the Revolutionary Armed Forces of Colombia (FARC) earn money from the cocaine business, as does the Shining Path in Peru. Is there any evidence linking Paraguay’s rebel group, the Paraguayan People’s Army (EPP), to the marijuana trade?**

“Let me lay out two scenarios. We are not certain enough for me to yet build a criminal case, but looking very objectively at the available data... Have we destroyed marijuana plantations in EPP zones? Yes. Have we found EPP writings in plantations? Yes. What link could the EPP have with marijuana? The charging of ‘taxes’ on crops.”

**How does the marijuana business work? Who runs it in Paraguay?**

“Before, marijuana was a subsistence crop for poor farmers. It is not any more. The farmer has today become an employee of the marijuana traffickers. He is paid per day to grow and look after the crops. Above him, generally, there is a broker, who gets the clients in Brazil and makes the deals with the local producers. These are generally Paraguayan drug traffickers, some politicians, and tend to work with Brazilian traffickers, who buy the product. So the Paraguayan producers organize the production, then collect the pressed marijuana from several different sources. It is then sold to the client.”

**What other markets are there apart from Brazil?**

“There is Chile, which is perhaps the most lucrative market for Paraguayan drug traffickers, and also Argentina.”

**How much is a kilo of marijuana worth?**

“The production cost is between $25 and $35 a kilo. At the border that kilo can be sold for between $60 and $100. In São Paulo that kilo is worth around $200, in Buenos Aires at least $250, and in Santiago up to $1,000.”

***
While there are no reliable figures for marijuana production in Paraguay, based on the figure of at least 5,000 hectares, this South American nation could produce anything up to 10,000 tons of marijuana annually. At $100 a kilo -- the price at the frontier -- that could generate up to $1 billion for Paraguayan organized crime. This is a huge amount in a nation whose gross domestic product (GDP) is, according to the World Bank, less than $30 billion.
Bolivia: the New Hub for Drug Trafficking in South America

Written by Jeremy McDermott
Thursday, 16 October 2014

Transnational organized crime likes opportunities and little resistance. Bolivia currently provides both and finds itself at the heart of a new criminal dynamic that threatens national and citizen security in this landlocked Andean nation.

This new criminal dynamic centers on the changing patterns of drug consumption in the region. Mexico’s dominance in the regional drug trade owes much to its position alongside the world’s largest drug consumer, as well as its ability to produce drugs like heroin, marijuana, and methamphetamine.

Bolivia now sits alongside the second biggest consumer of illegal drugs in the world: Brazil. Bolivia also borders the world’s principal producer of cocaine, Peru, and South America’s primary producer of marijuana, Paraguay. Meanwhile, Argentina is experiencing ballooning domestic drug consumption, particularly of “basuco” or “paco,” a form of crack cocaine which can be produced in Bolivia. Even the domestic drug markets in Chile and Peru are growing.

Bolivia is now literally at the heart of South America’s illegal narcotics trade. Add to this the fact that Bolivia also produces its own cocaine and you have a plethora of criminal opportunities.

This dynamic in South America is totally independent of the traditional drug trafficking routes that feed the US market. Indeed, US sources consulted by InSight Crime stated that the chemical analysis of cocaine seizures in the United States show that only five percent of drugs can be traced back to Bolivia.

These dynamics alone could turn Bolivia into a drug trafficking hub, but there other reasons why this nation is such fertile ground for transnational organized crime (TOC). (See 10 Reasons Why Bolivia is a Potential Haven for Transnational Organized Crime).

It is important to note that Bolivia, with a murder rate of 11 per 100,000 inhabitants, is a safe nation by Latin American standards. President Evo Morales’ government has registered significant success in the struggle against drug trafficking, principally in the control of coca crops. Nevertheless, the resources currently being deployed by the Bolivian state against TOC -- pitched against those potential profits in the drug trade -- make for an uneven contest.
The Nature of Bolivian Organized Crime

Bolivia once had its own major league drug syndicates. The most notorious was run by Roberto Suarez, who was known as Bolivia’s “king of cocaine” and worked with Pablo Escobar and the Medellin Cartel. Today, organized crime in Bolivia is mainly limited to criminal clans, engaged in a wide variety of criminal activities, principally smuggling.

Those clans involved in the drug trade tend to work up to the level of coca base production. According to a senior Bolivian police source, the most sophisticated of these clans can put together up to 1000 kilograms of coca base, and deliver them to Brazilian organized crime syndicates. This coca base, or cocaine paste, then feeds the “basuco” market.

Basuco is like crack cocaine, a highly addictive form of the drug which is smoked. It is cheaper to produce than cocaine and has short-lived but intense highs, prompting addicts to engage in repeated and prolonged use, which ends up permanently damaging the user’s health. Like the crack epidemic in the US in the 1980s, which gave rise to the war on drugs, Brazil, and to a lesser extent Argentina, are now struggling to contain the growing number of basuco users. Bolivia is the major supplier to both these nations.

Ichilo, in the department of Santa Cruz, is one of the centers for coca base production, home to at least four of the more sophisticated drug clans. In an interview with the Bolivian TV program “Sin Letra Chica,” a member of one of these clans said that his organization worked alongside another, and that between the two they had 600 members. In a good week the two clans produced up to 800 kilos of coca base, he added. Part of this coca base was transported to the Brazilian frontier and sold directly to Brazilian organized crime syndicates; another part was bought by Colombians, who process the base into cocaine. The source also made it clear that the police colonel in the nearby town of Yapan cani was on the payroll of the drug traffickers. (For more of this interview, see Voices from Bolivia’s Underworld).

There is remarkably little violence between Bolivia’s criminal clans, partly because their activities attract such little attention. Unlike the Colombians, and increasingly the Brazilians, Bolivian organized crime prefers to resolve its differences peacefully. This may partly be explained by the strength of Bolivia’s indigenous culture, which abhors violence, and seeks to find communal solutions to any problems. However, there is evidence of rising drug-related killings in Santa Cruz, although this may be more linked to TOC than disputes between Bolivia’s criminal clans. The United Nations Office on Drugs and Crime (UNODC) has warned that an increase in violence is almost inevitable if Bolivia maintains its position as a drug transit and production nation.

In March 2013, the governor of Santa Cruz called a state of emergency to contain a crime
wave in the city, blaming violence on the drug trade. The issue again hit the headlines in July this year when there were five assassinations in Santa Cruz in the space of two weeks, allegedly involving Colombian TOC.

In 2013, 762 gangs were registered in Bolivia according to the National Citizen Security Observatory (ONSC). The majority were concentrated in La Paz (261), Santa Cruz (169), and Cochabamba (106), with over 25,000 members throughout the country. Some of these are simply street gangs; others are better categorized as criminal clans.

**Transnational Organized Crime in Bolivia and the “Cockroach Effect”**

There have been two developments in the evolution of transnational organized crime in Latin America that are now having a direct impact on Bolivia.

While the Colombians have had an interest in Bolivia for more than four decades, the nature of that interest has changed over the last decade. Pablo Escobar used to fly aircraft filled with Bolivian coca base and even cocaine into Colombia, before the drugs were sent onwards to the world’s primary market, the United States.

Today, it is not the Colombians who dominate the US cocaine market, but rather the Mexicans. Indeed, in many cases the Colombians have turned into wholesale suppliers for the Mexicans. While in the days of the Medellín Cartel, the Colombians produced a kilo of cocaine for around $2000 and sold it in the US for $50,000, today most of the profits go to the Mexicans.

A kilo of high-purity cocaine costs around $3000 in Colombia. The Mexicans are buying that same kilo for between $8000 and $12,000 from Colombians in the principal handover point, Honduras. This means that Colombian organized crime is, at best, earning around $7000 a kilo, once transport charges have been subtracted. The risks of interdiction are high, along with the chances of being extradited to the US.

In Bolivia, the Colombians can produce a kilo of high-quality cocaine, using Peruvian base, for less than $2000. That same kilo in São Paulo or Buenos Aires is worth as much as $8000. Thus, the Colombians can earn more than $5000 a kilo with minimal risk of interdiction and almost no risk of extradition simply by moving drug consignments across the Bolivian border into Brazil or Argentina.

These two nations also act as transshipment points for the most lucrative markets of all: Europe and Asia. Here is where the Colombians are concentrating their efforts. In Spain, or Holland, the principal ports of entry in Europe, a kilo of cocaine is worth around $40,000; in the United Kingdom up to $50,000; in Russia, up to $80,000, while in Tokyo, that same kilo could earn as much as $100,000.
Today, Colombian TOC is producing high-purity cocaine in Bolivia, moving shipments into Brazil and Argentina, where a percentage of the load is sold before being transported on to Europe or Asia. The Colombians are still pioneers in the international drug trade, and business logic now states that the US market is no longer that profitable for them, dominated as it is by the Mexicans who earn the lion’s share from trafficking a kilo of cocaine. Thus, Bolivia has become infinitely more attractive for Colombian TOC.

Another development that has impacted Bolivia is the so-called “cockroach effect.” When the lights are turned on in a room, the cockroaches scurry for the dark corners. Organized crime acts much in the same way. The lights are on in Colombia, and the drug barons, once identified, have a rather short shelf life there, and thus are moving abroad. Bolivia has yet to find the light switch.

While Colombians are often captured during raids on drug-producing laboratories in Bolivia, Bolivian police have yet to dismantle any large Colombian criminal structures. An interview with a top level Bolivian police officer, who for political reasons preferred to remain anonymous, revealed that there were three principal Colombian networks. The oldest has its roots in a paramilitary group of Colombia’s Eastern Plains, the Peasant Self-Defense Forces of Casanare (Autodefensas Campesinas de Casanare – ACC), once led by Hector Buitrago, alias “Martin Llanos.” Buitrago sent some 300 paramilitaries to Bolivia at the end of the 1990s. Bolivian police arrested his cousin, Carlos Noel Buitrago Vega, alias “Porremacho,” in Santa Cruz in June 2011. Hector Buitrago was arrested in Venezuela in February 2012.

More recent arrivals include Colombian traffickers from both the Rastrojos and the Urabeños, currently two of the most powerful TOC structures in Colombia.

There are indications that Colombian “oficinas de cobro” (“collection offices”) have been set up in Bolivia. An oficina de cobro is a criminal structure used to monitor and regulate cocaine trafficking. The first oficina de cobro was called the “Oficina de Envigado,” a structure founded by Pablo Escobar of the Medellin Cartel. He used the Oficina de Envigado to monitor Medellin’s underworld and ensure that all traffickers paid their share to “El Patron.” Escobar’s oficinas collected the payments from traffickers and any other outstanding debts and when necessary hired the “sicarios”, or assassins, to carry out the murders of those who refused to pay or offended Escobar in some way. The model came to dominate the Medellin underworld and was exported across Colombia via the paramilitary army of the Self-Defense Forces of Colombia (AUC). The AUC ran most of Colombia’s drug trade from 1997 to 2006, when it demobilized.

Colombian organized crime has now set up oficinas de cobro in Panama, Honduras, Costa
Rica, Argentina, Venezuela, Ecuador, Peru, Spain, and Bolivia. In July, Bolivia police captured Alicia Lorena Vargas Muñoz, alias “La Mona,” a Colombian accused of running an oficina de cobro in Santa Cruz, linked to a series of drug-related murders in the city.

After the Colombians, the second most powerful TOC groups operating in Bolivia come from Brazil. Due to the difference in language, and perhaps culture, Colombians do not have the same criminal networks in Brazil that they have in say, Argentina. Brazilian groups feed the booming Brazilian drug market, and to secure supplies of both cocaine and its derivatives (as well as marijuana) Brazilian TOC has established a permanent presence in Bolivia and Paraguay.

The most powerful Brazilian TOC are the First Capital Command (Primeiro Comando da Capital - PCC) and Red Command (Comando Vermelho). Founded in the brutal Brazilian prison system, these gangs now control much of the drug sales in Sao Paulo and Rio de Janeiro and have spread out across Brazil. They have made the leap into transnational organized crime, and in Bolivia are based primarily along the border in the departments of Beni and Santa Cruz. In January and March 2013, two different cells of the PCC were dismantled in Santa Cruz, which then-commander of Bolivian anti-drug police Colonel Gonzalo Quezada described as composed of “high-level emissaries” from the Brazilian group, sent to supervise the purchase and transport of drug shipments.

**Bolivia’s Criminal Future**

Bolivia’s importance as a transnational hub for drug trafficking is likely to solidify. The drug markets in South America for cocaine and its derivatives are growing and diversifying. Drug production in Peru and Bolivia is unlikely to undergo massive change in the near future. Peru is stepping up its crop eradication and planning to install some radar controls along its frontier, while the US is poised to increase its anti-narcotics aid to the country. This is likely to have a significant negative impact on Bolivia. While Morales has had success in containing coca production in Bolivia, should the supply of cheap and high-quality coca base from Peru go down, the pressure by drug traffickers for product within Bolivia may increase substantially.

Morales’ re-election means that the current state of relations with the US is unlikely to change. Now, not only is there no DEA presence, but as of mid-2013 the Bureau of International Narcotics and Law Enforcement Affairs (INL) and USAID have also left. While Bolivia is now leaning on the European Union and Brazil for counternarcotics aid, neither of these have the experience, resources, or data to begin to fill the void in strategic intelligence once supplied by the US.

Bolivia’s challenge is to strengthen its institutions and law enforcement capacity enough to
provide enough resistance to TOC, so that it looks elsewhere to establish its operations. Without a radical change in Morales’s strategy, and a huge investment in resources, this is unlikely to occur. TOC is already in Bolivia, and the longer it is able to put down roots, the more likely it will penetrate state institutions. There is already evidence that this is happening in Santa Cruz, in both the city and department. The city is becoming a larger and more sophisticated metropolis with some 1.5 million inhabitants and is growing fast. Santa Cruz is developing high-quality hotels, restaurants, night life and luxury apartments, all the elements senior drug traffickers find attractive in an operating base.

While top-level traffickers still prefer to reside in Buenos Aires, particularly Colombians, Santa Cruz is nevertheless booming. This could change the city from its current position as a center for negotiating the purchase and transport of drug consignments, to an attractive place of residence. If senior narcos take up residence here, they will not only accelerate the corruption of law enforcement and legal institutions, but will likely seek to influence the political arena as well.

It must be remembered that the Mexicans started out in the cocaine business as transporters for the Colombians. Today they dominate the US cocaine market. The longer that Bolivia remains a drug production and transshipment nation, the more likely it is that Bolivian organized crime groups will evolve into sophisticated transnational organizations. Without significant investment in the fight against drug trafficking and TOC, the prognosis for Bolivia can only be pessimistic.
10 Reasons Bolivia Is a Potential Haven for Organized Crime

Written by Jeremy McDermott
Thursday, 16 October 2014

It is important to note that InSight Crime does not believe that Bolivia has been taken over by transnational organized crime (TOC), nor is even close to it. However, the country is vulnerable and the opportunities and potential for earnings from the drug trade are currently too high for international criminal groups to ignore.

1. Drug crops. Bolivia is not only a transit nation for drugs, but also is a coca and cocaine producing nation. While President Evo Morales has managed to reduce coca crops over the last three years, it is going to become increasingly hard to contain coca cultivation.

The reasons for this are partly due to sustained eradication campaigns in both Colombia and Peru. Colombia, the only nation which permits the aerial eradication of drug crops using glyphosate chemicals, has managed to stabilize coca cultivation at just under 50,000 hectares, although with significant collateral damage. Peru, under President Ollanta Humala, has put eradication at the center of its anti-drug strategy, eradicating more than 22,000 hectares in 2013, almost the total number of hectares of coca under cultivation in Bolivia.

The “balloon effect” -- which refers to the shifting of drug production to different countries in response to repression in others -- means that the pressure to grow more coca in Bolivia is likely to increase, so long as demand remains constant. At the moment, Peru exports around 200 tons of coca base into Bolivia per year, some of which feeds the domestic crack cocaine (or “basuco”) markets of Brazil and Argentina, the rest of which is processed into cocaine. Should there be a significant drop in the supply of Peruvian coca base, thanks to increased eradication efforts in Peru, the likelihood is that drug trafficking operations in Bolivia will promote and increase the sowing of drug crops locally.

At the moment, Bolivia’s coca crops remain concentrated in the two traditional areas of production: Yungas in La Paz and the Chapare region of Cochabamba. However, there is evidence that some coca, destined for the cocaine market, is being grown outside of these areas, sometimes in national parks. This wider dispersion of drug crops has already been seen in Colombia, the result of eradication efforts and strategies by organized crime to move coca plantations closer to Colombia‘s borders, and therefore closer to departure points and markets. This pattern could be repeated in Bolivia.

2. Corruption. There is evidence of widespread corruption within many of Bolivia’s institutions, among them the police.
In 2011, the US engineered the arrest of Bolivia’s former anti-drug czar, Police General Rene Sanabria, in Panama. Sanabria was later convicted to 15 years in prison by a Miami court after pleading guilty to smuggling cocaine.

Sources within the Special Counter-Narcotics Police Force (Fuerza Especial de Lucha Contra el Narcotrafico - FELCN) told InSight Crime that drug-related corruption did not end with Sanabria and that elements of the police were working with drug traffickers. Jessica Echeverria, a deputy in the legislative assembly, who was an opposition politician before switching over this month to the governing party, the Movement Towards Socialism (Movimiento Al Socialismo - MAS), told InSight Crime that “the police are working with Colombian drug traffickers here in Santa Cruz.” Underworld sources in Santa Cruz confirmed this, saying that high-ranking police officials were on the payroll of drug traffickers and organized crime. (See Voices from Bolivia’s Underworld).

The criminal defense attorneys in Santa Cruz, who spoke to InSight Crime on condition of anonymity, insisted that the justice system is also open to bribery.

“The costs are between $20,000 and $50,000 to be able to walk free from everything apart from the most high profile cases, and that is divided up between the prosecutors and the judge,” said one of the lawyers.

A senior source in the FELCN said that there was a high level of frustration with the justice system. “Routinely drug traffickers that we have caught walk free, due to judicial inefficiency or corruption. There have even been cases where the assets and money we seize are given back by the judges to the accused, who have been caught red handed,” he said.

Bolivia’s penitentiary system is also totally corrupt. InSight Crime managed to enter Bolivia’s most notorious prison -- Palmasola in Santa Cruz -- simply by bribing the police at the gate (see Inside Bolivia’s Most Dangerous Prison: Palmasola). Criminals are able to operate with impunity within Palmasola, and continue carrying out illegal activities.

3. No control over air space. Drug traffickers always prefer moving shipments by air if at all possible. Planes can move large consignments, and the drugs pass through very few hands, reducing the costs as well as the risks of betrayal or seizure. The Medellin Cartel’s favorite route for moving drugs to the United States was via Norman’s Cay island in the Caribbean, where fleets of aircraft arrived from Colombia to refuel and continue the journey on to the US. However, the installation of radar stations across Colombia and the deployment of fighter planes to interdict drug flights -- and if necessary shoot them down -- quickly closed the air bridge from Colombia.
However, Peru, Bolivia, and Paraguay have little radar coverage and almost zero aerial interdiction assets, meaning the skies are wide open. This is a major factor in making Bolivia a drug trafficking hub and a huge attraction for TOC. Investigations in Peru revealed that up to 200 tons of drugs leave for Bolivia by air every year. Colonel Marcos Encinas, the sub-director of the FELCN, told InSight Crime that he believed that up to 30 tons of drugs (including marijuana shipments) transit through Bolivia every month.

Bolivia is aware of the air traffic passing unmolested over its head. On April 22, 2014, President Morales signed the “Law of Security and Defense of the Bolivian Airspace,” which allows for the shooting down of drug flights. But since Bolivia lacks the radar to track such flights and the fighter aircraft to intercept them, the law is little more than a statement of intent.

Both Brazil and Argentina have better control over their airspace, but there is still significant air traffic into both countries, some legally declared, others taking their chances. In Brazil, to minimize the risk of interdiction, some pilots entering from Bolivia employ a tactic known as “bombing.” This involves packing drugs into special, high-impact containers that can survive a drop from a plane in flight. This ensures the aircraft does not need to land to unload, significantly reducing the risk of interception and seizure of the precious cargo.

Sabino Mendoza, the head of the leading government counternarcotics body, known as CONALTID, told InSight Crime that the country is already taking measures to improve its ability to take on the transit of drugs. The government is planning to deploy several mobile radar platforms in key areas where drug trafficking is concentrated, principally the departments of Beni, Santa Cruz, and Pando. Mendoza also said the government is in talks with Brazil over the use, and potential acquisition, of drones to detect drug laboratories -- these give off heat signatures due to their use of generators and microwave ovens. However, there is no firm date on the purchase of such equipment, let alone its deployment, and it would seem that the traffickers have several more years of clear skies.

4. Weakness of law enforcement against the threats presented by TOC. This is not only due to the corruption of Bolivian law enforcement agencies, including the police, the attorney general’s office and the justice system, but also due to the fact that Bolivian law enforcement simply does not have the legal instruments needed to wage an effective war against TOC.

The police lack two of the most important tools used by international law enforcement. The first is the ability to intercept communications. This is illegal in Bolivia, with no plans to pass the necessary legislation to allow for it. There is also no legislation laying out terms for
the treatment of informants, meaning that police and prosecutors cannot reward would-be informants with money or with reductions in prison terms. One source in the US Drug Enforcement Administration (DEA) in Colombia told InSight Crime that without these two tools to fight organized crime, the DEA would have to “pack up and go home.”

Bolivian law enforcement also does not have the intelligence capability on national organized crime, let alone TOC. For retired Police Colonel Rolando Fernandez Medina, the key opportunity for TOC came with the departure of the last DEA agents from Bolivia, expelled by President Morales in 2009. This ended three decades of DEA presence in Bolivia. With the agency’s exit went all of the strategic intelligence on TOC, as well of most of the intelligence gathering capability within Bolivia. While the European Union and the Brazilians have been supplying counternarcotics aid, they simply do not have the same experience or intelligence of the DEA.

5. Lack of money laundering controls. Money laundering is also relatively straightforward in Bolivia. Global watchdog the Financial Action Task Force (FATF) removed Bolivia from its “grey list” of countries that aren’t doing enough to combat the crime in 2013, after Congress passed basic anti-money laundering legislation. However, there are almost no controls over the banking system. There have been only a handful of money laundering investigations opened and even fewer convictions.

“Pedro,” a drug trafficker in Santa Cruz, told InSight Crime that he had witnessed international criminals arriving at construction companies with suitcases full of cash, and that laundering money in Bolivia was often that simple.

6. Culture of informality and illegality. Well over half of Bolivia’s economic activity is carried out in the informal, and often illegal, sector. Smuggling has long been the lifeblood of communities along Bolivia’s five porous borders and this illegal industry employs far more Bolivians than the drug trade. Indeed, smuggling is a tolerated illegal industry. Smuggled cars -- many stolen in Chile -- make up a high percentage of those driving along Bolivia’s roads.

This culture means that there is little to no reporting of economic activity, illegal or otherwise, to the authorities. Many local communities, not just along the frontiers, live off the informal or illegal sector. This means that these communities have a vested interest in protecting the black economy, making the work of law enforcement extremely difficult. There have even been examples of local communities taking on the security forces that attempt to clamp down on drug trafficking activity. In the community of Yapacani, in Santa Cruz department, there were sustained protests against the building of an anti-narcotics base.
7. **Open borders and lack of migratory controls.** Bolivia's long, porous borders (at 3,420 kilometers, the border with Brazil is more than 200 km longer than the frontier Mexico shares with US) and lack of migratory controls ensure that Bolivia is a smuggling center and therefore extremely attractive to TOC. The porous borders mean that not only can drugs move in and out of the country, but so can the precursor chemicals and foreign manpower needed to process them. International criminals, even those with national arrest warrants, can also move in and out of Bolivia with consummate ease.

The head of Bolivia’s migration authority, Cosset Estenssoro, revealed that Bolivia does not have information on national arrest warrants, only those international warrants registered with Interpol. This means that Colombian drug traffickers with national arrest warrants can enter Bolivia with no fear of detention, something confirmed by underworld sources in Medellin.

InSight Crime was offered a real Bolivian passport by underworld sources in Santa Cruz for $5000, suggesting that getting false papers in Bolivia for wanted drug traffickers is not a huge challenge either.

8. **Lack of state presence in many rural areas.** Bolivia, with over 1,000,000 km² of territory and a population of under 11 million, has vast tracts of the country with little population and no state presence. This provides a plethora of opportunities for TOC. Many of the laboratories where cocaine is processed are situated in remote areas, with clandestine airstrips providing not only the drugs, but the chemicals, personnel, and supplies needed to process them. This significantly reduces the risk of laboratories being found and destroyed, and ensures that drugs can be processed and transported with relative ease. This also means that international criminals, perhaps on the run, can hide out in remote ranches and farms with little fear of discovery.

9. **Lack of transparency, politicization of state institutions and restrictions on media coverage.** The political environment in Bolivia is one of great polarization, something which has continued, if not worsened, under President Morales. InSight Crime spoke to several high-ranking police officers, all of whom were afraid to go on the record, who stated that promotion within the police force at the higher ranks is dependent on political affiliation, not merit. Sources in three other ministries said that the same phenomenon was present in their government institutions.

There are almost no statistics made available by the government. Investigations by InSight Crime suggest that this is not because the government is seeking to hide information, but because data is simply not being collected. This means there is little indication of the challenges to national and citizen security, let alone the information necessary to make
meaningful analysis and design detailed, integral policies.

There is also little tradition of investigative journalism on the subject of organized crime, and there have been incidents of the government pressuring journalists. In 2010, Morales enacted a law meant to address the portrayal of indigenous people in media, but which has been used to pressure media outlets into towing the official line.

**10. Lack of an integrated strategy to tackle transnational organized crime.** CONALTID, under Sabino Mendoza, is seeking to put together a strategy to take on the international drug trade. While some measures are being put in place, including the reactivation of the Bolivian Observatory of Drugs (Observatorio Boliviano de Drogas - OBD), an integrated counternarcotics strategy -- one that includes realistic levels of funding -- is still in its infancy.

The European Union has thrown its support behind the Bolivian government, seeking to make up some of the shortfall with the loss of USAID money. InSight Crime spoke to EU representative Nicolaus Hansmann in La Paz, who said that the EU had adopted a "diverse, country specific, evidence-based approach," which includes crop substitution, the training of police and support for financial investigation.

However, this process too is still in its early stages, and it is clear that there are currently few serious obstacles to the operations of TOC in Bolivia.
Career of Paraguay Crime Boss Highlights LatAm’s Changing Drug Trade

Written by Marguerite Cawley
Friday, 12 December 2014

Criminal groups in Latin America’s Southern Cone are increasingly focused on feeding the region’s domestic market for drugs, rather than exporting cocaine overseas. Up until now, Paraguay’s prominent drug traffickers have largely played a supporting role in this dynamic -- but that may be set to change, as demonstrated by the career of one Paraguayan crime boss.

This past May, after nearly five years of delays in his trial, a Paraguayan court sentenced Carlos Antonio Caballero, alias “Capilo,” to seven years in prison. Although drug trafficking was not among the charges he was convicted of, Brazilian authorities have said Capilo is one of the top four cocaine suppliers for one of Brazil’s biggest criminal groups, the First Capital Command (PCC).

Capilo is just one of several Southern Cone-based drug traffickers who, while not as prominent as some of Mexico or Colombia’s legendary drug lords, are driving a new trend in Latin American organized crime: an increased emphasis on feeding local drug markets -- especially Brazil, the second biggest market for cocaine in the world -- rather than depending heavily on exports to Europe or the US.

Not only does Capilo’s criminal career offer a glimpse at the criminal networks that are behind this trend, he embodies the new role that some sources say Paraguayans are playing in the trade: that of big-time drug traffickers, rather than low-level dealers.

Capilo’s Criminal CV

“I’ll give it to you on Monday my friend.”

So said one of the many incriminating text messages that Capilo sent to a Paraguayan senator in 2011, after the politician asked him for a $5,000 campaign contribution.

The text was even more startling considering Capilo had been in a Paraguayan prison since 2009, where he reportedly continued coordinating major cocaine shipments. This is supported by a June 2010 phone recording obtained by the São Paulo Public Ministry and accessed by G1 Globo, in which Capilo discussed the delivery of a drug shipment to a Brazilian buyer with a Brazilian inmate.

A Paraguayan lawyer familiar with Capilo’s case, who asked not to be identified due to safety concerns, told InSight Crime that Capilo got his start with the PCC during a stint in a
São Paulo prison. He later worked for the Brazilian gang while based out of Pedro Juan Caballero, a Paraguayan border city, and also spent time in Bolivia. In addition to trafficking drugs, he coordinated arms shipments, ordered assassinations, and provided bodyguards for Brazilian traffickers, according to the Paraguayan anti-drug agency, the SENAD.

There are some indications that Capilo has ties to another Brazilian crime group: the Red Command, based in Rio de Janeiro. When Capilo was arrested in Paraguay in 2009, he was captured alongside Jarvis Chimenes Pavão, a Brazilian drug trafficker with dual citizenship -- then one of Paraguay’s most-wanted men -- who ran his own criminal group, but was reportedly linked to jailed Red Command leader Luiz Fernando da Costa, alias “Fernandinho Beira-Mar.”

Pavão was singled out in an investigation by Brazilian media company O Globo as one of the “ambassadors” of a loose association of drug traffickers that cater to the Latin American regional drug market -- a coalition referred to as “Narcosul.” According to O Globo, Pavão ran his own drug trafficking network in Pedro Juan Caballero, moving marijuana from Paraguay and cocaine from Bolivia into Brazil.

**Paraguay Moves Up the Drug Trade Totem Pole**

Capilo may be the perfect illustration of the increased role that Paraguayans play in the new drug trafficking dynamic that has taken hold in Latin America. Cocaine sourced from Peru and Bolivia is moved into Paraguay and Brazil, while marijuana from Paraguay -- South America’s biggest producer of the plant -- feeds Argentina, Chile and Brazil.

Many reports indicate that by the time he was arrested, Capilo had become an integral part of the PCC’s operations in Paraguay, although there’s few signs that he had reached the point of establishing his own independent drug franchise.

Brazilian organized crime groups have been deepening their presence in Paraguay for some time now, especially in frontier zones like Pedro Juan Caballero. By and large, Paraguayans have typically played small-time roles in these foreign drug trafficking structures, usually working as hit men and drivers.

However, according to Paraguay’s anti-drug chief, Luis Rojas, this is changing. In statements made in 2013, Rojas said that Paraguayan nationals were assuming bigger roles in the Southern Cone’s drug trade, including working as suppliers.

Such an assertion was echoed by one of the authors of O Globo’s Narcosul investigation, who recently told a Paraguayan newspaper that he was “impressed by the strength of Brazilian traffickers in Paraguay, but also with the growth of Paraguayan traffickers in recent years.”
There is also an increased number of family-run criminal clans dedicated to drug trafficking, according to one Paraguayan police chief.

**What’s Next for Paraguay’s Crime Bosses?**

The Paraguayans’ role appears to be growing in the “Narcosul” drug trade. Carlos Arias Cabral, alias “Lider Cabral,” was a PCC operative and Paraguay’s biggest marijuana trafficker prior to his 2010 arrest in Brazil. Cabral allegedly planned to kill Capilo at one point, for meddling in his business.

Carlos Ruben Sanchez, alias “Chicharó,” worked his way into politics before being arrested in 2013. O Globo said he was another of the drug trafficking “ambassadors” and allegedly a top operator for Brazilian national Luis Carlos Da Rocha, alias “Cabeça Branca” (White Head), who is believed to run a major drug smuggling structure in Paraguay.

Paraguayan traffickers appear poised to take the leap of establishing their own transnational criminal groups. There have already been reports of Paraguayans running marijuana smuggling networks that control every step of the drug trafficking chain, from production to export and distribution.

This is similar to Honduras where family organizations like the Valles and the Cachiros -- previously focused on transporting cocaine shipments on behalf of Mexican and Colombian cartels -- eventually became transnational cocaine smugglers in their own right. But it remains to be seen whether a Paraguayan criminal group will someday have the type of brand name recognition that groups like Brazil’s PCC currently enjoy.
III. Peace Negotiations with Criminal Groups Break Down

Forging and maintaining peace agreements with criminal groups is never an easy task. This year saw the disintegration of one high-profile agreement between El Salvador’s Barrio 18 and the Mara Salvatrucha (MS13) street gangs, while another was put in serious jeopardy amid tensions between the Colombian government and the Revolutionary Armed Forces of Colombia (FARC).

In El Salvador, the 2012 gang truce initially credited with cutting the country’s homicide rate in half, unraveled in 2014, as violence levels kept climbing. One of the truce’s architects, Raul Mijango, declared that the day homicide rates reached pre-truce levels, the peace agreement would effectively be over. That day came in July, when it was reported that the country averaged more than 12 murders per day over the first six months of 2014 - a 75 percent increase over the same period the previous year. Some Salvadoran authorities claimed the truce was technically over as far back as March.

Clashes between gangs and law enforcement officials have increased as the truce has disintegrated, further complicating any chance of reviving talks. And the refusal of El Salvador’s recently created National Council for Citizen Security to open new dialogues with the gangs in November dashed hopes of renewing a truce in the country’s current political environment.

In Colombia, the government expressed optimism of reaching an agreement with the FARC and stopping the country’s 50-year civil conflict by the end of 2014. This was, as it turned out, pure political rhetoric, as President Juan Manuel Santos was running for re-election at the time. In May, the government and the FARC advanced towards this goal with an agreement on the peace talk agenda regarding illicit drugs. However, the negotiations stalled as the government and the rebel group were unable to agree on topics like demobilization and reparations for victims of the armed conflict.

The peace process was suspended by Santos in November after the FARC’s 34th Front kidnapped an army general. Although the incident has since been resolved and talks have resumed, it highlighted the fragility of the process, as the dialogues enter their third year with uncertain progress.

The following selection of articles examines the challenges and pitfalls of peace negotiations with both street gangs and guerrillas.

– David Gagne
The Reality of the FARC Peace Talks in Havana

Written by Jeremy McDermott
Monday, 26 May 2014

If we are to believe the Colombian government, the question is not if, but rather when, an end to 50 years of civil conflict will be reached. Yet the promise of President Juan Manuel Santos that peace can be achieved before the end of 2014 is simply an electoral mirage.

The results of the first round of voting in the May 25 presidential elections showed that the peace process was not the magic electoral ticket that Santos hoped it would be. While he will still enter the second round, his opponent Oscar Ivan Zuluaga polled over 29 percent of the vote to his nearly 26 percent. And the prospects for peace under a Zuluaga administration are dim indeed.

Part of the problem is that negotiations have been hermetically sealed, with only controlled and bland statements being released from Havana that give little hope that real progress is being made. And indeed, after InSight Crime visited Havana and spoke to negotiators from the Revolutionary Armed Forces of Colombia (FARC), it seemed the government line of unbridled optimism and progress did not correspond to the reality.

So far, according to the government, three of the six points on the negotiating agenda have been resolved. These are the “Integrated Agricultural Development Policy,” which deals with all issues concerning land; “Political Participation”; and, most recently, the “Solution to the Problem of Illicit Drugs.”

The drug issue was certainly forced through quickly in order to show some sort of progress on this crucial theme before the first round of voting. However, the other two are also far from resolved -- it seems that the thorniest issues have been left for discussion further down the line.

One can understand why the government would want to first find as much common ground as possible and build trust before getting to the real meat of the talks. However, that is not the way things have been presented to the Colombian public. FARC negotiators also told InSight Crime that there were still 20 items outstanding from the first two points on the agenda.

The three remaining topics on the agenda are “Ending the Conflict” (demobilization and transitional justice), “Victims of the Conflict,” and “Implementation, Verification, and Legalization of Accords.”
Land

The first official report issued on the negotiations, published on June 21, 2013, entitled the “First Joint Report of the Negotiating Table,” was little more than a list of good intentions. It included few concrete measures and had the proviso inserted: “nothing is agreed until everything is agreed.”

A return to the first agenda point is necessitated by the FARC’s demand for the creation of Peasant Reserve Zones (Zonas de Reserva Campesina - ZRC). While the June report recognized the importance of such zones, it contained nothing regarding the FARC request for the granting of some 40 ZRCs, comprising up to nine million hectares, which would enjoy some of the privileges of indigenous reservations, with a certain degree of autonomy.

Putumayo already has one ZRC. The FARC will certainly request more in this department and in the other provinces in which it has interests and a significant presence.

This issue alone could prove to be a major sticking point for the peace process. For the FARC it would be a way of legalizing control of land that the group already holds, a way of employing and protecting its members in a post-conflict scenario, and -- with anything up to two million Colombians within the zones -- a way to secure at least eight seats in Congress during elections. For the opponents of the talks, foremost among them former President Alvaro Uribe and his presidential candidate Zuluaga, this would be akin to simply handing over large areas of the country to the FARC, and would again raise the specter of the safe haven that ex-President Andres Pastrana granted the FARC during the last round of peace talks (1999-2002). This ended up becoming the training camp for the FARC war machine and a center for drug negotiations.

Political Participation

The last time the FARC participated in the legal political arena was in 1985, when they formed a political party, the Patriotic Union (Union Patriotica - UP). The UP participated in elections in 1986 and won five seats in the Senate and nine in the House of Representatives -- with chief FARC negotiator Luciano Marin Arango, alias "Ivan Marquez," one of those elected. However, as many as 4,000 UP candidates, members, and supporters were then murdered by right-wing paramilitaries and their allies in the security forces.

This experience casts a long shadow over talks and any post-conflict scenario. The FARC fear being picked off as soon as they leave the relative safety of their mountain and jungle strongholds. And the killing of left-wing activists is not something consigned to the past. Those agitating for the restitution of land have been assassinated in areas like Cordoba and Antioquia, while the Patriotic March (Marcha Patriotica), a left-wing party
identified as sympathetic to, if not supported by, the FARC, has seen 48 of its members assassinated over the last two years.

This brings us to a point that is a deal breaker for the FARC: the handover of weapons. The FARC will not disarm immediately. Rebel negotiators talked of an implementation period of up to ten years, in which they would retain their weapons to defend themselves should the government not honor the pledges made in any agreement. For Uribe and Zuluaga, and perhaps the majority of Colombians, this is unlikely to be palatable, as it would mean that the FARC could re-launch their military struggle at any moment.

Furthermore, the FARC cannot be expected to create a political party immediately and compete in the current political arena. The creation of an open, as opposed to their currently clandestine, political apparatus, will take time, but they expect some political power immediately. The only way the FARC will sign a peace agreement and make the transition from a military to a political organization is if they are guaranteed a measure of political power while the transition takes place. There is, however, resistance to FARC leaders being eligible for political posts from opponents of the peace process, who have cited the convictions in absentia that most of the group's high command have for criminal acts, particularly for crimes against humanity.

The government made much of the agreement on drugs in the lead up to the recent presidential vote. And indeed the FARC could have a pivotal role in containing the drug trade in Colombia (see The FARC and the Drug Trade: Siamese Twins?).

There are other key issues currently being brushed under the carpet. One is that of jail time. The FARC negotiators were very clear on this. Prison time is a deal breaker. “We will not spend a day, not a single second in jail,” said a senior FARC commander. The legal framework for any peace deal has also not yet been completed. An agreement could be signed tomorrow, but implementation remains impossible.

Another two potential sticking points are the issue of a Constitutional Assembly, which the FARC insist is necessary to build the conditions for a lasting peace, and the inclusion of their smaller cousins and allies of the National Liberation Army (ELN). President Santos has promised to establish a dialogue with the ELN, but neither a venue nor a concrete start date has yet been announced.

The FARC Today

The other telling sign from the May 25 presidential vote was an abstention rate of almost 60 percent. One of the reasons that the peace process is not a more pressing political issue is the perception on the part of the Colombian public, fomented by this government, that
the rebels are all but defeated. They are still clearly a bit of a nuisance, it would seem, but no longer threaten the integrity of the state. Add to this the Uribe line that the FARC can be defeated militarily and you have a public that does not see a FARC deal as their most pressing concern.

What is also clear is that there is a misunderstanding of the FARC today. Most Colombians are still in the 2008 mindset, when the FARC lost three members of the Secretariat, Ingrid Betancourt and the other hostages held by the guerrillas were freed in a daring rescue operation, and it seemed the days of the insurgents were numbered.

The death of FARC founder and supreme commander Pedro Marin, alias “Manuel Marulanda,” was in a way the best thing that could have happened to the FARC, which at that time was stuck in the past, unwilling to adapt to the changing military and political conditions in Colombia. All that changed with the promotion of Guillermo Leon Saenz Vargas, alias “Alfonso Cano.” Cano redesigned rebel strategy with his Plan Renacer (Plan Rebirth) and Plan 2010. He forced the guerrillas to return to their roots and political work. The military conditions no longer allowed for the concentration of large numbers of fighters against traditional security force targets. It was now the age of the militiaman, hidden among the civilian population, able to set off a bomb when a patrol passes, or kill an isolated member of the security forces.

The government takes great delight in charting the decline of the FARC’s guerrilla fighters, down from 16,000 in 2002 to just over 7,000 today, according to the latest statistics from the Ministry of Defense. But these are the unformed rural guerrilla fighters. There is no mention of the militias, which may number as many as 30,000 today, and have become the primary offensive weapon of the FARC.

This concentration on political work and the building up of militias could be seen as a positive thing should an agreement be signed. This is exactly the kind of work that could aid the FARC in the move from an irregular guerrilla army into a political force. However, if the peace process collapses, the growing strength of these militias presents a security threat that Colombia is ill-equipped to confront. These are no uniformed rebels that the army can take on -- these are rebels hidden among a civilian population that, in FARC strongholds, shields and protects them. There are no targets for the army; it is a slow and laborious intelligence job for the police to identify and disarticulate these networks. And, in many rural areas under FARC control, the police do not even leave their heavily fortified stations.

The conditions for a real peace agreement are in place. The environment is perhaps more propitious for a deal than ever before in the last 50 years. Yet it is clear that the talks in Havana are not what the government has been selling, and that peace is not around the
corner.
Colombia Peace Process Suspended: Action of Rogue FARC Unit?

Written by Jeremy McDermott  
Monday, 17 November 2014

Colombia’s president has suspended a two-year peace process with the FARC guerrillas after the kidnapping of an army general, amid questions of whether this action was sanctioned by the rebel leadership or was the work of a rogue unit seeking to undermine the peace process.

President Juan Manuel Santos has suspended peace talks in Havana, Cuba between the government and the Revolutionary Armed Forces of Colombia (FARC) following the abduction of General Ruben Alzate, the commander of the Titan Joint Task Force in the province of Choco, near the border with Panama. The president said that the general had been snatched, along with two others, by members of the FARC’s 34th Front on November 16, after violating internal security protocols.

The FARC renounced kidnapping in February 2012, as a government precondition for sitting down to peace talks. Because of this, rebel critics, like the head of the Colombian Army, General Jaime Lasprilla, have stated that the FARC have broken their promises with the latest abduction. However, what the FARC promised to do was to stop their policy of kidnapping for ransom; soldiers taken on the battlefield are seen by the rebels as prisoners of war.

The kidnapping of the general comes after a similar action in northeast Colombia a week earlier, in which the FARC snatched two soldiers in Arauca, by the Venezuelan border. In a communique by the Jorge Briceño Bloc -- the FARC division which is holding the soldiers -- the rebels stated that the two men were “prisoners,” adding that “unlike the state and the government, the FARC-EP shows its willingness to discuss liberation.”

**InSight Crime Analysis**

The question is whether the 34th Front was acting without the sanction of the FARC’s seven-man ruling body, the Secretariat, or whether this kidnapping was part of an approved policy.

It is possible that the FARC high command has ordered guerrilla units to capture soldiers, in the hope of forcing concessions -- perhaps a bilateral ceasefire -- at the negotiating table.

The 34th Front would have known that kidnapping a general would cause an uproar, and if the action was unsanctioned, it might have been aimed at undermining the ongoing talks in Havana. InSight Crime investigations last year identified the 34th Front as one of the rebel

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units vulnerable to criminalizing, should a peace agreement be reached. The 34th Front is believed to be involved in drug trafficking and have ties with the country’s most powerful criminal syndicate, the Urabeños. This FARC unit is also one of the principal targets of the Titan Joint Task Force that General Alzate leads, and it has been feeling the pressure of constant military actions. The fact that the 34th Front opted for capturing, not killing, General Alzate suggests the action had a political purpose.

Meanwhile, the fact that President Santos has suspended the peace process over the kidnapping shows the power of the Colombian military. A highly placed source in the military told InSight Crime that there is widespread disaffection with the peace process within army ranks, and that threats to the peace process come not only from dissident elements in the FARC, but from within the military. There have been several scandals that have revealed the military’s suspicions regarding the peace talks, with military intelligence units eavesdropping on the communications of government negotiators.

Another sign of the power of the military, and the delicate position of the president, can be seen over the issue of a ceasefire. Since the beginning of the peace talks in November 2012, the FARC have been asking for a bilateral ceasefire, and have even called several unilateral ceasefires in the hope of prompting the government to respond in kind. However the military source told InSight Crime that army generals have agreed, reluctantly, to support the peace process, so long as they are allowed to keep hammering the FARC on the battlefield. The military believe that a ceasefire would allow the guerrilla leaders to get back on the ground, reorganize fronts and finances and rebuild their command and control, which has suffered severe blows since 2002. In the past, the FARC have used peace processes and ceasefire to build up their military strength.

President Santos has been facing growing criticism of the peace talks, thanks in no small part to the arrival on the political scene of the Democratic Center (Centro Democratico), the party of former president and current Senator Alvaro Uribe, which won 19 seats in the Senate and 12 seats in the House of Representatives this year. Uribe has become the principal opponent of peace talks in Havana, and he commands an enormous amount of respect from within the military establishment.

The military are well aware that should a peace agreement be signed, the generals are likely to see large budget cuts, and a significant loss of influence. They are also aware that their rivals in the police are likely to receive a boost in terms of resources and influence -- the natural result of any post-conflict scenario.

The reaction to the kidnapping of General Alzate is perhaps as much about the military as it is about the FARC. While it remains to be seen whether the actions of the 34th Front have
been sanctioned by the guerrilla high command, it is clear that elements of the Colombian military also present threats to the reaching of a peace agreement that could put an end to 50 years of civil conflict.
Mass Graves Burying the Truth about El Salvador Gang Truce

Written by Steven Dudley
Wednesday, 01 January 2014

Homicide levels, and more recently, clandestine mass graves, are driving the debate about the success or failure of the gang truce in El Salvador, but they are also obscuring some important truths about why the truce is steadily eroding and why its end has become almost inevitable.

The latest mass graves unearthed are some of the worst this country has seen since the civil war. As many as 44 bodies have been found in Colón province, according to La Prensa Grafica. The head of the Office of Forensic Medicine (Instituto de Medicina Legal - IML) told the newspaper that he feared there may be many more. And the Attorney General’s Office confirmed this, telling InSight Crime that there may be as many as eight more graves.

The data coming from the police also seems to be in line with this fear. Disappearances doubled in 2013, compared to 2012. To make things worse, there is a steady, upward creep in homicide levels.

The truce, and the little political support it has left, are closely tied to these homicides, which did a remarkable nosedive following the signing of the agreement between the country’s two most notable gangs, the Mara Salvatrucha (MS13) and the Barrio 18, in March 2012.

The fear, and perhaps the reality, is that if they return even close to pre-truce levels, of between 12 and 14 homicides a day, that the process is officially over, according to one of the architects of the truce, Raul Mijango.

“That day the process would have failed,” Mijango told El Faro. “Because I would feel that we no longer had anything to do about it, because I would see that as the gangs losing the will they expressed when we began this process.”

That day seems to be rapidly approaching. Even long time proponents of the truce, such as the journalist Paolo Luers, seems frustrated at the fissures appearing amongst the gangs, within the gangs, and between the gangs and the communities they pretend to suffer alongside.

InSight Crime Analysis

There are two big reasons given for this upward creep in murders and the emergence of the mass graves. The first is that the gang leadership can no longer hold their mid-level
commanders in check and that fighting has renewed between, and, perhaps, within these gangs. The second reason is that the gangs have never really had a truce; that they are using this opportunity to strengthen their political hand and their criminal enterprises.

And while these are certainly important points to consider (and ones that InSight Crime has considered at length over the course of the truce), there are others that have been cloaked over by our almost singular focus on homicide levels, and now mass graves. What’s more, this focus has essentially created a self-fulfilling prophecy that the truce will end.

At its best, the truce is a window of opportunity, but one that might not come along again for a long time. These two gangs have shown they are consolidated and disciplined enough to reduce violence and shift emphasis towards where the debate in El Salvador needs to be: on the lack of social, economic and educational opportunity in the country (and indeed the region) that has played a role in their growth.

They have not, as far as we know, asked for clemency or amnesty. They have spent months talking to each other, family members, gang leaders in other countries, government officials, politicians, journalists and multilateral representatives about what it may take to integrate gang-affected youth -- which could reach into the hundreds of thousands -- into society.

There are some who have long seen the truce this way, chief among them the Organization of American States’ (OAS) appointed representative in the talks, Adam Blackwell. While Blackwell can come across as naive (and I have had my public discrepancies with him), he has a fairly realistic approach to the truce: it is the best opportunity to lower the levels of violence. As he rightfully asks, what else has worked?

The truce architects -- Mijango, the ex-guerrilla turned security advisor, David Munguia Payes, the ex-security minister and current Defense Minister, and the Catholic Bishop Fabio Colindres, who plays the role of chief legitimate promoter -- seem to be coming from the same place as Blackwell is now, even if they might not have started there (for the purposes of this article, let’s leave aside the question of individual political ambitions).

Their problem is that none of them has the political capital to pull in the needed players to make this feel real enough for the gang leaders or their mid-level commanders any more. Mijango and Munguia Payes have been sidelined; Colindres is a second tier player in the Church hierarchy; the OAS is a weak institution with little credibility. And it is that lack of legitimacy that is contributing to the steady erosion of the truce and making its end a fait accompli.

Those players are, in order of importance: the El Salvador President; the El Salvador Catholic Church; the United States Government.
President Mauricio Funes’ has never embraced the truce and not rejected it either. This dance has been infuriating for those close to the talks who understand that without him, there is little chance of lining up social, economic and educational assistance for gang-ridden communities.

This position has also made the process opaque and exclusive, leaving out critical voices and actors who might have lent it more credibility.

The irony is that the president cannot have it both ways: taking credit when murder rates drop, then running away (and appointing a security minister, and supporting an attorney general, who are all but openly sabotaging the truce) when violence creeps up again. His legacy will be, in part, based on the results of the truce, whether he likes it or not.

Even worse, Funes’ tepid stance is making it impossible to “institutionalize” the process. El Salvador is in the midst of a tight presidential election this spring, and the candidates are rightfully running away from this unpopular pact amongst criminal groups.

But if the new president did want to continue the process, through what institution would he channel his efforts? Who would be the interlocutor? What credibility would that person or institution have if it did not have months of formal and informal contacts, talks and interactions with the gang leaders?

The Catholic Church has played a similarly ambiguous role. Top Church officials rejected overtures by Mijango at the beginning of the process, fearing the Church was being used as a rubber stamp of legitimacy. And, to a large degree, that sensation was justified when the architects chose Colindres, the military chaplain, to intervene in the talks.

However, that was almost two years ago and the top officials, chief among Bishop Gregorio Rosa Chavez, are still acting like they were slighted and have been slamming the process. The Bishop’s Conference needs to demand a seat at the table, even if it does not like the fact that a second tier bishop has gotten all the public attention thus far and appears to be the only one in the Church who believes all avenues towards peace need to be explored, regardless of possible pitfalls.

What’s more, the truce needs the Church, not one bishop. The Church offers infrastructure, working programs, access to communities and will lend the process a jolt of legitimacy. Without the Catholic Church hierarchy, public support for a negotiated solution will be impossible.

Finally, the United States government has played a critical role in keeping the truce marginalized. Embracing the truce is a slippery slope, to be sure. The gangs have victimized thousands and recognition of this sort has bolstered more than one criminal group, helping
it rise in power rather than diminishing or integrating it into more legal channels. And I am not suggesting it should take a strong, public position.

But backchannels are available and could give the Presidency the confidence it needs to step up and accept a stronger role and invest some money in these faltering communities, as well as the business community, to provide the push needed to create economic programs. In addition, it is hypocritical to stand aside completely, especially when gang truces have happened in Los Angeles and other cities in the United States, and the US government is so strongly supporting Colombia’s efforts to negotiate a settlement with the Revolutionary Armed Forces of Colombia (FARC).

This is not about being naive about who the gangs are and what they did. Gang truces are nearly impossible to sustain, and this one carries more baggage than most. There need to be clear rules about what this truce is and what it is not, and consequences for those who choose to disregard those rules.

However, there also needs to be a greater recognition that options are limited and opportunities are scarce. The truce is not perfect, but this is an opportunity that may not come again.
2 Divergent Views, on El Salvador Gang Truce, 1 Sad Conclusion

Written by Steven Dudley
Tuesday, 15 April 2014

Two wildly divergent views of what is happening with the truce between El Salvador’s two foremost gangs converge in one important way: they both paint a bleak picture for the near future of the fragile agreement and of the country.

The truce -- forged in early 2012 by government-sanctioned mediators, a Bishop from the Catholic Church, and the imprisoned leaders of the Barrio 18 and Mara Salvatrucha (MS13) -- initially lowered homicides from an average of 14 to 6 per day. However, the agreement has come under scrutiny for its opaque nature and its exclusivity, as well as its inability to lower the incidence of other criminal activities such as extortion. Most recently, attacks on police, coupled with rising homicide rates, have led some to claim the truce is effectively over.

These days, depending who you ask, the truce is one of two things:

1. A means for the gangs to strengthen their political, social and military standing in an attempt to become a sophisticated narco-criminal-political movement.
2. A way for the gangs to better incorporate themselves into society via social and economic programs while lowering levels of violence amongst themselves and against authorities.

The gap between these visions has been widening during this period of political flux. President-elect Salvador Sanchez Ceren of the ruling Farabundo Marti National Liberation Front (FMLN) party does not take power until June 1, and has not yet taken a public position on the truce. Meanwhile, outgoing President Mauricio Funes has placed his government on autopilot, in particular Security Minister Ricardo Perdomo.

The Truce Critics

Regardless of one’s position on the truce, Perdomo is at the center of the analysis. For critics of the initiative, he is a hero. At nearly every turn, Perdomo has undermined the truce, most recently saying the gangs have become “narcopandillas” who are moving drugs for international cartels and stocking up on weapons.

Officials have also made several still unsubstantiated claims that some members of the MS13 were trained by at least one former military officer. The MS13, they say, are trying to create a special “grupo de choque,” or shock unit, which could, they say, carry out assassinations of high-level officials or well-protected rivals.

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The gangs do appear to be evolving, and some do jobs for transnational drug traffickers, especially in border areas, several pro- and anti-gang truce experts consulted by InSight Crime said. These jobs include protecting drug loads and possibly serving as low-level assassins.

And the conflict between the gangs and the authorities is clearly getting worse. There have been as many as 14 attacks on police in the last month, a top-level member of the government told InSight Crime. Police said there have been close to 50 attacks this year.

Among these was a lethal and well-planned ambush of a police unit. The ambush, which occurred in La Libertad province the night of April 5, was troubling because it was deliberate and pre-meditated, according to officials’ statements to the press. It involved a telephone call of distress that lured police from their station to the area where suspected members of the Barrio 18 used M-16 automatic rifles in an assault that left one policeman dead and two others injured.

The latest attack came April 14, when suspected gang members killed a San Salvador police agent, La Prensa Grafica reported.

**The Proponents**

Meanwhile, the truce mediators blame Perdomo for escalating the conflict. They point to a law that Perdomo pushed through last year that gave security forces more leeway in protecting themselves.

The chief mediator of the truce, Raul Mijango, told InSight Crime in an interview that at least 26 gang members had been killed by security forces this year. And gang leaders say their members are defending themselves from the assaults.

“This [the attacks] is a consequence of so much repression,” one gang leader told El Faro.

Homicide rates have also risen from an average of six per day to close to nine per day. Perdomo says this is the gangs’ way of pressuring the incoming government to support the truce.

The mediators say this is because the security minister has cut off contact between the gangs and the mediators. Specifically, Mijango says that without access to the jailed leaders, the mediators cannot slow the “chains of revenge” that reverberate between and amongst gangs in El Salvador and drives much of the violence that has given this country one of the world’s highest homicide rates.

This may be partly true. Similar “interrupters” operate in different cities in the United States.
States, and their ability to access gang leaders is crucial to their ability to limit the violence. Perdomo also removed key police personnel that were working closely with Mijango’s team to intercept gangs when they were not complying with the truce.

Moreover, the rise in homicides does coincide with Perdomo’s arrival as security minister. Murders increased after Perdomo took over in June 2013. This pattern has continued through 2014.

Obstacles to Funding

That the truce became more of a band-aid rather than a long-term solution was one of the major criticisms of the process. But Mijango and other supporters of the truce say this was because the promised government, business and international aid never materialized.

The aid itself seems to be pushing would-be negotiators and facilitators of the truce into rival camps as well. The potential resources are substantial. USAID said last year it had $20 million for violence prevention programs, which the government and business groups said they would match. The European Union, the Inter-American Development Bank, the World Bank, and others have committed, or are considering committing, tens of millions more for violence prevention and other social programs geared towards at-risk youth.

But without any clear interlocutors, donors have had trouble figuring out where to channel the money. The political obstacles are also formidable. The US government does not support the truce, while the European Union is more open to working within the context of the truce.

When donors have opened up for bids, it has become a free-for-all. One organization that vied for funding for violence prevention programs from the European Union told InSight Crime that 57 organizations applied.

Everyone seems to be getting in line. Mijango works with violence prevention and social organizations but says he does not receive direct remuneration from his involvement. For his part, Perdomo is laying the groundwork for what his supporters say is a more inclusive, cohesive peace plan, which excludes the current mediators from the process, and he appears to have the backing of the US government.

In the meantime, the situation has only gotten tenser. Even Mijango acknowledges the truce is on life-support during this transition period and says the gangs are losing “patience.”

“They need to move the patient to another set of doctors,” Mijango said of Perdomo’s handling of the gang situation. “Otherwise, it won’t get cured.”
The consequences could be dire, truce participants and observers say. Mijango says if things completely fall apart, the country may face “25 to 30 homicides a day.”
El Salvador Gangs and Security Forces Up the Ante in Post-Truce Battle

Written by Steven Dudley
Wednesday, 22 October 2014

Since the dissolution of the gang truce, assassinations of police and military personnel and clashes between gangs and security forces have changed the security equation in El Salvador, closing any small window left to revive the short-lived and highly criticized ceasefire.

As of October 17, the violence had left 31 policemen and various military personnel dead in 2014, including six police in October alone. The victims range from low- to high-ranking members of the security forces and are spread across a wide geographic area. This gives the impression that they were not pre-selected or targeted, but rather were killed when the opportunity presented itself, or following security force disputes with local gang factions.

Clashes between security forces and gangs are also on the rise, officials in the police and army told InSight Crime. The police have reported 130 clashes with gang members this year; the army has had 14 just in October, compared to 12 in all of 2012.

That was the year in which the country’s largest gangs -- the Mara Salvatrucha (MS13) and two factions of the Barrio 18 known as the Revolutionaries and the Sureños -- entered a truce with the help of the government’s proxy negotiating team, which was comprised of a former guerrilla-turned-security force advisor, and a bishop in the Salvadoran church.

The truce led to a steep drop in reported homicides, although critics claim this was partly because the gangs hid bodies in clandestine graves. The truce was also criticized for opening political space for, as well as legitimizing and emboldening, the MS13 and the Barrio 18 factions that participated.

In addition to gaining political capital, gang leaders were moved from a maximum-security prison to various minimum-security prisons, where they have better access to their rank and file, as well as more chances to visit with their families.

Certainly, the gangs, which the government numbered at 65,000 members during the truce with a potential reach of some 500,000, have tremendous political and coercive powers, especially in areas where they control territory and collect security “taxes” from local businesses and residents. And, in spite of waning public support for the truce, both major parties -- the left-leaning FMLN and the right-wing ARENA -- reportedly met with the gangs’ leaders in the run-up to this year’s presidential elections.

Election observers from ARENA claimed that the gangs used their muscle to influence the
results, especially in the first round in February, which was won by the FMLN’s Salvador Sanchez Ceren with a surprisingly wide margin. The second round in March resulted in far fewer complaints from opposition political observers and a much closer result, with Sanchez Ceren winning by just over 6,000 votes.

Meanwhile, proponents of the truce -- including one of the architects of the original ceasefire, Defense Minister General David Munguia Payes -- have argued that a truce is necessary to create the conditions for longer-term solutions, such as social and education programs in the poor areas where gangs are most prevalent. They also say meeting violence and gang activity with increased incarceration and repression, the preferred tactics to date, has only resulted in overflowing jails, stronger gangs and higher homicide rates.

As the truce crumbles, the Attorney General’s Office is in the midst of a vigorous investigation regarding the circumstances in which the original truce came about, the benefits gang members and others may have obtained, and other potential transgressions.

The chief mediator, Raul Mijango -- an FMLN guerrilla during the country’s civil war, who has since distanced himself from the party -- faced hours of interrogation about his part in forging the agreement, which fell into disrepair after the government swapped security ministers in June 2013.

The new security minister at that time, Ricardo Perdomo, initially attacked the truce and promised a new negotiation. However, his unofficial mediator, Father Antonio Rodriguez -- known popularly as Padre Toño -- was arrested in July this year and then quietly removed from the country, after investigators intercepted a series of compromising phone calls between Toño and gang members.

The FMLN government is now faced with the politically impossible task of determining a way forward. By all appearances, the Sanchez Ceren administration had been stalling since taking office in July, in an apparent attempt to avoid the political straitjacket a new gang truce would entail until congressional and local elections took place in March 2015.

However, while the previous government appeared to be trying to distance itself from the gangs, the increased violence seems to be forcing the current administration’s hand in what is increasingly looking like a war. As attacks on security forces are rising, police have also killed more than 100 suspected gang members this year, police officials told InSight Crime. (Those close to the gang leaders say the real number is far higher.) And murder rates have returned to pre-truce levels.

In September, the government created a special “Council for Citizen Security” -- which includes members of the Catholic Church, business associations and non-governmental
organizations -- to help it develop a coherent security plan. Sanchez Ceren’s Security Minister Benito Lara also recently visited with leaders of Initiative for Peace (IPAZ), a group of religious leaders and organizations from Catholic and Evangelical churches, to talk through the government’s options.

Meanwhile, the violence continues, as does the speculation about the cause of increased clashes between gangs and the security forces. Two sources close to the gang leaders, as well as one high-ranking member of the security forces (all speaking on condition of anonymity because of the sensitivity of the situation) said the gangs were targeting security forces in an effort to force a renewal of some facsimile of the truce.

Police officials and various intelligence sources, however, disavowed the claim the gangs had given the order to attack security forces, arguing that attacks on police and the army had been happening for years and that each of the deaths had a unique set of circumstances.

The dire nature of the conflict has obscured the irony of the situation: the FMLN, once a guerrilla group and now the ruling party, attacked government security forces for years in some of the same marginalized rural and urban areas where the gangs now hold sway.
IV. Guerrilla Groups and the Drug Trade

Insurgent groups in Latin America have long funded themselves through illicit activities like kidnapping and extortion. Both the Revolutionary Armed Forces of Colombia (FARC) and the Shining Path in Peru have profited from the drug trade for years. For political reasons, rebel groups prefer to keep a distance between themselves and drugs, but they are happy to reap the economic windfall. What is clear is that ties between rebel groups and transnational organized crime are a reality in Latin America, and it remains hard to distinguish between the two in terms of the way they raise revenue.

This theme was particularly relevant in 2014 as the FARC, Colombia’s largest and oldest guerrilla group, continued to move forward in peace talks with the Colombian government. Although the peace process could put an end to 50 years of conflict, there is a very real danger that some FARC units could criminalize post-agreement. Some FARC fronts sell coca base to local criminal organizations, known as BACRIM (from the Spanish acronym for “criminal bands”) -- hybrid criminal organizations formed after the demobilization of Colombia’s paramilitaries in 2006 -- and the FARC has maintained its ties to Mexican and Brazilian criminal groups, among others.

In Peru, the world’s top cocaine producer, leaders of the Shining Path were included this year in a US indictment that claimed the group was deeply involved in the cocaine trade, processing its own cocaine for sale. Experts consulted by InSight Crime agreed there was little evidence to suggest that the Shining Path had moved beyond taxing and protecting drug shipments, but the further up the drug trafficking chain an organization moves, the higher the profits.

Paraguay, meanwhile, is South America’s biggest marijuana producer and home to the Paraguayan People’s Army (EPP). Luis Rojas, the head of the country’s anti-drug agency, claimed this year that the EPP had gone from “taxing” to producing marijuana. Although the evidence until now fails to support this, a dissident faction of the EPP formed this year may have deeper ties to the drug trade. This dissident group, known as the Armed Peasants’ Association (ACA), reportedly has connections to the head of Brazil’s First Catarinense Group (PGC), a criminal organization present in both Peru and Paraguay.

In this selection of articles, InSight Crime examines the links between guerrilla groups and transnational organized crime and looks at the potential for deepening involvement in the drug trade.

– Daniela Castro
US Indicts Shining Path Rebels as Drug War Focus Shifts to Peru

Written by Hannah Stone
Wednesday, 23 July 2014

A US indictment against commanders of Peru’s Shining Path guerrilla group is a boost to the Peruvian security forces’ campaign for increased US support against the insurgency. However, the charges are unlikely to result in rebel leaders standing trial in the US, and could even prove counter-productive for efforts to uproot both the rebels and Peru’s drug trade.

On July 2, the Southern District Court of New York published an indictment (pdf) against the rebel leaders, who led two separate and opposing splinter groups of leftist guerrilla organization the Shining Path (Sendero Luminoso).

Victor Quispe Palomino, alias “Comrade Jose,” leads the group’s last surviving faction, based in the Apurimac, Ene and Mantaro River Valleys (VRAEM), alongside his brother Jorge, alias “Comrade Raul.” The third defendant, Florindo Eleuterio Flores Hala, alias “Comrade Artemio,” was captured in February 2012, leaving his faction, based further north in the Huallaga Valley, virtually destroyed.

The indictment accuses the men of funding the Shining Path’s “narco-terrorist” activities through cocaine trafficking, and launching deadly attacks on the Peruvian security forces in order to protect this drug business. It states that the group seeks to control all aspects of the cocaine trade in its territory, and that some of the drugs they produced were sold in the US.

“Such a path is anything but shining,” states the accompanying press release, “it is the path to prison.”

Counter-narcotics Cooperation

The indictment of Shining Path leaders marks the depth of the US’s counternarcotics cooperation with Peru, which has increased as Peru has emerged as the world’s top coca and cocaine producer. In 2013, US counternarcotics and alternative development assistance to Peru almost doubled to $100 million, up from $55 million the previous year, reported the Global Post.

The relationship has been a priority for the government of Ollanta Humala, who took office in July 2011. In his first months in power Humala abandoned his campaign promise to avoid forced coca eradication, and instead increased eradication to record levels, in what was interpreted by many as a move to placate the US. However, the president launched
another abrupt change of policy last month, when he fired Washington-friendly drug czar Carmen Masias and postponed a US-funded forced coca eradication scheme for the VRAEM region amid concerns that it could drive local coca-growers to support the rebels.

One facet of Peruvian attempts to secure further US security assistance has been their efforts to link the Shining Path to the drug trade in order to secure anti-narcotics funding for counter-insurgency operations. The Shining Path has been designated as a foreign terrorist organization by the State Department since 1997, but it was only in 2010 that two of its leaders -- Jose and Artemio -- were added to the Narcotics Rewards Program, with a $5 million reward for information leading to their arrest.

“The DEA office in the 1990s had many restrictions, they could support the government and police against drug trafficking, but not against terrorism. When we asked for support [against the Shining Path] in those years, they would say that terrorist activity was separate,” retired police General Carlos Moran, a former head of anti-drug police agency Dirandro and part of the team who captured Shining Path founder Abimael Guzman in 1992, told InSight Crime.

In the early 2000s, the DEA still considered the Shining Path to be primarily an insurgent group rather than a drug trafficking organization. DEA Congress testimony from 2003 states that “there is no DEA intelligence indicating that SL [Shining Path] elements are involved in the cultivation, processing, or sale of drugs.”

However, from 2007 onwards the Peruvian police built cases linking Shining Path factions to drug traffickers, General (r) Moran explained, first in Huallaga and then in the VRAEM. “When a connection to drug trafficking was found, the US decided to support us with greater force -- financial support, logistical support. This was fundamental for the Peruvian authorities, and it continues to be very important support today."

For General (r) Moran, US backing has been “decisive” in the battle against the Shining Path, but the shift came “at the initiative of the Peruvian authorities, who convinced the US government that it was a question of narco-terrorism.”

The current moves by the US to bring charges against Shining Path leaders is an important symbolic recognition of the efforts of Peru’s security forces, according to Moran.

“For us, it is an international validation of the work that the Peruvian police have been doing for some time,” he said. “By initiating legal proceedings against these criminals, the US is saying that we were right, and that is important to us.”
“Narco-terrorism”

However, the extent of the Shining Path’s involvement in the drug trade is almost certainly more limited than the US indictment suggests. The document portrays the Shining Path as a fully-fledged drug trafficking organization, stating that, for the last decade, the group has “sought to control all aspects of the cocaine trade” in the Upper Huallaga Valley and the VRAEM, including by “cultivating and processing its own cocaine for sale.”

It is more accurate to think of the Shining Path as a link in the chain that makes up Peru’s cocaine trade. Artemio, before and after his arrest, has repeatedly claimed that his faction’s involvement in the drug trade was restricted to taxing coca farmers. While this is an understatement, there is no evidence that either branch has taken on a systematic role beyond taxing coca growers and protecting drug shipments.

Ricardo Soberon, who served as President Humala’s first drug czar and currently heads drug reform group the Centro de Investigacion Drogas y Derechos Humanos, told InSight Crime that he did not agree with the US accusation that the rebels have sought to control all aspects of the trade. The Shining Path remnants, both under Artemio and in the VRAEM, simply have not had the “logistical, political or military capacity to take control of all the stages in the processing of drugs,” according to Soberon. They have controlled the passage of drug shipments through their territory, but, when it comes to “transport, storage and shipment, there the Shining Path has not had control or command.”

The Huallaga faction is now all-but destroyed, and no longer plays any substantial role in the drug trade. The Quispe Palominos’ faction continues to draw revenue from the drug trade, but their role is mostly confined to charging traffickers who move shipments through their territory. Gustavo Gorriti, editor of the investigative media outlet IDL-Reporteros, told InSight Crime that there was no hard evidence of the group processing coca leaves into cocaine or organizing laboratories in anything more than isolated cases. According to Gorriti, the local drug trafficking clans would rather avoid paying the Shining Path’s taxes when they can, and a recent increase in the use of small planes to move cocaine out of Peru has allowed many traffickers to avoid guerrilla-controlled areas altogether.

It is a matter of debate how far the Shining Path remains committed to overthrowing the Peruvian state, and how far it has abandoned the struggle and become a criminal group working within the existing system to make a profit. General (r) Moran argues that the Shining Path began their conversion into drug traffickers in earnest following the 1999 capture of overall commander Oscar Ramirez Durand, alias “Feliciano,” and that the VRAEM faction are no more than businessmen with a “facade of communism.”
“Their leaders were captured, they lost the ideology of struggle, and they became common criminal groups, practically,” he said.

However, the group have never ceased their political and propaganda work in the VRAEM region, putting up graffiti and lecturing residents about their ideals. Speaking to Peruvian journalists in 2012, a third Quispe Palomino brother, alias “Gabriel,” criticized the authorities’ dealings with the US, saying: “They call us terrorists, narco-terrorists, to confuse the people. [These are] lies. ... You’re dealing with a man of the people. We aren’t manipulated by the CIA or by the Pentagon.”

For Gorriti, the US description of the Shining Path as “narco-terrorists” is far off the mark. “It does not come close to being an adequate description of this organization, which has a political aspect, a strong ideological aspect, and where the drug trade is a supporting business, and not their reason for being.”

Indeed, former drug czar Ricardo Soberon warns that the US indictment could be used as propaganda for the Shining Path in coca-growing regions. “It is not just useless, but could even be dangerous and counter-productive,” he told InSight Crime, arguing that the indictment could be used by the Shining Path to generate sympathy, by linking it to the US role in forced coca eradication.

**Extradition**

Despite the Peruvian authorities’ success in bringing the US to consider the Shining Path as a drug trafficking organization, it is unlikely that any of the three commanders accused in the indictment will ever stand trial in the US.

The US government has made no public request for the extradition of Artemio, and has indicated that it does not plan to. Artemio was convicted by a Peruvian court in June 2013 of terrorism, drug trafficking and money laundering, and sentenced to life in prison. He is currently serving his sentence at Callao naval base outside Lima, where Shining Path founder Abimael Guzman is also serving a life sentence. If they are taken alive, the Quispe Palomino brothers will probably face the same fate -- trial and life imprisonment in Peru.

Many in Peru would prefer to see the Shining Path answer for their crimes in their own country, and the foreign minister stated at the time of Artemio’s capture that the rebel leader should settle his accounts with Peruvian justice.

Unlike neighboring Colombia, Peru does not have a history of sending its drug traffickers to stand trial in the US. Peru’s traffickers do not have the same pervasive power or ability to escape government facilities, and they are less of a priority for the US than their Colombian counterparts.
“The US’s geopolitical interest in mixing drug trafficking with subversion was much simpler in the Colombian case,” said Soberon.

While Colombian traffickers in the 1990s feared extradition to the US, this would not have the same power for Shining Path leaders. IDL-Reporteros’ Gustavo Gorriti said that while the Colombian traffickers were fundamentally business people, who might be moved to negotiate by the threat of extradition, the Shining Path leaders have different motivations. “Their ultimate objective is a revolution through prolonged armed insurgency. They know what they have got themselves into, that they have taken the road of life or death, and this type of threat counts for very little.”

The Quispe Palominos may not have much more time left. The security forces killed two of their top operatives in August 2013 -- military chief Orlando Borda Casafranca, alias “Alipio,” and the third Quispe Palomino brother, “Gabriel.” For General (r) Moran, the VRAEM group is facing a similar situation to that of the Huallaga group from 2010 onwards, when the steady loss of lieutenants left Artemio in an increasingly vulnerable position.

“They are isolated, they have lost operative capacity,” he said. “Soon, they will be dead or arrested, that is the future for them.”
The FARC and the Drug Trade: Siamese Twins?

Written by Jeremy McDermott
Monday, 26 May 2014

The FARC have always had a love-hate relationship with drugs. They love the money it brings, funds which have allowed them to survive and even threaten to topple the state at the end of the 1990s. They hate the corruption and stigma narcotics have also brought to the rebel movement.

The agreement signed on drugs this month at peace talks in Havana could have a huge impact on the drug trade in Colombia -- if it were ever to be implemented. The rebels of the Revolutionary Armed Forces of Colombia (FARC) are in a position to choke the cocaine trade or to turn themselves into the most powerful drug trafficking syndicate in the country.

Yet there is a lack of clarity on the exact nature of the relationship between the rebels and the drug trade. For more than a decade, the FARC have been regularly described as “narco-terrorists” in communiques spilling out of the Ministry of Defense, but the guerrillas themselves emphatically deny they are drug traffickers.

What they do admit to is the “gramaje.” This is essentially a system of taxes imposed on the different links of the drug chain in their areas of control, and includes:

- A tax on the growers (the cocaleros) -- which usually does not exceed $50 per kilo of coca base
- A tax on the buyers -- up to $200 on a kilo of coca base
- A tax on production in laboratories in their areas of control -- up to $100 for every kilo of cocaine produced
- A tax on airstrips and flights that leave from their territory -- again another $100 per kilo.

This means the rebels admit to earning up to $450 from each kilo of drugs produced and moving through their territory. Even if this were their only involvement in the drug trade, it would earn them a minimum of $50 million a year just on the coca base trade in their areas of influence, and up to $90 million on the movement of cocaine.

These numbers are calculated based on the United Nations (UN) estimate for Colombian cocaine production, which was placed at 309 tons a year in 2012, of which the FARC control around two thirds. However, these figures are not only a huge underestimation of cocaine production in Colombia; the rebel involvement in drugs is also far more extensive.
and is not restricted to cocaine -- it also includes heroin, and a recent and increasingly lucrative development, marijuana. A conservative estimate of FARC earnings from the drug trade would be $200 million.

Outside of the gramaje, other drug trafficking activities are neither recognized nor sanctioned directly by the FARC’s ruling body, the seven-man Secretariat. This is the way the rebel high command seeks to maintain deniability in terms of the drug trade. This lack of central control over rebel drug-related activities is also the reason the FARC do not dominate Colombia’s cocaine trade.

Security force operations and criminal proceedings have provided glimpses over the years of how deep FARC involvement in the drug trade has extended, and here are a few examples:

“Negro Acacio” and Operation “Black Cat”

Tomas Molina Caracas, alias “Negro Acacio,” was the head of the 16th Front, based in Vichada, which sat astride the triple frontier with Venezuela and Brazil. In 2001, the army deployed its newly minted Rapid Deployment Force, which was composed of Special Forces equipped and trained by the United States and shuttled around in shiny new Blackhawk helicopters. The operation was dubbed “Black Cat.” The results were the seizures of FARC documents detailing the production, processing and transport of approximately two ton shipments of cocaine, each earning the FARC $2 million. There were details of at least seven such shipments.

The second overwhelming piece of evidence was the capture of the principal buyer of the drugs, Brazilian drug lord Luis Fernando Da Costa, alias “Fernandinho Beira-Mar” (“Freddy Seashore”). Da Costa is a member of Brazil’s oldest criminal syndicate the Red Command (Comando Vermelho). Indeed, Da Costa may today be the top leader of the Red Command. It was clear that Negro Acacio, until his death in an aerial bombardment in 2007, was the principal fundraiser for the FARC’s Eastern Bloc, answering directly to Victor Suarez, alias “Mono Jojoy,” the Bloc’s commander, Secretariat member and rebel field marshal. It was also clear that money from drugs fueled the growth of the Eastern Bloc, to 6,000 fighters in 2002, making it the most powerful military division of the rebel army.

“Carlos Bolas” and Drugs for Arms

In June 2002, Eugenio Vargas Perdomo, alias “Carlos Bolas” was arrested in Suriname and swiftly extradited to the US. There he was convicted of drug trafficking, on charges of handling more than 200 tons of cocaine on behalf of Negro Acacio and the 16th Front. He served 11 years in a US prison and was deported back to Colombia in June 2013. But Carlos
Bolas was more than a simple trafficker. His principal role was as a buyer of arms on the international black market. The currency in which he paid, happily accepted by illegal arms dealers, was cocaine. He is believed to have had a hand in the purchase of 10,000 AK-47 assault rifles which were parachuted into the Colombian jungles in 1999 and provided far and away the biggest injection of weapons to the rebel army in its 50 years.

**Alias “Sonia” and the Panama Connection**

Anayibe Rojas Valderrama, alias “Sonia,” was the head of finances for the FARC’s powerful 14th Front, based in Caqueta. I met her in 2001 in the main camp of the 14th Front in Las Peñas Coloradas, on the Caguan River, where she exercised an iron control over the movement of drugs in this traditional coca-growing region. She was captured in Caqueta in February 2004 and extradited to the US. In 2007 she was found guilty by a Washington DC court, of drug trafficking to the US and sentenced to 16 years in prison. During her trial it came to light that she had been responsible for sending tons of cocaine to the US (the Colombian army put the figure at 600 tons, undoubtedly a vastly inflated figure), with many of the deals negotiated by her personally in Panama.

All of these cases refer to the years when the FARC was at the height of its powers, its commanders were seemingly untouchable and huge swathes of the country were under the rebels’ undisputed control. That ended in 2002, and by the end of 2008 the FARC had seen the death of its founder and supreme commander, Pedro Marin, better known by his alias “Manuel Marulanda,” two other members of the Secretariat had been killed, and the rebel command control structure was in tatters.

The FARC today is a much more fragmented movement, and the rebel fronts enjoy greater autonomy than they had a decade ago. Several units have deepened their involvement in the drug trade and are exporting drugs. The 57th Front moves cocaine into Panama, often working with its former paramilitary enemies, now grouped under the “Urabeños”; the 48th and 29th Fronts, in the border provinces of Putumayo and Nariño respectively, move drug shipments into Ecuador, where many end up in the hands of the Mexican cartels; the 33rd Front in Norte de Santander moves large quantities of cocaine into Venezuela, while the 16th Front is back in business, moving drugs into both Venezuela and Brazil. (For more details on current FARC involvement in the drug trade see Criminal Activities of the FARC and Rebel Earnings).

FARC involvement in drugs is no longer restricted to coca and cocaine. The rebels are also involved in the heroin business in the departments of Nariño, Cauca and Tolima. The 6th Front in Cauca has become perhaps the major supplier of marijuana in Colombia. This is
not only for the domestic market -- a new particularly potent strain, known as “creepy,” is now being exported to neighbors as well.

The future of the Colombian drug trade is intimately linked to success at the negotiating table in Havana. Should an agreement be reached with the FARC, the rebels are, like the Taliban were in Afghanistan, the best placed to have a major impact on drug crop cultivation. However, there is also the risk that individual FARC units will go into the drug business for themselves and work alongside the Urabeños and other drug trafficking syndicates, or even start working directly with Mexican cartels.

What is certain is that the rebels and the drug trade cannot be separated. They might now be described as Siamese twins, and the fate of one is now inextricably bound to the other.
Paraguay’s Guerrillas Split, Dissident Group Replicates Colombia Model

Written by Jeremy McDermott
Sunday, 21 September 2014

Evidence has emerged that a faction of the Paraguayan People’s Army (EPP) has broken away and formed a separate group, one perhaps more closely linked with the country’s marijuana trade and modeled after Colombia’s guerrillas.

An EPP column, led by two brothers, Albino and Alfredo Jara Larrea (22 and 23 years old respectively), appear to have formed a splinter group, called the Armed Peasant Association (Asociacion Campesina Armada - ACA), which is believed to number some 13 fighters. Local authorities retrieved information on the new breakaway faction from a memory stick, recovered after a rebel military action earlier this month in the area of Arroyito, in Concepcion province, where the new group is based.

There have long been rumors of disagreements within the EPP, particularly over the behavior of the Jara brothers, who have been conducting themselves in a less “disciplined” manner than the EPP’s core founders.

“The Jara brothers like to drink and the party. They steal and spend the money on women and alcohol,” Colonel Ramon Benitez, the head of the Joint Task Force, stationed in Concepcion, told InSight Crime. The task force was formed to hunt down the rebels.

It is likely that the ransom gained from the kidnapping of a local businessman last June in Yby Yau, Concepcion, provided the impetus for the breakaway rebel group’s formation. The payment of over one million guarani (over $230,000) could have provided sufficient funding for the dissident column to decide to end its dependency on the EPP core group.

With the split, the EPP may have lost up to a third of its fighting strength. Authorities have identified the key members of the newly formed ACA, which, in addition to the Jara brothers, includes Luciano Arguello (aged 21), alias “Roberto Campo,” Silverio Acosta Zacarias, Rudy Ruiz Sosa (30), Marcos Ojeda, and Ruben Dario Lopez Fernandez (31), who has taken the alias “Raul Reyes,” after a Colombian rebel commander killed in an aerial bombardment in Ecuador in 2008. Lopez also completed military service, as did the Jara brothers, and therefore brings valuable military training to the dissident rebel group.

InSight Crime Analysis

The dissident faction’s breakaway from the EPP significantly weakens the Paraguayan guerrilla group. This is not simply due to the loss of fighters, but potentially the network of collaborators that the EPP has built in its stronghold in Concepción and the neighboring
province of San Pedro. One source close to the EPP told InSight Crime that, “Paraguay does not have mountains and jungles like Colombia. Our mountains and jungles are the civilian population, and they hide us just as well.”

It is this network that has prevented the authorities from getting close to the group, even though the rebels seldom stray beyond their small heartland.

According to Luis Rojas, the head of Paraguay’s anti-drug agency, the SENAD, the ACA is modeling itself on the Revolutionary Armed Forces of Colombia (FARC), and already has links to drug trafficking.

“We have confirmation that these anti-patriotic criminals are copying the Revolutionary Armed Forces of Colombia and charging a revolutionary tax on drug traffickers and cattle rustlers,” Rojas said.

One of the principal sources of revenue for the Colombian rebels is the drug trade, where the FARC charge a “tax” on all coca and cocaine production in their areas of influence. This is a model that the last remaining faction of the Shining Path, operating in the Apurimac, Ene and Mantaro River Valleys (VRAEM) in Peru, also follows.

The SENAD boss believes that the ACA is seeking to replicate this system with marijuana. This is not only possible, but probable. InSight Crime found marijuana plantations while conducting field research in Arroyito, the ACA heartland. While kidnapping is the main source of income for the Paraguayan rebels, many farmers and ranchers in this area are victims of EPP extortion demands, and it is very likely that the marijuana growers are also being forced to pay.

The links with the drug trade may go further than simple “taxation” or extortion. ACA rebel fighter Lopez escaped from prison in Concepcion, along with six other inmates, in November 2013. The man who led the prison break was none other than Osmar de Souza Junior, the head of the First Catarinense Group (Primeiro Grupo Catarinense - PGC), a Brazilian transnational organized crime group, with presence in both Paraguay and Peru. It is believed that Lopez and de Souza were friends in prison, and may have stayed in contact, providing the ACA with valuable international criminal connections.

For General Oscar Pavon, the head of the Army’s Fourth Division, based in Concepcion, the Paraguayan rebels have imitated the FARC in more than just their source of revenue.

“Their manual, their tactics, their modus operandi all bear an uncanny resemblance to those of the FARC,” the general told InSight Crime.

So far, according to SENAD boss, Luis Rojas, there is not enough evidence to link the EPP
with drug trafficking. However, the newly created ACA, with less “revolutionary” discipline, may well seek to deepen involvement in the marijuana business, and reap the financial rewards that would inevitably follow.
Paraguay’s Guerrillas Producing Drugs: Anti-Drug Chief

Written by Kyra Gurney
Friday, 03 October 2014

Paraguay’s anti-drug chief has said the EPP guerrilla group has moved from taxing drug production to producing their own marijuana, but the group’s limited manpower and resources restrict any direct and large-scale involvement in the drug trade.

In an interview with EFE, Luis Rojas -- the head of Paraguay’s National Anti-Drug Secretariat (SENAD) -- stated that the Paraguayan People’s Army (EPP) had progressed from charging a “revolutionary tax” on drugs and providing security services, to running its own drug production centers.

As evidence for this claim, Rojas cited indications that the EPP has camps near marijuana production centers, photos of EPP guerrillas in marijuana plantations, and a video in which the group is shown preparing an area for planting in a wooded area.

In a letter allegedly written by the EPP that was released this week, the rebels denied they were involved in drug trafficking, stating that the government’s claims were an attempt to stain the group’s reputation.

InSight Crime Analysis

Given the fact that the EPP is only believed to number around 30 fighters and there have been indications that some 13 recently split off to form a dissident group, it seems unlikely the rebels would currently have the manpower and resources to become directly involved in the drug trade. The group is also allegedly hiding two kidnapping victims, which would be a further drain on limited resources.

In addition, Brazilian criminal groups like the Red Command (CV) and the First Capital Command (PCC) play a significant role in Paraguay’s drug trade, and the EPP would likely be wary of going up against these powerful criminal organizations.

When InSight Crime spoke with Luis Rojas in August, the SENAD director stated that there was no hard evidence of the EPP’s direct involvement in the drug trade, and that it was more likely they were charging “taxes” on marijuana crops. It is possible he could be trying to leverage information on what could be only minor guerrilla involvement in marijuana production to secure a boost to SENAD’s budget.

However, there have been indications the EPP may have increased its role in the drug trade. In addition to the evidence cited by Rojas, authorities suspect the EPP may have been...
linked to 1.7 tons of cocaine seized in Concepcion -- where the group operates -- in August this year.

The EPP is also known to have significant ties to the Revolutionary Armed Forces of Colombia (FARC), a guerrilla group that followed the trajectory Rojas is indicating the EPP may follow. The FARC went from charging “taxes” on drug production, known as the “gramaje” to playing a more direct role in the illegal drug trade, even operating its own cocaine laboratories and drug export routes.
**Terrorism and Crime in the Americas – ‘It’s Business’**

Written by Steven Dudley  
Wednesday, 09 April 2014

*In a statement given before the Organization of American States, InSight Crime’s Steven Dudley discusses the reality of the links between global terrorist groups and Latin American organized crime, and some common political obstacles to addressing those links effectively.*

I want to begin by telling you a story.

In May 2011, an Iranian-American car dealer living in Corpus Christi, Texas named Manssor Arbabsiar met a man he took for a member of the Zetas criminal organization.

Arbabsiar was moonlighting as a spy for the Qods Force, a special operations unit of the Iranian Islamic Revolutionary Guard. Specifically, he was working with someone described as his “cousin,” who was a high-ranking member of the Qods.

The man he thought was a Zetas operative, however, was really a Drug Enforcement Administration (DEA) informant. The two met numerous times in Mexico where they hatched a plan to kill the Saudi Ambassador to Washington DC for a fee of $1.5 million.

The informant strung Arbabsiar along, even pushing him to transfer money as a down payment into a bank account secretly controlled by the Federal Bureau of Investigation (FBI). Shortly thereafter, in September 2011, with the help of Mexican authorities, the United States captured and charged him with various crimes, including conspiring to assassinate a Washington DC-based diplomat in the United States.

After the news broke, there was outrage at the highest levels of the US government.

Vice President Joseph Biden said: the “Iranians are going to have to be held accountable,” before adding, “We’re in the process of uniting public opinion toward continuing to isolate and condemn their behavior.”

Some of the US press also seemed to be stoking the fire. ABC’s Robin Roberts asked the vice president: “Is this an act of war?”

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The story illustrates many things, not the least of which is how high the stakes are in this game.

Since the 9/11 attacks, the US has spent millions of dollars in this region trying to answer a difficult question: Will terrorist networks use criminal organizations to help them commit
terrorist acts on US soil? Many other governments in this room are wondering the same thing about their own countries.

The Arbabsiar case nicely encapsulates the difficulties in answering this question in a simple “Yes” or “No” fashion.

There seemed to be some truth to the allegations. There are dangerous criminal groups in the region. There are terrorist organizations operating as well. There are states around the world that are either directly or indirectly supporting some terrorist groups’ activities and other states where criminal groups operate with impunity. What’s more, Arbabsiar pleaded guilty and was sentenced last year to 25 years in a US prison.

At the same time, though, there is also something unbelievable about this story. And the announcement of a “foiled plot” was met with healthy skepticism in the media.

“If Iranian government operatives really did try to contract a Mexican drug cartel to assassinate the Saudi ambassador to the US... then they weren’t just being diabolical. They were being fairly stupid,” wrote Time’s Tim Padgett.

Indeed, the facts didn’t add up. Reynosa, Mexico, the supposed meeting place where the plot was hatched, was not Zetas but Gulf Cartel territory, something the Iranians would have known by doing a small amount of research. More importantly, no Mexican criminal group is interested in committing acts of political or terrorist violence on US soil, much less ones involving foreign governments. They are interested in committing criminal acts, mostly in their own territory, for their own ends.

As Brookings Institute and noted crime scholar Vanda Felbab-Brown has pointed out, criminal groups are “risk minimizers.”

In the end -- and perhaps this is because I am not a law enforcement or intelligence agent -- something does not add up in the Arbabsiar case. And, even if it were true, it appears to be a one-off, rather than a new, global operational strategy.

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There are similar cases that lead to similarly ambiguous conclusions. There is Operation Titan, a joint US – Colombian investigation that unearthed a cocaine smuggling network that stretched from Colombia through Panama and West Africa, and into the Middle East. The go-between was Chekry Harb, alias “Taliban,” who had assembled a network that included Colombian cartels, paramilitaries and guerrillas on the one end, and Hezbollah on the other. Authorities said Harb paid 12 percent of his proceeds to Hezbollah.

www.InSightCrime.org
The most oft-cited case is that of Ayman Joumaa, an investigation that emerged from Operation Titan. US authorities say Joumaa -- a Lebanese national who for years operated from Colombia -- moved cocaine and laundered money for various Colombian and Mexican criminal groups, among others, charging a healthy fee for his services. Presumably, some of these proceeds were making their way to Hezbollah, often with the help of the Lebanese Canadian National Bank.

However, none of this criminal activity seemed to move Hezbollah any closer to being a major presence in the region. In fact, there appears to be little ideological affinity between these organizations and no other means of support to the Shiite militant group other than some portion of Joumaa’s proceeds. This is in line with both the US State Department’s overall picture of the region and some US officials’ own assessment of this particular case.

Joumaa “has interaction with Hezbollah,” one law enforcement official told ProPublica when the indictment was unsealed. But “there’s no indication that it’s ideological. It’s business.”

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If we were to put a label on any of this activity, it would probably be just that: it’s business. These interactions appear to be, more than anything else, a way to achieve short-term monetary goals. Drug trafficking, contraband, weapons trafficking, diamond smuggling and numerous other activities help the terrorist groups reach these goals. Intermediaries like Harb and Joumaa facilitate these deals and perhaps have some ideological affinity to one or more of these organizations. But this does not mean these organizations have developed longstanding or even short-term working relationships. Security analyst Douglas Farah has aptly described them as “one-night stands.”

“You have these multiple crossings of these multiple terrorist and organized groups, but it doesn’t mean that that’s one giant conglomerate out there operating in unison or as a single force,” he told a US congressional committee in 2011. “Everyone has their own interest. It’s more like a series of one night stands than trying to get married to someone.”

In more recent testimony, Farah has taken a much more radical position, claiming numerous governments in the region are strengthening their ties to at least one rebel organization, as well as to Iran.

However, I find these to be mostly unfounded assertions based on old evidence and an assumption that political affinity is ever-lasting and political parties are monolithic. While there are certainly some longstanding political sympathies and perhaps even some relationships that facilitate the operations of some terrorist organizations, there is little to
stand up the claims that there is a master plan to destabilize the region via asymmetric war or terrorist attacks across borders.

Like the Arbabsiar case, conspiracy remains mostly in the eye of the beholder and seems to serve a more political purpose than further our understanding of terrorist criminal networks and their relationships to states. Even Farah admits that: “It’s dangerous (...) to conflate everybody as acting in unison, in concert together in one giant conspiracy when, in fact, it’s multiple networks running multiple plans that overlap at different places.”

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That is perhaps the second lesson: there are degrees of danger, and more importantly, types of dangers that we need to be able to identify before deciding a course of action.

At the top of the list are undoubtedly dangers that put civilians at risk. This, of course, has to be the region’s highest priority. And in the Americas, it is the terrorist organizations of longest standing that remain the greatest threat in this category. These include the Revolutionary Armed Forces of Colombia (FARC), but also Colombia’s other major insurgency, the National Liberation Army (ELN) and the Shining Path in Peru. These organizations continue to target civilians for extortions and kidnappings. In some areas, they exercise more control over civilian life than the state. Still, all three have been greatly debilitated, and the Colombian groups are negotiating a settlement with the government.

Now the danger has become the very real possibility that parts of these groups simply slide into criminal activities following a successful or even partially successful peace or pacification process. More than any other group, the FARC appears on the verge of moving in this direction. At InSight Crime, we identified a number of FARC units, or fronts, as they are known, that are already deeply involved in the narcotics trade and illegal mining activities. These fronts regularly do business with Mexican criminal groups as well as their former rivals in the paramilitary groups who, since their own demobilization, broke into dozens of small and large criminal organizations that continue to plague the country.

This process of criminalization may have already begun for the FARC. By one Colombian intelligence estimate, the guerrillas’ central command, the Secretariat, only has control over 15 of its 67 fronts. In some ways, Colombia is a victim of its own success. Command and control in the FARC has become more tenuous as the leadership of the group has shifted operations to neighboring countries. This criminal migration speaks to a larger regional problem that I will touch on in a moment: a lack of communication and coordination between neighboring states.
Arguably the Shining Path has already criminalized. These days, it appears to act as much as an army for drug traffickers as it does an ideologically-driven organization. In this way, the Shining Path also resembles another criminal group, which is in ascendance in Mexico, known as the Knights Templar. The Knights employ quasi-religious, anti-state political rhetoric to justify their control and repression of rural and urban populations where they traffic narcotics, extort businesses and individuals, and kidnap with relative impunity.

The Knights have also organized sophisticated ambushes of security forces and last year burned a number of energy plants in a series of coordinated attacks. Between their rhetoric and their actions, the Knights look every bit the terrorist group as the FARC, the ELN and the Shining Path. And they serve as a reminder that criminal-terrorist convergence can happen from both ends of the spectrum.

In all of these cases, these organizations share a common bond in that they increasingly depend on drug trafficking and other criminal activities, such as illegal mining and kidnapping, to push their political agendas. Other organizations, such as the EPP in Paraguay, may follow suit, especially given its apparent connections with the FARC. But this group appears to be a much smaller threat at the moment, with as few as 20 soldiers in arms.

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The second type of danger these organizations pose is that of undermining democracies and replacing the functions of the state. This is certainly the case in places such as Colombia and Mexico. Both countries have a federalist political system, which opens up officials to dangerous, illegal actors who exert their influence via mostly their wealth or their military might.

This problem is decidedly more difficult to tackle. Decentralizing power is inherently democratic. It gives locally elected officials more control over things such as budgetary outlays and security force deployment. But governments that decentralize power without providing the corresponding controls on corruption, or creating adequate security forces to deal with these threats, are setting themselves up for deep problems.

This structural issue is but one that makes states, and more precisely, geographic pockets within states, vulnerable. As Felbab-Brown has pointed out, there are vast areas where, for various reasons, illegal organizations accumulate what she calls “political capital,” in which populations tolerate, or in some cases, prefer these organizations to the state.

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The third and perhaps greatest danger facing the region is the growing political rifts between the member states themselves. It is the proverbial elephant in the room, and colors the way in which numerous issues are approached. It is a cliché but one that still holds: one person’s criminals are another’s freedom fighters.

This attitude permits the movement of illegal organizations; provides spaces for them to meet and interact with other criminal groups, leading to the aforementioned “one-night stands”; gives them safe havens from which they can strategize; opens up legitimate and illegitimate business opportunities; and facilitates money laundering and other important logistical matters.

On a diplomatic and operational level, the effect is more insidious, long-lasting and harmful. At the center of the problem is a lack of trust, which leads to poor or no communication between governments. Unfortunately, without clear communication between member states about what, and who, is the problem and how you plan on working together to tackle this problem, there will be little real progress.

But there are examples where frank, open dialogue between nations has led to better coordination and results. The best example is the recent improvement of Colombia – Venezuela relations, which has led to several cross-border arrests and deportations of dangerous criminals, as well as critical political support in a peace negotiation between the Colombian government and the FARC.

These are obviously two very different solutions to what, in the past, might have been seen as part of the same problem. This type of nuanced approach is only possible if the lines of communication are open.
V. An International Spotlight on State Violence

This year brought international and national scrutiny of past and current abuses -- including thousands of extrajudicial killings -- by state security forces. The question now becomes how to change things when it’s the government agents themselves who are part of the problem.

The case of 43 student protesters who were massacred in Iguala, in the Mexican state of Guerrero, was probably the most visible and high-profile incident this year, serving to expose the close ties between political elites, police and criminals. Iguala’s mayor, who was arrested more than a month after the incident, allegedly ordered the murders of the students, which were carried out by a local criminal group in collusion with police. It later emerged that this was not the first such incident the mayor had orchestrated.

Following this incident, Mexican citizens took to the streets en masse to protest against a state with a history -- like many others in Latin America -- of allowing politicians with criminal ties to get elected and security forces with blood on their hands to escape prosecution. The Iguala massacre followed the extrajudicial killings of 22 alleged criminals by Mexican soldiers in a warehouse in nearby Mexico State. There have also been various other officials in states like Michoacan arrested this year for criminal ties.

In Venezuela, the murder of five members of militant collectives at the hands of police agents also raised concerns over systemic human rights violations in the country. Shortly after the incident, apparently in response to the collectives’ protests, President Nicolas Maduro replaced the country’s Interior Minister and the leadership of the investigative police agency, the CICPC.

The culture of violence within Brazil’s security forces also caught the attention of international media, after Rio de Janeiro police were caught on camera apparently driving teenagers up a mountain to execute them (one miraculously survived). A report later in the year revealed that in the past five years Brazilian police have killed more than 11,000 civilians. Many of the victims were young men from poor neighborhoods.

As seen in the selection of articles that follows, the extensive evidence implicating officials in these incidents, the number of victims, and the outcry the cases provoked all served to place them under the international spotlight. This attention could serve as a catalyst that forces Latin American governments to take comprehensive measures to address the conditions that have allowed forced disappearances and human rights violations at the hands of state security forces to proliferate.

– Felipe Puerta
The Disappeared of Iguala, Mexico: A Crime Foretold

Written by Hannah Stone
Thursday, 20 November 2014

Nearly two months after the disappearance of 43 students in Guerrero, southwest Mexico, the government is racing to show that justice is being done, that the bodies have been found and the killers arrested. But the story neither begins nor ends with the students -- and the circle of guilt extends far beyond their killers.

The students from a teacher training college in Ayotzinapa disappeared on September 26, after traveling to the nearby city of Iguala for a protest. As the evidence mounted that the Iguala mayor and members of the police had handed the students to a criminal group for slaughter, public outrage pushed the authorities to act.

A week later, the federal government took over the case. The mayor, Jose Luis Abarca, and his wife have now been arrested, along with more than 40 municipal police and various members of the Guerreros Unidos -- the criminal gang accused of carrying out the killings -- and Guerrero Governor Angel Aguirre has been forced to resign. On November 7, the federal government announced that it had found what may be the students' remains.

Nobody Listened

But there is far more to this story. The seeds of the student massacre can be found in May 2013, when, the evidence suggests, then-Mayor Abarca ordered the abduction and murder of a group of left-wing activists.

The day before they went missing, the activists signed a statement -- seen by InSight Crime -- saying they were afraid that the mayor would have them killed. Afterwards, a survivor told the authorities that Abarca had visited the site where the group was being held, and had shot dead one of their members, local politician Arturo Hernandez, saying “I’m going to give myself the pleasure of killing you.”

Though these facts were widely reported in the Mexican press, Abarca remained free and in office, until the case of the students caught the nation’s attention.

“It was a crime foretold,” Sofia Lorena Mendoza, Hernandez’s partner, told InSight Crime. “This could have been avoided, but nobody listened to us. Nobody did anything after what happened to the activists, and this meant that worse and worse things could keep happening. They found the bodies on June 3, 2013, and there is still impunity.”
Abarca and his wife may now be under arrest -- the former mayor was finally charged with the kidnapping of the activists in October this year -- but the system that brought Abarca to power, and kept him there despite the grisly evidence against him, has not been touched.

Jose*, a classmate of the missing students, told InSight Crime that he and others at Ayotzinapa school were far from satisfied.

“We don’t just want Abarca to be arrested and that’s it,” Jose said. “We want the others to be punished -- who ordered that he become mayor? Who proposed him for leader in Iguala when he has a history of relatives linked to organized crime? He kept governing after the murder of Arturo Hernandez -- he stayed on! Therefore both the federal and state governments are complicit.”

The 2013 case not only set a precedent for the brutal repression of social movements, but helped build the mayor’s animosity towards Ayotzinapa students. After the activists went missing, students from the school took over the town hall in protest against the mayor, explained Magda Lopez, of the Organizacion de Derechos Humanos Red Solidaria Decada Contra la Impunidad, an NGO working on the 2013 case.

For Lopez, the responsibility goes beyond the Guerrero state authorities.

“There was negligence at the federal level,” she told InSight Crime. “If there had been a prompt investigation into the killing of the activists, the terrible events of September 26 would have been avoided.”

Fear and Complicity

A crime of this scale -- the abduction and killing of 43 people – could not be carried out in secret. It required a culture of fear and complicity to prevent other authorities in Iguala from intervening, and keep the residents silent.

After the students did not return home on the night of September 26, a group of their families and classmates went to Iguala the next day to look for them.

“We went to the Federal Prosecutor General’s Office, but my son didn’t appear,” Raul*, father of one of the missing students, told InSight Crime. “We went to the hospitals, we even asked for help from the army. They told me that they didn't know anything, that they didn’t hear anything, only a few meters from where the incident took place. It doesn’t make sense that the [state] police and army didn’t realize what was happening.”

Colonel Aranda Torres, commander of the 27th Battalion in Iguala, had a close relationship with ex-Mayor Abarca, and on the night of the killings was a guest at a party thrown by
Abarca and his wife, reported La Jornada. During the arrests and killings, soldiers from the battalion attacked students as they tried to escape, according to the newspaper.

Student teacher Jose told InSight Crime that local residents had been intimidated into silence.

“We asked the families where the incident took place, and some of them closed the door. Others didn’t want to talk to us. It was like a ghost town,” he explained.

The deep corruption and fear that this case illustrates helps explain the rise of civilian self-defense and vigilante movements in the region -- both the long-established Community Police forces of Guerrero, and more recently established self-defense groups in that state and neighboring Michoacan. As Raul, father of one of the missing students, explained to InSight Crime, the families continue to carry out their own search, aided by the Community Police.

“We do trust the Community Police,” explained the father. “They have points of reference for the search.”

**The Unnoticed Disappeared**

Perhaps the most disturbing aspect of the Iguala case is that it is far from being an isolated incident. Thousands, perhaps tens of thousands of people have been disappeared in recent years -- by state agents, by criminal groups, or, as the evidence suggests in this case, the two working together. Many others have been summarily executed by the security forces. If the 43 victims had been spread over several states, and several months, there likely would have been little response from the authorities -- and no attention from the international media.

In the days and weeks after the students went missing, the Mexican authorities found at least 30 bodies in mass graves near Iguala -- but they were not the bodies of the students. A report by Excelsior gives the telling example of a man whose credit card was found at one of the burial sites in October. He had disappeared in September 2013, but his family had never reported him missing for fear of reprisals. In his recent statement, the prosecutor general said that only four of the bodies had been identified so far, and that the authorities believed Iguala police had been involved in their deaths.

One Iguala resident, who asked to remain anonymous, told InSight Crime that locals say there are many more mass graves close by, which are regularly used by criminals to dump human remains. These victims have gone unnoticed.
“If the bodies aren’t those of our companions, then whose are they?” asked student teacher Jose. “It’s clear to us that many people have been disappeared in Guerrero, as shown by the 38 bodies that they have found so far.”

The case of the students has drawn national and international attention for several reasons: the large number who disappeared at once; the activism of the families; the clear evidence implicating the security forces; and the fact that the victims were young trainee teachers, and therefore “innocent.” They could not be written off as just more criminals killed in Mexico’s drug conflict, as so many others have been.

Case not Closed

Under the glare of the media spotlight, authorities are keen to wrap up the Iguala case. Prosecutor General Jesus Murillo Karam announced on November 7 that captured members of a criminal group had confessed to killing the students and burning their bodies, before dumping the remains in a river.

But for the victims’ families, the case will not be closed until they have definitive proof of what happened to their loved ones.

Raul, father of one of the students, said that he did not accept the government’s statement.

“Murillo is saying that these are your dead, that it all ends here,” he said. “It’s not right, because the government doesn’t have DNA proof that says they are dead, that says, ‘Here are your dead, take them.’ It doesn’t end here.”

He explained that, like others among the families, he will keep searching for his son until there is proof of what happened to him.

“We are very angry -- I don’t know if my son is eating, whether he has clothes. I have faith, like the other parents, that the boys are alive,” he said. “It fills me with anger and rage that the government hasn’t done its job. The police took them, and the police must give them back to us.”

Certainly, the Mexican authorities’ habit of using torture to extract the desired information from detainees casts doubt on the government’s version of events, which relies heavily on confessions. The human remains found in a river following these confessions are so badly damaged that only two bone fragments are in a good enough state to attempt DNA testing, according to the prosecutor general, suggesting that the families may never get the proof they need.
Life at the Ayotzinapa school has been put on hold while the community waits for answers. According to student teacher Jose, classes have been canceled and many of the students are living in the school.

“They sleep there, they eat there,” he said. “It's very sad. It makes you angry, furious, because the students are from modest backgrounds. They are indigenous people, peasant farmers. We don’t deserve this treatment.”

For Raul, the fact that his son and many other missing students are from poor backgrounds is what makes them disposable.

“It's been nearly two months now and we don't know anything. I'm a humble person, poor, I'm not ashamed of my roots,” he told InSight Crime. “But what would happen if the members of Congress lost one of their children, or if President Enrique Peña Nieto lost one of his? They would be found.”

*Names have been changed to protect those who wish to remain anonymous due to security concerns.*
Police Violence Continues to Plague Brazil: Report

Written by David Gagne
Tuesday, 11 November 2014

A new report by a citizen security body in Brazil says that police have killed more than 11,000 civilians in the past five years -- while the number of police killed during the same period nearly doubled -- suggesting strategies aimed at lowering police brutality have not had the intended effect.

The report, published by the Brazilian Forum on Public Security -- a body comprised of security officials, research centers, and NGOs -- counted 11,197 citizen deaths perpetrated by both on and off-duty police in the country from 2009 to 2013, representing an average of 2,239 people killed by police per year over that period.

The highest number of reported police killings in this time frame was in 2010, with 2,434 cases, while the lowest number occurred the following year, with 2,042.

According to the report, the vast majority of killings are committed by military police. This body was responsible for 1,567 citizen deaths in 2013, compared to just 198 cases of fatal confrontations between civil police and civilians. On the flip side, military police are also over four times more likely to be killed than civil police.

Meanwhile, the number of Brazilian police officers reported killed rose from 264 in 2009 to 490 in 2013, with a total of 1,770 killed over the five-year period. This increase was primarily attributable to a steady climb in deaths of off-duty police between 2011 and 2013. These off-duty police were about three times more likely to be killed than their on-duty counterparts in 2013.

Rio de Janeiro was the most dangerous place to be a police officer in Brazil in 2013, with 104 police officers either injured or killed, followed by São Paulo, which reported 90 police injuries or deaths that year.

InSight Crime Analysis

Despite various reforms aimed at reducing police brutality, Brazil continues to struggle with this problem. Measures taken so far include more community police and training. Cameras have also been installed in some police cars -- such as the one that caught now-imprisoned Rio officers in the act of bringing two youths to the top of a mountain before allegedly executing one and severely wounding the other -- and there are plans to install 2,000 more in military police vehicles by the end of 2014.
Meanwhile, authorities in São Paulo state -- where military police have reportedly killed more than 10,000 people over the last 20 years -- passed a resolution in 2013 prohibiting police from taking crime scene victims to the hospital, in order to cut down on police tampering with evidence.

Brazil’s Human Rights Defense Council has called on police in the past to better investigate police killings. Nonetheless, the measures enacted until now have clearly fallen short. Reports continue to surface of police committing revenge attacks and falsely claiming suspects were killed after resisting arrest, while corrupt police in Rio are known to be involved in the city’s criminalized militia groups.

Experts say the violence is linked partly to an ingrained notion that executing suspected criminals is acceptable police behavior. The Rio shooting referenced above certainly lends credence to this notion: A video of the police in their vehicle with the youths documents the nonchalant way in which the officers taunt their would-be victims on the way to their execution.

The report also reveals a disturbing trend on the other end of police-related violence in Brazil. The growing number of off-duty police officers killed in the last two years could be related, as the reports suggests, to officers living in poor neighborhoods attempting to stop crime on their days off. However, it could also be linked to conflict between police and criminal groups, such as a particularly brutal round of fighting with São Paulo’s First Capital Command (PCC) in 2012. Criminal groups may see off-duty officers as easy targets for attacks.

The high levels of police violence in Brazil have contributed to what the authors of the report call an “endemic crisis” of citizen security in the country. Heavy-handedness by police has helped produce widespread distrust in the institution, which in turns leads to underreporting of criminal activity. This presents a major obstacle to reducing violent crime.
‘Two Down’: Video of Brazil Police Killings Raises Disturbing Questions

Written by Miriam Wells
Sunday, 17 August 2014

A recent video of police seemingly executing teenage suspects raises an important question: to what extent could registered disappearance figures be hiding lethal “social cleansing” by the country’s own law enforcement officials?

The scenes are chilling. In the video released by Brazilian television network Globo on its news show Fantastico, two military police officers chase and catch three teenagers suspected of robbery in downtown Rio. Once the alleged criminals are shut in the back of their truck, the police officers have a very casual conversation.

“Shall we go up there?” says one policeman to the other, who glances at him and nods.

“Shoot the gun a little bit,” he replies, looking at the boys in the rear view mirror.

“Up there” was Morro do Sumare (Sumare Hill), a secluded high point in Rio’s Tijuca Forest, a national park. The car, tracked by GPS, travels for what appears in the video to be about 45 minutes into the forest, then stops.

The officers, later identified as Vinicius Lima and Fabio Magalhaes, get out and provoke the youngsters.

“We haven’t even started beating you yet, and you’re already crying?” one goads them.

The officers then get back into the vehicle and drive for another minute before getting out again, laughing as they do. Magalhaes mimics shooting his gun, then gets back in the car and smiles.

Lima shouts at the boys: “Stop crying, damn it! You’re crying so damn much! Be a man, damn it!”

Two minutes later, they reach the top of Morro do Sumare. One teenager is escorted out of the truck and away for reasons that are not clear. Then the cameras stop rolling.

By the time the camera starts again the officers are back in the truck, driving down the hill, with no one in the back. They pass the first boy who was taken out of the truck walking down the road and signal for him to get back in.

“If there is any whisper about what you saw up there with us, we will be after you. You listening? You’re going to pretend that nothing happened,” says Magalhaes.
That boy is dropped off shortly afterwards in central Rio.

**A Body and a Witness**

Five days later, the body of Matheus Alves dos Santos, 14, was found at the top of the hill. The other boy, however, miraculously survived.

Identified only as “M” for his own protection, M told Brazilian investigative news site Publica that he had the “luck” to be taken out of the car before Matheus, then was made to lie on the ground.

“This one’s finished,” he heard the officers joke, before they shot M in the knee with a pistol and in the back with a rifle. M heard more shots then felt Matheus’ body fall on top of him.

(The third boy, found later by investigators, revealed he had been let go before execution took place because he knew a friend of the officers.)

The officers kicked the boys to check they were dead before driving off, M said. In additional footage released later by Fantastico, Lima and Magalhaes discussed the killings.

“Two down,” says Lima. “If we do this all week (it will) keep going down. We hit the target.”

The officers have not said publicly what they meant when they said “target.” Police may be under pressure to reduce street robberies in downtown Rio. They may also be under pressure to reduce their rates of lethal violence, which these police thought they had done by allegedly shooting the boys in a secret location. Yet, analysts in Brazil wonder whether “target” may have been code for something far more sinister.

**Business as Usual**

Police brutality in Brazil has been widely documented. In what is considered one of the most violent security forces in the world, police killed an average of five people per day in 2012. The bulk of these killings took place in the states of Rio de Janeiro, Sao Paulo and Bahia, and the vast majority of those killed were young, black, poor men.

Many of these recorded killings take place in favelas, during police operations against drug trafficking. Many occur when officers legitimately believe their lives are in danger, or when they make careless decisions in the heat of the moment. However, there are also many arbitrary executions.

What was particularly disturbing about Lima’s and Magalhaes’ actions was their calm and pre-meditated nature -- the officers were not mid-operation, were not facing any kind of
threat and did not appear to have an excess of adrenaline running through their veins when they made the decision to kill.

It was, in fact, a decision that appeared entirely routine.

“Even for those of us who are used to this behavior, this casual way they discussed the deaths was disturbing,” said Ignacio Cano, a leading expert on Rio public security, violence and human rights. “This appeared routine both in terms of the frequency and routine from a moral point of view. This was not a special moment for them at all. It was business as usual, like somebody who works in the slaughter house.”

Had M not survived, it’s entirely possible no one would ever have known the act took place. The officers certainly did not seem too concerned about being discovered (though they now face charges of homicide).

This raises the question: how many victims of similar executions are never discovered?

**Falling Homicides, Rising Disappearances**

Figures published by the Rio state government’s Institute of Public Security (ISP) show a dramatic drop in the number of police killings between 2007 and 2013 -- from 1,330 in 2007 to 402 between October 2012 and November 2013, a drop of 70 percent. Homicides as a whole also dropped significantly, from 6,133 in 2007 to 4,543 between 2012 and 2013, a decrease of 25 percent.

However, while recorded killings fell, registered disappearances rose. A total of 4,641 people were recorded missing in 2007, rising by 30 percent to 6,034 between 2012 and 2013.

Fabio Araujo, a sociologist who in his dissertation examined forced disappearances in Rio, believes the correlation is no coincidence.

“The Rio government has fabricated a drop in homicides,” he told InSight Crime. “My interpretation is the disappearance figures are hiding homicides and police killings. I have no doubt that the disappearance of people is a police practice.”

Police used various methods to disguise killings, he said, “disappearing” bodies being one of them.

“The act of disappearing bodies is a principle common among police, traffickers and militias alike,” he said.

Cano, meanwhile, does not believe the figures can be analyzed so simply.
“Many people take for granted that the decrease in homicides and the increase in disappearances are strongly linked,” he said. “I think it is just a hypothesis and the evidence in favor of it is limited. We certainly cannot say that most disappearances are actually homicides.”

He pointed to a 2009 survey by the ISP of 400 relatives of people who were registered disappeared in 2007. Most of them, 71 percent, had reappeared and just 7 percent were found dead.

Homicides really had fallen, he argued. “Pacification,” a Rio security scheme to take back favela territory controlled by drug gangs and install community policing units known as UPPs, had brought them down since it was launched in 2008, he said.

Even more significant had been the introduction of salary bonuses for officers who reduced their lethal violence, which had “been very instrumental in bringing down the number of people killed by police, and homicides in general.”

However, both Cano and Araujo agreed that such bonuses could also act as an incentive for police to hide bodies rather than report them when they killed people, accidentally or otherwise.

It is a complex picture, one in which the lines become even more blurred when the militias Araujo referred to are taken into account. These paramilitary groups formed in large part by off-duty or retired police officers and prison guards control many Rio favelas, charging protection money and “taxes” from residents and businesses.

Rates of both homicides and disappearances are higher in certain militia-controlled areas, and there is a stronger correlation between them. Minor crimes, or simply being an undesirable presence, can exact severe penalties, including disappearance and death. As reported by Publica, in Campo Grande, an area in Rio city’s west zone, police officers had the second best result in the state for reducing lethal violence last year, with each officer receiving an almost $4,000 bonus. It is the also the area that registers the highest disappearance levels -- and has a very strong militia presence.

**A Culture of Police Brutality**

State violence as a means of social control goes back centuries in Brazil. When the police force was first created during the 19th Century, one of its functions was to torture slaves. During the military dictatorship of the 1970s and 1980s, military police crushed dissent, torturing and killing “enemies” of the regime. Today, tear gas, pepper spray and truncheons are routinely used against protesters.
The notion that police should kill criminals or suspected criminals is nothing out of the ordinary in Brazilian society, and indeed is supported by many of its members. In a survey carried out by the federal Secretariat for Human Rights in 2009, 43 percent of Brazilians agreed with the statement: “A good criminal is a dead criminal.”

“We are not talking about just a very violent police, it goes much deeper than that,” said Cano. “They don’t just have the moral backing [to kill], there is a demand for it. For many echelons of society, especially the lower ones but not exclusively, violence is the means of social control, and killing these people is the way to go.”

Last month’s video was a stark illustration of the persistence of this mentality, said Adilson Paes de Souza, who was a military police officer in Brazil for 30 years before writing a book on police violence. The “naturalness, coldness and spontaneity” with which Lima and Magalhaes killed were typical of the scenarios described by officers he interviewed.

Officers have “the tranquility to do what they like” with the “certainty of impunity,” he said.
Mexico Government Downplays Allegations of Army Massacre

Written by Patrick Corcoran
Monday, 06 October 2014

Mexican officials have defended the government’s security policy following allegations of a massacre by the army in Tlatlaya, central Mexico, but their words ring hollow, particularly after this weekend’s discovery of a mass grave close to the site of a student protest.

For weeks Mexico has been gripped by allegations, originally published by the Associated Press and expanded in Esquire’s Mexico edition, that the shooting death of 22 suspected members of a criminal group in a June firefight with the army was in fact little more than a mass execution.

The confrontation was originally said to have taken place when an army patrol stumbled upon a warehouse where the gang kept kidnap victims and an arsenal of weapons. The gang began shooting, and the army returned fire. This version immediately raised eyebrows, if only because a gunfight in which 22 criminals are killed and only a single soldier is injured suggests a disproportionate response.

But earlier this month one of the survivors of the incident, a kidnap victim named Julia, told Esquire that the army fired first, and that only one gang member was killed in the shootout. The remaining 21 were interrogated and then executed. The soldiers altered the crime scene to support their account, she said, and pressured the survivors to support them.

After the new allegations, eight army personnel allegedly involved in the case were arrested last week. This seemingly represents a tacit admission from the government, which in other broadly similar cases has stonewalled, that the allegations have merit.

However, the reaction from the government of Enrique Peña Nieto, whose presidency has largely been based on minimizing the attention to insecurity in Mexico, has been muted. Of the eight arrested soldiers, only three have yet been charged with murder, and Mexico’s Justice Ministry has avoided labeling the incident as a mass killing. In an appearance before a Mexican congressional committee, Interior Minister Miguel Angel Osorio Chong referred to the Tlatlaya killings as an “isolated incident.”

Whether this label is accurate is highly debatable, given the Mexican authorities’ longstanding practice of downplaying unlawful aggressions by the security forces.
InSight Crime Analysis

Assuming the execution story is true, the Tlatlaya killings are perhaps the clearest example yet of military brutality.

This is hardly the first time military personnel have been accused of the gravest of crimes, from extrajudicial killings and disappearances to rape and torture. Human Rights Watch published a landmark report in 2009 detailing 17 credible allegations that the armed forces in Mexico had committed grave human rights violations, including rape and murder. The same NGO followed up with another similar report last year, in which it listed 149 cases in which state agents, including army and marine personnel, had participated in enforced disappearances.

Such allegations have become common. Last month Riodoce, for instance, detailed allegations that the marines involved in the ongoing search for cartel boss “Chapo Isidro” have committed human rights violations in Guasave, Sinaloa.

Police at every level and in virtually every corner of the country have been the subject of similar allegations. To take but one recent example, 22 police officers in Guerrero were jailed on September 29 for allegedly participating in the killing of six people during student protests. A mass grave containing the remains of 28 people was unearthed nearby on October 4, and is suspected to hold the bodies of students who went missing in the same incident.

Against such a backdrop, Osorio Chong’s protests that the killings were an isolated incident fall flat.

The interior minister also comes across as tin-eared. Osorio Chong and other cabinet members would do better to decry such crimes, pledge to increase accountability, and investigate the culture of impunity among uniformed personnel. By doing so, they would make common cause with a citizenry that is exhausted by years of violence and the government’s ham-fisted attempts to rein it in.

Instead, they downplay the gravest crimes committed against their own citizens, and betray the obligations of their office.

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Venezuela’s Leftist Collectives: Criminals or Revolutionaries?

Written by Kyra Gurney
Monday, 24 November 2014

A recent clash between Venezuela’s collectives and police -- which may have led to the removal of the country’s Interior Minister -- illustrates the complex and ambiguous relationship between the state and the country’s militant leftist groups, which have been accused of criminal activity.

On October 7, a violent confrontation between Venezuela’s investigative police force (CICPC) and two militant leftist groups, known as “colectivos,” or collectives, resulted in the deaths of five members of these groups. Among those killed was Jose Odreman, the leader of a network of collectives known as the 5th of March.

In response, the 5th of March coalition demanded the resignation of Interior Minister Miguel Rodriguez Torres, and planned an October 23 rally in front of the Attorney General’s Office. The rally was called off at the last minute, and the next day President Nicolas Maduro announced that he was replacing Rodriguez Torres with Defense Minister Carmen Melendez.

Melendez lost no time in purging the CICPC, immediately firing the agency’s entire administrative leadership. For his part, Maduro promised to create an executive commission to oversee police reform and tasked Melendez with “revolutionizing the police.”

The 5th of March also demanded the resignation of Diosdado Cabello, the head of Venezuela’s National Assembly, via Twitter, as well as posting other critiques of the politician.

Then, about a month after the clash with the CICPC, collectives organized a press conference in which they expressed their opposition to the government’s disarmament program, reading a statement that represented 260 different collectives, who said they refused to hand over their weapons.

“It seems totally absurd to us that [the government] is asking the collectives who do revolutionary work to disarm as if we were criminal groups,” read the statement. “No! We are not criminal groups, we are revolutionary organizations.”
The Government-Collective Nexus

The timing of the Interior Minister’s removal has led to speculation that the government ceded to demands from the collectives.

“It is hard to avoid the conclusion that pressure from the colectivos (and their high-level allies) was a major part of that decision,” Phil Gunson, a freelance reporter for foreign media who is a longtime resident in Venezuela, told InSight Crime in an e-mail. “It could be argued that Maduro merely used that as a pretext. But that would be rather odd, since it made him look weak and at the mercy of irregular armed groups. Not good for the public image, and worse still for relations with the military.”

The murky nature of the collectives and their ambiguous relationship with the government make it difficult to determine exactly how much influence they wield. Part of the problem is that the collectives aren’t homogenous. In Venezuela, the word “colectivo” can refer to any community organization with a shared purpose, ranging from neighborhood groups that coordinate social events or share a particular hobby, to the militant collectives accused of attacking anti-government protesters earlier this year. Even among the armed collectives -- which share the stated purpose of defending the Bolivarian Revolution -- there are differences in both the activities they carry out and their relationship to the government.

Alejandro Velasco, a Latin American Studies professor at New York University who has done extensive research on social movements in Venezuela, told InSight Crime that while the existing narrative on collectives is that they have a “very strong, well-organized and structured collusion” with the state, the reality is more complex.

There are some collectives, like the Tupamaros, who have formal links to the government and even run their own political party. The Tupamaros had close ties to Caracas’ former Mayor Juan Barreto, who appointed a leader of the group as the city’s deputy director of public safety, and recruited other members to serve on the metropolitan police force. According to an International Crisis Group report, by the time the mayor’s term ended in 2008, there were an estimated 7,000 individuals linked to the collectives on the municipal payroll.

Other collectives, like the Coordinadora Simon Bolivar, limit their formal contact with the government to soliciting funding for community projects, said Velasco. A third category of collectives maintain even more informal ties with government institutions, but even so, individual members often have access to people in power through their work in ministry security details or as bodyguards for public officials.
As a result, it is difficult to determine what role the government has played in arming and funding these groups and up to what point their activities will be tolerated. Velasco said that collectives receive government funding through both formal and informal channels, including slush funds the government doles out to different sectors, which collectives can access through direct or indirect petitions. In some cases, the funding is obtained even less formally, with collectives relying on personal ties between members and government officials to access resources, Velasco told InSight Crime.

According to Gunson, some collectives also fund themselves by demanding protection money or charging membership fees.

The source of the collectives’ weapons is similarly murky. Opposition leader Leopoldo Lopez has stated that the collectives are “paramilitary groups armed by the government and protected by officials in uniform,” but others -- including Velasco -- reject the idea that the government has directly armed these groups.

According to Velasco, collectives rely on the same informal channels that give them access to political and financial capital to obtain weapons. Some collective members are also part of the formal militias, for example, which are armed and trained by the government. Others obtain weapons by working in security details or as bodyguards. Velasco said that in general the relationship between the government and the collectives “speaks a lot more to the porousness of the government and the inefficiencies and incompetence of certain sectors than it does to a coherent kind of vision.”

Regardless of how they obtain their weapons, the fact remains that while the government has stated that only official security forces can carry guns in defense of the state, it has never forced the collectives to disarm. As a result, some collectives have amassed impressive arsenals that include automatic rifles, submachine guns, fragmentation grenades, and tear gas canisters. Gunson said he believes there may be several thousand armed collectives in Venezuela, although they vary in their level of organization and number of weapons.

**Neighborhood Watchmen, or Violent Criminal Actors?**

As evidenced by their statements at the recent press conference, collectives justify their arsenals by arguing that they defend both the Bolivarian Revolution and their neighborhoods. However, some groups have moved far beyond acting as a neighborhood watch. In 2008, for example, one collective took over the archbishop’s residence in Caracas for several hours after accusing the Catholic Church of conspiring against the government. Collectives have also attacked the opposition news station Globovision on more than one occasion.
More recently, during the anti-government protests earlier this year, collectives were accused of murdering protesters. According to the Venezuelan Observatory of Social Conflict (OVCS), collectives perpetrated at least 437 violent attacks on protesters during the first quarter of 2014. David Smilde, a Senior Fellow at the Washington Office on Latin America (WOLA), cautions that while the collectives were blamed for much of the violence, however, they were likely only responsible for a small part. “Basically it got to the point earlier this year that any time there was an armed civilian on a motorcycle, he would be referred to as a member of a collective,” Smilde told InSight Crime.

Collectives have also clashed with security forces on numerous occasions. Many collectives started out as self-defense groups created to protect their neighborhoods from violence perpetrated by the police and criminal actors. As a result, there is a great deal of animosity between security forces and the armed collectives. Velasco told InSight Crime that police and collectives are engaged in a “historic struggle over who has legitimate control over the monopoly of violence in the state,” which has led to a situation in which collectives perceive the police as enemies and police view the collectives as “usurpers.”

There have also been allegations that some collectives are involved in criminal activities. According to the International Crisis Group, there is evidence to suggest that collectives are engaged in drug trafficking, arms dealing, and car theft. Gunson told InSight Crime that some collectives take over the criminal activities of the neighborhood gangs they target in their “social cleansing” operations, and that others take control of occupied buildings and charge the residents rent. “It’s no secret that many colectivos engage in criminal activities,” he said.

**Maduro’s Dilemma**

Clashes between collectives and security forces have put the government in a difficult position. Despite the role state institutions play in supporting the collectives, either formally or informally, the government also appears to see these groups -- at times -- as a liability.

On the one hand, as George Ciccariello-Maher -- a professor at Drexel University and the author of a book on Venezuela’s revolution -- told InSight Crime in an e-mail, the collectives “are one of the most important elements in supporting and defending the Chavista government and the revolutionary process. The Venezuelan government, more than any other, responds to its base.”

At the same time, however, Maduro’s administration does not want to be perceived as condoning violence against the opposition. “I think members of the Chavista coalition have an ambivalent relationship to these groups,” Smilde told InSight Crime. “For some they are
the last line of defense of the revolution. Others think they are really screwing things up and that they’re undermining the rule of law."

While at times the government has attempted to rein in the collectives, it has never pushed to fully disarm them and, according to some critics, has largely allowed them to act with impunity. As recent events suggest, the collectives have a great deal of political capital -- capital that could increase if Maduro’s tenuous grip on power slips.

“There’s been a very difficult transition after Chavez’s death with Maduro in power,” Smilde said. “The government is perceived as unstable by both supporters and opponents. That makes these collectives see themselves as having even greater importance, as the ones who could defend the revolution if the Maduro government can’t.”

Gunson echoed these comments, stating that the collectives “have grown increasingly autonomous and self-confident” since Maduro came to power. “In theory they are the regime’s shock-troops,” he said, “but some of them are now openly saying that their support is conditional. [...] Chavez never allowed them such independence.”

The situation is further complicated by the collectives’ alleged involvement in illegal activities. Regardless of the extent of this involvement, the fact that militant groups with no government oversight and a propensity for clashing with security forces are pressuring the government to meet their demands and refusing to disarm doesn't bode well for Venezuela.

If Maduro is ousted from office and armed collectives try to defend him, the current conflict between pro and anti-government protesters could unleash widespread violence. Without access to government funding, collectives could also begin to rely largely on criminal activities to finance themselves.

Even if the Chavista regime manages to hang on to power, the collectives will likely continue to clash with law enforcement. Unless the police corruption and violence that initially produced animosity between the security forces and collectives is adequately addressed, the October 7 killings could mark the beginning of an escalating conflict.
VI. The Decapitation and Fragmentation of Organized Crime

For some time now, both Mexico and Colombia’s criminal underworlds have been in flux, with the traditional groups suffering high-level captures and internal divisions, while new networks rise to dispute their power. During 2014, this trend continued with the fall of major capos and the further fragmentation of organized crime, particularly in Mexico.

The biggest of these events was the capture of Joaquin “El Chapo” Guzman, the head of Mexico’s Sinaloa Cartel. This was combined with the alleged death of fellow Sinaloa leader Juan Jose “El Azul” Esparragoza, following a heart attack. This has ostensibly left Ismael “El Mayo” Zambada alone at the head of the organization. The Zetas, meanwhile, have continued a decline that began after they were named a major government target in 2011, something that has been reflected in the further loss of Zetas territory. And two of the country’s oldest cartels -- the Juarez Cartel and the Beltran Leyva Organization (BLO) -- which have both been struggling for years to stay afloat, may have been dealt death blows with the captures of their top leaders: Vicente Carrillo Fuentes, alias “El Viceroy,” and Hector Beltran Leyva, alias “El H.”

In Colombia, 2014 was marked by Daniel “El Loco” Barrera pleading guilty to various charges in a New York court. Barrera’s ability to forge alliances across the criminal spectrum and control widespread drug routes out of the country have not been replicated by any one capo in Colombia since his 2012 capture. Although the Urabeños have overtaken the Rastrojos and risen to the fore as Colombia’s premier drug group -- as InSight Crime documented in a five-article investigation earlier this year -- it is unlikely that this group will survive for long in its current form. As the criminal veterans that form the core of this group become fewer in number, the Urabeños are also likely to follow the current trend and divide into smaller cells.

What does all this mean for the future of organized crime in these countries? As the trend towards fragmentation continues, smaller and more numerous groups are forced to branch out into new criminal activities. International drug trafficking is no longer the threat to national security that it once was, but local drug peddling, aka micro-trafficking, is a major challenge for citizen security at a local level. Regional criminal groups with close ties to local government have sprung up -- like the Knights Templar and Guerreros Unidos in Mexico -- and as these groups themselves face uncertain futures, others will likely step in to take their places or just continue to atomize. Certain regions formerly ruled by the most violent groups, like the Zetas, have seen decreases in violence, but there is little evidence that the takedowns of drug capos have produced a sustainable decline in insecurity.

– Marguerite Cawley
The dramatic capture of Joaquin “Chapo” Guzman is the end of an era for Mexico’s underworld. The new normal may be an increasingly chaotic criminal terrain, and, facing a more coordinated Mexican security strategy, the next generation of criminal groups may find it impossible to replicate the empire Guzman created.

The change in the dynamics and makeup of the underworld has been coming for a long time. What were once five major cartels in the late 1990s had morphed into 80 criminal groups operating in nearly every state by late 2012.

To a certain extent, Guzman’s organization, the Sinaloa Cartel, had taken advantage of this atomization, spreading into new territory in recent years, most notably Tijuana and Juarez. Along the way, the Sinaloa Cartel could not avoid atomizing itself, thus leaving its structures greatly weakened and its leaders vulnerable.

The process occurred on many levels. In order to stave off increasingly violent rivals, groups like the Sinaloa Cartel had to create military structures. The mid-level to high-level commanders running these structures needed more money to grow and maintain their armies, something the bosses were not always willing to provide.

The only solution to this problem was to give these commanders more autonomy, thus opening up rivalries within organizations, in-fighting and eventually breakaways. This process accelerated as Mexico’s criminal economy expanded, especially as the local illegal drug market grew.

No organization could withstand these forces. The Tijuana, Juarez, Gulf, Milenio and Sinaloa Cartels have all suffered splits. Many have since split several more times since.

The vulnerability of the Sinaloa Cartel was evident beginning in 2008, when its former armed wing, the Beltran Leyva Organization (BLO), broke off and began a bloody battle with its bosses. The BLO, it was thought, was on the verge of extinction.

But by 2011, the group had resurged, in part due to this new local, criminal economy. And in 2012, the BLO, the Zetas and La Linea -- two other groups who had once been armed wings of larger organizations -- did something that was unthinkable a few years ago: attacked several strongholds of Chapo’s organization in Sinaloa.
Other weaknesses became evident in recent months. Chapo's top associate and longtime partner, Ismael "El Mayo" Zambada, had several top enforcers arrested and at least one killed. Chapo’s own father-in-law was also captured and numerous allies, operatives and businesses were coming under the US Treasury's microscope.

The net around Chapo was clearly tightening. One US anti-narcotics official told a Mexican journalist that the Drug Enforcement Administration (DEA) had Chapo in its sights twice but that Mexican government officials balked at green-lighting the operations. Chapo was also “nearly” captured in 2012.

With the help of the DEA, authorities finally corralled him in Mazatlan, Sinaloa, a supposed stronghold of his partner El Mayo. It was a fitting end: Chapo, who is from Sinaloa, was not even safe in his own backyard.

Guzman was number 75 on a list of the 122 major targets of the Enrique Peña Nieto administration. But it was by far the biggest victory for the president in his fight against organized crime and validates his decision to make minor, rather than major adjustments to the strategy implemented by his predecessor, Felipe Calderon.

Calderon, who governed between 2006 and 2012, has taken a lot of flack for starting this fight against the large criminal structures, which had functioned for decades with a nod and a wink from the country’s political elites. It was the right decision, even if it was not the most organized and certainly not the most well-presented strategy.

Violence soared and devoured the Calderon presidency. While he had his successes, Calderon also seemed to lose sight of the most important objective: creating accountable institutions that can respond to all problems, not just large, international drug trafficking groups.

Peña Nieto has taken Calderon's concept to another level and has tinkered with, rather than overhauled, what Calderon had begun. He has centered his strategy on lowering violence. But among the most important changes he’s made is centralizing command and control in the Interior Ministry and rethinking the way government organized its forces.

In December 2012, the newly inaugurated Peña Nieto government broke the country into regions. All of its forces -- from the Attorney General’s Office to the intelligence services to the federal police -- followed suit.

Better coordination has followed, especially between intelligence and operative branches, which is what has led to several important captures.
Peña Nieto also appears willing and able to bypass inoperative and corrupt state and municipal governments more effectively than his predecessor. This is, in part, related to his Institutional Revolutionary Party’s (PRI) disciplined approach and control over administrative and political matters. To cite just one other example aside from the Guzman capture, federal authorities have arrested over 500 suspected criminals in its operations in the embattled state of Michoacan in recent weeks.

Much of the rest of the Calderon strategy, controversial as it was, remains in place. The government continues to slowly purge the police and institute a new justice system. It is establishing a federal criminal code, which should facilitate this process.

The new administration uses the army, the Marines and the federal police in high conflict areas. It has allowed continued cooperation between the DEA and the Mexican Marines, a duo that has produced some of the most important captures and kills of suspected, high-level drug traffickers in the country and was the spear in the Guzman operation.

Mexican authorities say that their approach is more holistic but evidence of its impact across categories is scant. Violence is down, but just how much is a subject of debate. What’s more, kidnappings and extortion are at record levels.

This is part of the new criminal landscape caused by this atomization. With at least 80 criminal organizations operating throughout the country, the competition is fierce. Their objectives vary but increasingly the battleground is not the international but the national market.

Paradoxically, this is what the government wants. These are smaller organizations, with less ability, connections and capital to compromise the state. They therefore represent less of a national and more of a local threat.

They have less ability and fewer connections on an international level as well. In fact, it appears as if the days of the vertically integrated, monolithic trafficking organizations are coming to an end.

To be sure, this is not an easy road, as Colombia found out following the death of Pablo Escobar and the subsequent dismantling of numerous, large criminal organizations that followed such as the Norte del Valle Cartel and the United Self-Defense Forces of Colombia (AUC).

What’s more, the Sinaloa Cartel is not dead. It still has a large, sophisticated structure spread across a huge swath of territory with a tremendous ability to penetrate governments large and small. Two of its leaders, El Mayo and Juan Jose Esparragoza
Moreno, alias “El Azul,” are still at large and, by many accounts, it has been running smoothly without Chapo’s regular input for some time.

But its power is waning. And it is difficult to imagine Guzman passing the torch to anyone from a younger generation, at least one that could successfully restore it to its former status.
The Future of the BACRIM and Post-Conflict Colombia

Written by Jeremy McDermott
Friday, 02 May 2014

While the Urabeños are presently established as Colombia’s top drug trafficking group, it remains to be seen how the evolution of organized crime in Colombia, and the future of the BACRIM, will play out. Below are some predictions.

The president of the Urabeños board of directors, Dario Antonio Usuga David, alias “Otoniel,” will fall. It is not a question of “if,” simply “when.” He not only has the invigorated Colombian police intelligence apparatus chasing him, but international agencies including the US Drug Enforcement Administration (DEA).

There are others within the Urabeños heartland that will be able to step up, and create another command module. Roberto Vargas Gutierrez, alias “Gavilan,” is probably that man. However, the strength of the Urabeños has been in its core of former People’s Liberation Army (EPL) and paramilitary fighters, men with a long criminal experience, military training, and the ability to win the hearts and minds of many of the local communities in which they operate. This pool of hardened criminals is drying up, as a result of captures, violence and internal disputes. The new recruits for the Urabeños tend to be common criminals. They do not have the discipline or training of their predecessors, meaning the quality of the Urabeños’ recruitment pool is getting diluted.

It is likely that over time the domination of those from Uraba will diminish, and this region will become just another criminal fiefdom, perhaps losing the “presidency” of the criminal board of directors. However the nature of this criminal network is such that it can quickly shift and recompose itself around other command nodes, making it almost impossible for the Colombian national police to dismantle the network in its entirety. The best the police can hope for is to target the command nodes as they appear, and undermine the finances of this group and other criminal organizations, which is a slow and long-term project. The successes against the drug trade must also be replicated in the other criminal industries that fund the different levels of the BACRIM (for the Spanish “bandas criminales” - criminal bands). Current priorities, for example, should include the illegal gold trade and extortion, primary sources of earnings for oficinas de cobro across the country.

A new dynamic may well enter the Colombian underworld in 2014. At least 200 leaders of the United Self-Defense Forces of Colombia (AUC) are due to leave prison during the year[1], having served the eight years specified under the Peace and Justice legislation. One of those who may be eligible for release is Fredy Rendon, alias “El Aleman,” brother of “Don Mario” and of alias “[J],” both of whom are Urabeños board members. The temptation to...
return to criminal life may be too great for some of these paramilitary fighters, who have great experience, criminal contacts and influence in the areas they operated. They could either boost BACRIM power, or set off power struggles, creating more violence.

Then of course there is the wild card, the Marxist rebels. The Revolutionary Armed Forces of Colombia (FARC), if they wanted, could become the most powerful drug trafficking organization overnight. The ruling body of the FARC, the seven-man Secretariat, denies any involvement in drug trafficking. The Secretariat members are well aware that drug trafficking is their most important earner, but it is left in the hands of front commanders rather than being directed from above, to allow the top leadership to deny involvement in the trade. The only bloc commander who took direct control of the drug trade at a higher level was Victor Julio Suarez, alias “Mono Jojoy.”

This means that the FARC’s drug trafficking activities are not centrally coordinated. If they were, and the FARC decided to take control of drug trafficking in Colombia, they could do so, and quickly. The FARC, along with their National Liberation Army (ELN) and EPL allies, have a stranglehold over coca cultivations. If they chose to stop selling coca base to the BACRIM, the Urabeños would find their drug trafficking operations crippled.

This raises the possibility of the criminalization of the guerrillas, and the birth of the “FARCRIM” following peace negotiations with the government. This subject has been discussed in detail in another InSight Crime paper, “The FARC, Peace and Possible Criminalization.”[2] It is inevitable that some elements of the guerrillas will criminalize. What is still to be determined, is whether these elements will join the existing Urabeños criminal network, or set up a rival network, which would inevitably lead to confrontation and further violence. During interviews conducted on the Medellin truce between the Oficina de Envigado and the Urabeños, it became clear that factions of the Oficina perceived the criminalization of guerrilla elements to be their greatest threat to their long-term future.

The guerrillas could become a drug cartel in the true sense of the word. They could gain control over all the links in the drug chain, from crops up to exportation of cocaine shipments. They have the military power to take on and defeat any rival criminal elements that stand in their way. There is already evidence to suggest that the Mexican cartels are seeking to cut out the BACRIM middlemen, and negotiate directly with the FARC. There are signs of this specifically with the FARC’s 36th and 57th Fronts in Antioquia and Choco, the 29th and 30th Fronts in Nariño and Valle del Cauca, and the 48th Front in Putumayo. The guerrillas could set up a criminal network to rival that of the Urabeños -- one with greater territorial control, a monopoly over drug crops, and a military machine that even the state has yet to defeat.
The BACRIM’s greatest opportunities for growth may lie abroad, and as criminal migration occurs, it is clear that elements of the Urabeños franchise are establishing access to coca and cocaine supplies in both Peru and Bolivia.

The growing internal drug markets of Brazil and Argentina offer enormous opportunities, and quick rewards. The process of sending drugs to the United States and Europe is complicated, involving shipments passing through many hands, entailing high risks of seizure and betrayal, and a need to repatriate money. Smuggling cocaine or even cocaine paste into other Latin American nations, on the other hand, involves far less risk and more immediate payment.

Additionally, the opportunities in Europe are about to greatly increase for Colombian organized crime, with the lifting of the Schengen visa restrictions on Colombian nationals. This will allow the Urabeños network, which already has oficinas de cobro in Spain, to burst across Europe. The Colombians will thus be able to move further down the drug trafficking chain and get involved in distribution, meaning that the margins on every kilo of cocaine smuggled could rise significantly. This might allow the BACRIM to recover similar levels of profits from cocaine to those enjoyed by the first and second generation drug trafficking organizations.

Criminal and law enforcement sources consulted in Bolivia gave accounts illustrative of the new tendencies for Colombian transnational organized crime. Some spoke of Santa Cruz as the “new Medellin.” Here Colombian criminal elements have set up shop, processing coca base flown in from Peru, as well as that gathered within Bolivia. They then deliver it either to Brazilian criminal groups, for distribution in Brazil, or move it to Colombian elements located in Argentina, for local distribution or for shipment to Europe and other destinations.

Currently, this business remains low profile. The members of Colombia’s transnational criminal networks do not strut around brandishing gold-plated Uzi machine guns. Instead, they are armed with iPhones and the latest generation encryption programs. They are, to all outward appearances, successful businessmen, buying and selling legal, as well as illegal, commodities. They are the drug traffickers of the present and the future. They still need access to criminal muscle like that provided by the Urabeños, but they prefer cooperation, persuasion and consensus to violence. This means they attract little attention, and have become very good at carrying out their business under the radar, beyond the prying eyes of national and international law enforcement.
Colombian organized crime, currently represented by the Urabeños, remains a pioneering force in the international illegal narcotics trade. However, it is becoming increasingly hard to spot it.
Evaluating the Zetas’ Legacy in Mexico

Written by Patrick Corcoran
Wednesday, 18 June 2014

While still among Mexico’s most notorious criminal groups, the Zetas have lost leaders, territory and organizational strength at a rapid clip in recent years. What does their decline mean for Mexico?

The Zetas were the face of Mexican violence for much of the administration of former President Felipe Calderon. With their military background and their absorption of much of the network of Gulf Cartel founder Osiel Cardenas, the original Zetas represented a more violent paradigm that sought to displace the old-school businessmen. They helped keep the Sinaloa Cartel from taking over virtually the entire northern border, essentially took over Monterrey and made plays for trafficking routes far from their home base. In both their aggressive expansion and their use of brutality as the first option rather than the last resort, the Zetas served as icons of Mexican violence.

Uncharacteristically for a Mexican group, many of the Zetas’ most notorious acts of bloodshed were directed against civilians: the group was blamed for the worst attack against civilians in the nation’s recent history, with the Casino Royale fire that killed more than 50 civilians in 2012. The Zetas were behind the grenade attacks in Morelia during the 2008 Independence Day celebration, which killed eight and left more than 100 revelers injured. The Zetas were also responsible for the hundreds of Central Americans buried in clandestine graves in Tamaulipas in 2011. In one of the most brutal episodes of recent history, the would-be immigrants were abducted from busses en masse, and were reportedly deputized to serve as hit-men and performers in gladiator-style contests held for the Zetas’ enjoyment.

But during the past several years, the tide has shifted against the group. The Zetas were named the federal government’s top priority in 2011. In the years following the designation, many of the group’s top leaders have been taken down. Heriberto Lazcano was killed in 2012 and Miguel Angel Treviño was arrested the following year. Less notorious but still vital second-tier commanders, including several founders, have also fallen with regularity: Raul Lucio Hernandez Lechuga was captured in December 2011, Jesus Enrique Rejon Aguilar was arrested in July 2011, and Galindo Medallo Cruz was killed in May 2014.

The Zetas have also lost territory. Reports within the last year have indicated that they have pulled out of La Laguna, a strategic metropolis straddling Coahuila and Durango that is made up of the cities of Gomez Palacio, Torreon, and Lerdo, and that they are no longer the dominant group in Guatemala. While territorial coverage is not essential to a group
maintaining profits or posing a public security threat, the Zetas made a name for themselves as aggressively expansionist, and they have always relied greatly on their turf for income.

In recent years, the Zetas have suffered a dramatic decline in their organizational coherence, one that predates the more recent targeting of their foremost leaders. Indeed, as InSight Crime noted in 2011, some of the most recent notorious events linked to the Zetas were not a product of the gang’s overall aggressive model, and actually ran counter to the interests of the top leadership. Incidents like the Casino Royale fire and the San Fernando massacre were the result of a lack of structure and authority at the top.

In short, though the gang remains capable of generating mayhem in many parts of Mexico, it is no longer the fearsome force of years past.

**InSight Crime Analysis**

The legacy of the Zetas and the consequences of the group’s decline are many. The impact on violence has been uneven, though largely positive. Tamaulipas, Nuevo Leon, Veracruz, Coahuila, and San Luis Potosi -- five principal states where the Zetas had carved out fiefdoms -- all witnessed significant declines in violence from 2012 to 2013. Collectively, the number of intentional homicides tallied in these states by the National Public Security System dropped by around a third during the period.

While the violence has rebounded slightly in Tamaulipas this year, thanks in large part to the Zetas fighting with another declining group, their former allies in the Gulf Cartel, the trend has mostly continued in 2014. Through April, the other four states were on pace for a further decline this year.

Nonetheless, the decline of the Zetas, and the related improvement in the murder rate, has not yet translated into improved public perceptions of violence. As the first National Crime Victimization and Public Safety Perception Survey (Envipe) of President Enrique Peña Nieto’s time in office indicates, Mexicans have a worsening perception of public security.

Whether or not the Zetas’ lesser role eventually does translate into a more relaxed public is largely a question of whether the gains in 2013 and 2014 can be consolidated. The Peña Nieto government does appear to be paying close attention to potential slides. For instance, amid recent increases in violence in Tamaulipas, the government rapidly responded with a federal intervention plan.

But the transition from the Zetas hegemony to whatever dynamic replaces it is far from complete. The Zetas could still rebound, or a series of smaller groups, including Zetas
offshoots, prone to infighting could emerge without any one of them coming to dominate. Such a situation would likely erode the gains of recent years.

At this stage, the Zetas’ legacy can be partially defined by what it did not do. Despite all the hand-wringing about the militarization of Mexican drug violence and the onset of a new era of sophistication by criminal groups, the Zetas ultimately turned out to be not so different from their predecessors.

The degree of high-level training their initial members received was greatly exaggerated, and the younger generations of Zetas largely had no military training whatsoever. The advanced tactics and hardware promised by, for instance, the periodic appearance of armored trucks failed to translate into an era of high-tech warfare. Ultimately, the most important facilitator of Mexican organized crime -- officials bought or bullied into cooperating with criminal gangs -- is the same as it was a generation ago.

And the Zetas did not invent gruesome tactics. One of the tipping points in recent years came, in fact, from La Familia, when they tossed the heads of several enemies onto a disco floor in Michoacan in 2006. And as is amply demonstrated by, for instance, the abduction, torture, and murder of DEA agent Enrique Camarena, Mexican criminal groups have been engaging in rash provocations and committing unspeakable atrocities for years.

But the Zetas did have a broader impact in other realms. More than any other group, the Zetas are emblematic of the diversification of criminal groups’ sources of income. The Zetas receive revenue not only from trafficking drugs, but also from the theft of oil and other natural resources, extortion, kidnapping, car theft, and many other activities not traditionally associated with organized crime. But other groups have emulated them, and the barrier between organized criminal activities and petty crimes has largely disappeared. This is largely the Zetas’ doing.

Such tactics target civilians by design, which helps explain why the Zetas were given so much attention even while other groups, such as the Sinaloa Cartel, were wealthier and equally expansionist. The degree to which Mexicans today feel personally vulnerable is thus also attributable to the Zetas more than any of their rivals.

And here their negative impact may be longer-lasting. Even as murder rates decline across the nation and cities like Juarez recover some semblance of normalcy, kidnapping and extortion remain on the rise. This makes an enduring improvement in public security far more challenging than it otherwise might be.
The shift toward extracting profit from the civilian population represents the opening of a Pandora’s Box. It is not clear when and if it can be closed. Even if the Zetas’ decline continues apace, that unfortunate legacy may endure for years to come.
Mexico’s Violent Juarez Cartel Capo, Almost a King, Now a Prisoner

Written by Steven Dudley and Elyssa Pachico
Thursday, 09 October 2014

Authorities in Mexico have captured the legendary Juarez Cartel leader Vicente Carrillo Fuentes, alias “Viceroy,” who may be best remembered for presiding over the city of Juarez during what was arguably the most incredible spike in urban violence in the country’s history.

Carrillo Fuentes, who was captured in Torreon, Coahuila, would have undoubtedly preferred to have been corralled in Juarez, the place where he made his name and that of the Juarez Cartel.

Vicente was infamous for his penchant to outsource violence at the expense of an entire city. That violence may have helped secure him the Juarez “plaza” -- an underworld term for trafficking corridor -- following the mysterious death of his more famous brother, Amado, the so-called “Lord of the Skies,” in 1997, during a botched plastic surgery in Mexico City.

After eliminating some petty rivals and solidifying his alliances with the likes of Ismael Zambada, alias “El Mayo,” and Juan Jose Esparragoza, alias “El Azul,” Vicente became the “Viceroy.” He wasn’t quite the king of Mexican organized crime, but neither was he a peon.

That in-between status seemed to leave him vulnerable. After his brother, Rodolfo, allegedly killed a Sinaloa Cartel operative in 2004, the urban war that would later come to define Mexico during Felipe Calderon’s administration (2006-2012) had its spark.

The nominal head of the Sinaloa Cartel, Joaquin “El Chapo” Guzman, lured Mayo and Azul to his side. Then Chapo’s sleek assassins surprised Rodolfo, alias “the Golden Boy,” and Rodolfo’s wife as they emerged from an air-conditioned movie theater in Culiacan in September 2004. The murder of Rodolfo and his wife would lead to more tit-for-tats -- including the slaying of Guzman’s brother in jail -- until early 2008, when Chapo decided to take the battle to another level.

Sinaloa’s first targets were the police and judicial authorities that had long been on the Juarez Cartel’s payroll. These included members of La Linea, a group made up of current and ex-police that had become Vicente’s hit squad.

Once the Sinaloa Cartel had won over these so-called “guarantors” of the Juarez underworld, the Juarez Cartel found itself in trouble as never before. And violence went through the roof.
Juarez went from about 300 murders in 2006 to over 3,000 in 2010, an astounding 1,000 percent increase. Local, national, and international authorities were aghast. Worse still, the dynamics in Juarez -- soaring violence, little accountability -- soon came to represent all of Mexico.

Without his praetorian guard, the Viceroy turned to Barrio Azteca, a gang born in US prisons, which had managed to establish a foothold in Juarez’s penal system and had also taken over a portion of the city’s local drug market. The Aztecas’ surprisingly strong organizational and accounting skills prompted Viceroy to lean heavily on the group when fighting the Sinaloa Cartel. But the Aztecas spent nearly as much time kidnapping and extorting locals as they did fighting the Sinaloa hitmen and commanders.

What’s more, the Sinaloa Cartel had one more card to play. Federal security forces persecuted and arrested Juarez affiliates en masse, forcing the Juarez leadership to abandon the area. Some maintained that at the very least, the federal forces had received tip-offs from the Sinaloa that allowed them to better attack the Juarez Cartel. But there were also accusations that the security forces and the Sinaloa Cartel were working side by side.

The outcome of this battle became evident in 2011, when homicides began to drop. This year, homicides are near where they were in 2006. The predominant explanation for this reversal: Chapo beat the Viceroy.

This is a simplistic analysis but one that cannot be ignored. Analysts of the Mexican underworld would be wise to understand that Vicente lost Juarez not just because of Chapo’s strengths, but because of his own penchant for unleashing violent actors on his own home turf. Vicente was long known as the most violent of the six Carrillo Fuentes brothers. As mentioned in Ricardo Ravelo’s book “Los Capos,” Carrillo would at times kill his enemies himself and order them buried in a mass grave. Sometimes he would even bury them alive.

After losing Juarez, Vicente allegedly made his way to the neighboring state of Sonora, where he tried to regroup. However, the Juarez Cartel was but a shadow of its former self, and Vicente was among the last of an older generation of Mexican drug lords who are now all dead or behind bars.

Along with his brothers, Vicente learned all the tricks of the drug trafficking trade from legendary drug smuggler Pablo Acosta Villareal, alias “The Fox,” as he was a nephew of one of Villareal’s allies, Guadalajara Cartel leader Ernesto Fonseca, alias “Don Neto.” At the peak of its strength, the Juarez Cartel relied on a large network of top-level public officials to wave through their cocaine shipments. During the government of President Carlos Salinas
(1988-1994), the head of the federal police force actively cooperated with and protected the Juarez Cartel. Vicente Carrillo frequently accompanied his brother when it was time to meet high-level contacts in the military, police, and attorney general’s office, Ravelo reported in “Los Capos.”

In recent years, Carrillo was forced to remain on the move, much as his brother Amado had to do near the end of his life. There were some reports indicating that Carrillo was planning to re-ignite his feud -- he was allegedly among several cartel leaders who met in a Mexican border town this year, in order to collectively commit to battling their shared enemy, the Sinaloa Cartel. Despite Vicente’s seemingly weak status -- the Juarez Cartel has largely been supplanted by what’s left of La Linea, while Barrio Azteca has built up its own notorious brand of criminal violence -- Vicente still proved to be an elusive catch.

Indeed, his ability to elude capture was already proven. In 2005, Mexico’s Attorney General’s Office (known as the PGR) arrested an architect in a Mexico City shopping mall, who was mistakenly thought to be Carrillo.

Around this time, when the sub-director of the PGR was asked about how close the government was to capturing Vicente Carrillo, he replied, “I think very soon. He’s alone and doesn’t have support. The rupture caused by the death of his brother [Rodolfo] left him in a very bad place and our information indicates that we are drawing in on him.”

Nearly ten years later, Mexican authorities finally did.
Colombia’s ‘Madman’ Pleads Guilty in US

Written by David Gagne
Friday, 10 October 2014

Daniel “El Loco” (The Madman) Barrera has pleaded guilty to money laundering in a US federal court, in what could perhaps conclude the saga of Colombia’s last major international drug lord.

In a federal court in Brooklyn, Barrera pleaded guilty to conspiring to launder tens of millions of dollars in drug profits, reported El Espectador. He had originally pleaded not guilty to the same charges just days after his extradition to the US in July 2013, but changed his position following months of negotiations, according to El Tiempo.

Barrera is also expected to plead guilty on separate charges of international drug trafficking, although it has not been determined when those trials will be held, reported El Pais.

US authorities accuse Barrera of leading a drug trafficking group that processed and trafficked 400 tons of cocaine annually from Colombia to the United States beginning in 1998.

The fallen drug lord faces up to 20 years in prison for money laundering, while a conviction for drug trafficking could result in a life sentence, according to El Espectador.

InSight Crime Analysis

Barrera may very well go down as “the last of the capos” in Colombia, as President Juan Manuel Santos called him following his capture in Venezuela in 2012. His guilty plea in the US is a reminder that Colombia’s organized crime landscape has changed: smaller criminal groups with diverse revenue streams have largely replaced major transnational drug trafficking operations like the one led by El Loco.

Barrera’s connections led him to become one of the most powerful drug traffickers in Colombia up until his arrest in Venezuela. His skill lay in his ability to forge a vast criminal network -- including former right-wing paramilitaries and leftist guerrillas -- to build his cocaine empire, something that may be hard to replicate, given the currently fragmented state of Colombia’s underworld.

By the mid-1990s Barrera was a well-known middleman, buying semi-processed cocaine from various fronts of the Revolutionary Armed Forces of Colombia (FARC) and selling it to the Norte del Valle Cartel, and later to the Centauros Bloc of the United Self-Defense Forces...
of Colombia (AUC) paramilitaries. Barrera formed an alliance with Centauros Bloc commanders in 2004, helping transform him from a facilitator to a major drug trafficker on Colombia’s Eastern Plains.

In 2008, El Loco collaborated with Rastrojos leaders Luis Enrique Calle Serna, alias “Combo” and Diego Perez Henao, alias “Diego Rastrojo” in orchestrating the assassination of a major Norte del Valle Cartel leader operating in Venezuela, giving Barrera control of a vast expanse of trafficking routes.

Given that there’s no evidence Barrera or various other Colombian capos arrested in Venezuela have been replaced, it is possible the business they once ran has been largely absorbed by the Cartel of the Suns (Cartel de los Soles) -- a network of corrupt Venezuelan military officials their allies engaged in cocaine trafficking.
VII. The Intersection of Sports and Crime in Latin America

Sports and crime in Latin America have a long and complex relationship. The sport that perhaps best illustrates this is the region’s most popular one: soccer. There are several ways that these worlds collide, including complex money laundering schemes, drug bosses who own soccer teams, shady player transfer deals and rowdy fans that toe the line with criminality.

The topic was a particularly relevant one this year in the region with the 2014 World Cup held in Brazil.

One man in the spotlight was Lionel Messi, the star striker for Argentina’s national team. Beginning in December 2013, authorities began investigating the Messi family for a charity soccer tour in which tickets were sold for seats that would never be used. Lionel’s father was suspected of receiving kickbacks from the scheme, while other profits involved in the scandal may have been used to launder money from transnational drug trafficking operations.

Argentina’s soccer woes also include the involvement of local teams in criminal activities. The so-called “barras bravas” are composed of politically well-connected, violence-prone club soccer fans who have been accused of involvement in ticket rackets to drug dealing.

Local soccer teams in various Central American countries have more insidious links to organized crime. In some cases, the owners and financiers of these teams may include drug traffickers and their associates. However, thanks to the elite interests involved, this is a tough area to investigate, let alone prosecute.

Whether at a local or national level, soccer provides dangerous ways for organized crime to obtain a veneer of legitimacy in Latin America -- protected by big-time names and a team’s popularity. The following articles explore this issue.

– Marguerite Cawley
10 Ways Soccer and Organized Crime Mix in Latin America

Written by Geoffrey Ramsey  
Friday, 30 May 2014

Soccer has long been a unifying force in Latin America. When the World Cup begins on June 12, televisions in homes across the region will be tuned to the matches. But “the beautiful game” has attracted more than just sports fans over the years. Either out of a desire for prestige, as a way to launder illicit cash or simply to get a cut of the action, professional soccer has also attracted some of the most infamous drug kingpins in the region, a process that has corrupted players, managers and officials.

Below is a list of 10 examples of what happens when the sports world meets the underworld, an encounter that sometimes turns violent.

1. Narcos Become Owners: America de Cali

In 1983, then-Colombian Justice Minister Rodrigo Lara Bonilla denounced a list of six professional soccer teams in the country as being “in the hands of individuals linked to drug trafficking.” Among those named by Lara was America, a professional team based in the southwestern city of Cali, which was owned by brothers Miguel and Gilberto Rodriguez Orejuela, the heads of the Cali Cartel. When star player Anthony de Avila scored a winning goal in a 1997 match that qualified the country for the following year’s World Cup, he said in a subsequent interview that he dedicated the goal to “those who’ve been deprived of their liberty, especially Miguel and Gilberto Rodriguez,” who had been jailed in the years prior.

After the Cali Cartel was dismantled in the late 1990s, there is evidence to suggest that America continued to receive funds from drug trafficking networks. The US Treasury Department added the team to its “Kingpin List” in 1999 because of its continued links to the Rodriguez Orejuela brothers, freezing all of the team’s US assets. Despite this, America de Cali is believed to have retained its unsavory ties for some time, even being linked to paramilitary organizations in 2007.

The team was finally taken off the Kingpin List in April 2013, with the Treasury citing the “enormous efforts made in recent years by both the team and the Colombian government to completely break with the criminal influences that have overshadowed the team.”

2. Owners Become Narcos: Mexico’s Alias “El Futbolista”

In January 2014 Mexican authorities arrested Tirso Martinez Sanchez, alias “El Futbolista,” or “The Soccer Player.”
During his criminal career Martinez was the owner of the Queretaro professional soccer club, and is suspected of controlling two others, the Irapuato and Celaya clubs, through third parties at various points.

At the same time, he was rubbing shoulders with some of the biggest names of Mexico’s cartels, including the Juarez Cartel’s Amado Carrillo Fuentes, alias “Lord of the Skies,” and Arturo Beltran Leyva of the Beltran Leyva Organization. In addition to being the head of a major drug trafficking organization wanted for sending over 70 tons of Colombian cocaine across the border between 2000 and 2003, Sanchez is believed to have benefitted from a money laundering scheme involving the transfer of players, in partnership with other wealthy businessmen, through a company known as “Promotora Internacional Fut Soccer.”

3. Players Start “Charities”: Messi and Colombian Cartels

In December 2013, Spanish newspaper El Mundo made waves by reporting that Jorge Messi, the father and financial agent of Argentine soccer star Leonel Messi, was under investigation for allegedly laundering drug money in Colombia.

The charges stemmed from Messi senior’s role in managing ticket sales for an international charity “Messi and Friends” tour, in which the player appeared at a number of cities around the hemisphere ostensibly to raise money for charitable foundations that later claimed they did not receive any donations from the tour. The reports stated Jorge Messi was suspected of participating in a money laundering scam selling “Row Zero” tickets that would never be used, taking a 10-20 percent cut for his trouble.

While the story made headlines around the world, the subsequent clarification by Spanish police that Messi was not directly implicated in the investigation received far less attention.

4. Fans become Gangs, Enforcers: Barras Bravas in Argentina

Every sport has bad apples among its fan base, and die-hard soccer fans have some of the worst reputations for inciting violence and unrest. Even so, Argentina’s “barras bravas” take it to the next level.

Officially they are organized groups of devoted fans who consistently turn up for their teams’ events. In reality, they share much in common with some of the most violent street gangs in the hemisphere. They have been linked to drug dealing, and deadly conflicts occasionally break out among rival team gangs.

Not only do they take kickbacks from the likes of parking fees during the games and other profits associated with the sport, but they are also frequently courted by local politicians
and powerbrokers as hired muscle in demonstrations. Because of their influence, the barras are difficult to prosecute and are known for their brazen threats and intimidation. In August 2013, for instance, the head of Argentina’s federal police received a death threat believed to have been sent from one of these “soccer mafias.”

5. The Game of Reconciliation: The FARC and Soccer for Peace

For some illegal networks in the hemisphere, getting involved in the most popular sport in the region is less of a business opportunity and more about publicity. This is the case with Colombia’s largest guerrilla army, the Revolutionary Armed Forces of Colombia (FARC), which is currently negotiating a peace agreement with officials in Havana, Cuba.

In late November 2013, the rebel negotiating team made headlines for offering to arrange a series of “Games for Peace” in Cuba and Colombia, with the goal of gaining international exposure for the talks.

The initial proposal for the games came from Colombian soccer legend Carlos Valderrama, who suggested in an interview with newspaper El Tiempo that the game could help promote reconciliation in the country. The FARC seized on the idea, releasing a press statement in Havana in which top rebel negotiator Ivan Marquez said the guerrillas were “preparing physically, athletically,” for the matches. “The members of our fronts and companies organize merry, informal games in which dribbles, overhead and scorpion kicks, and saves blend into the colors of the mountains,” the rebel statement read.

The group also called on other soccer stars, like left-leaning Argentine player Diego Maradona, to participate. A spokesperson for President Juan Manuel Santos has said the government is willing to coordinate the games, but it has yet to announce a time or date for them.


The FARC aren’t the only ones who know the potential for soccer to generate good PR. Michoacan kingpin Wenceslao Alvarez, alias “El Wencho,” may have purchased a B-list soccer team in the state, the Mapaches de Nueva Italia, for just that reason.

Before his 2008 arrest, Alvarez was something of a chameleon in his criminal career. He was an active member of the Gulf Cartel before working with the Familia Michoacana, and is also believed to have close ties to the Zetas, according to the US Treasury. When police raided the Mapaches’ offices, they arrested various members of the team, who had benefited greatly from their boss’ illegal work. As a Los Angeles Times investigation found, the players all had unusually high salaries, drove luxury vehicles and received new...
uniforms for every game. Prosecutors included the team in a list of legal fronts for his illicit income.

For someone like Alvarez, a narco who ran a drug empire stretching from coca fields in Colombia to the streets of Atlanta, the team was far too small to launder significant amounts of money. Purchasing the team seems to have been more about building up support in his home territory than a business move.

According to Mexican sports historian Carlos Calderon, it had the intended effect. “This guy was seen in the region where the Familia Michoacana operated as a benefactor, because he formed teams and created soccer schools for children, providing them with shirts and shoes, all with drug money,” Calderon told the sports magazine El Grafico.

7. Drug Trafficking: Soccer Players as Cash Mules

While the profits associated with professional soccer make it a popular method of money laundering, occasionally the intersection of sports and drug trafficking works the other way around, involving players who become active participants in the drug trade.

In 2003, for instance, a former defensive player for Mexico’s Club Necaxa, Carlos Alvarez Maya, was arrested in Mexico City’s international airport after authorities found over one million dollars in cash in his luggage. When asked about the money, Alvarez gave the standard response used by nearly every drug and money mule that fears retribution for snitching: he told police a “stranger” had approached him in the airport parking lot and offered money to transport the suitcase with him.

8. Players Become Targets: Salvador Cabañas

There are many examples of soccer players getting mixed up in the violent world of drugs. One of the most dramatic of them involved Paraguayan Salvador Cabañas, a former striker with Mexico’s Club America, who was shot point blank in the head while in a Mexico City bar in 2010. Amazingly, he survived, though doctors were unable to remove the bullet from his brain. He has even recovered enough to sign a deal with second-division Brazilian club Tanabi Esporte Clube in March, though there are doubts about his playing ability.

Following the incident, police sources said they suspected the player may have been shot due to unresolved drug debts. His alleged shooter, later identified as Jose Jorge Balderas, alias “JJ,” certainly had some impressive criminal connections. JJ, who was arrested in 2011, was an associate of Beltran Leyva Organization lieutenant Edgar Valdez Villarreal, alias “La Barbie.” In his own testimony, La Barbie confirmed JJ’s role in the shooting. He said that JJ and Cabañas used to be friends, but that on the day of the attack the player “was in a bad
mood and they started to fight.” Barbie further admitted to helping JJ evade authorities in the months following.

9. Officials and Agents as Traffickers: 2009’s ‘Operation Cyclone’

The easy money of the drug trade entices not only players, but officials in professional soccer as well. In the February 2009 “Operation Cyclone,” Spanish police arrested 11 people for allegedly using their ties to the sport as a cover for an international drug trafficking ring stretching from Argentina to Europe.

The names included one current and another ex-professional player, as well as several recruiting agents. Authorities said the head of the ring was Zoran Matijevic, who Spanish newspaper El Pais identified as a FIFA-licensed players’ agent. He and his associate Pedrag Stankovic, a former player with Hercules de Alicante CF, were accused of directly financing the purchase of at least 600 kilos of cocaine as part of the smuggling scheme.

FIFA moved quickly to control the damage on its image. Following Matijevic’s arrest, the federation said that it had not licensed players’ agents since 2001, and that this practice was conducted by national associations only. In its statement, FIFA added it “strongly condemned any criminal activities which may be, even if indirectly, associated to football.”

10. Teams Move to the Top: Pablo Escobar and Atletico Nacional

Pablo Escobar was a huge soccer fan and a chief contributor to one of the city of Medellin’s professional teams, Atletico Nacional.

This was as much a business decision as a show of support for a favorite team. Ticket sales, player salaries and lucrative broadcasting contracts all offered an easy way for his criminal empire to launder some of its massive profits. As former team manager Francisco Maturana revealed in the 2010 documentary “The Two Escobars,” this influx of money raised the team’s profile considerably. According to Maturana, “the arrival of ‘hot money’ helped to pay good players here and bring in foreigners, and with that the soccer improved.”

With the help of their stellar lineup at the time, in 1989 Atletico Nacional achieved what no other Colombian team had before: it won the Copa Libertadores, the most prestigious soccer club competition in South America.

When he was gunned down on a Medellin rooftop in 1993, the kingpin was buried with the team’s flag. With Escobar’s death, however, Atletico Nacional lost one of its main financiers, and the lack of Medellin Cartel funding contributed to a wave of high-profile desertions from the team.
The Messi Scandal: From Charity Soccer to Money Laundering Accusations

Written by James Bargent
Tuesday, 03 June 2014

Come the start of the World Cup in June, soccer fans in Argentina will be investing their hopes and dreams in the astonishing talents of their iconic striker Lionel Messi, who over the last decade has broken countless records and opposition defenses alike. But hanging over Messi’s head is an ongoing scandal that has seen his name mentioned alongside infamous drug lords and multi-million dollar money laundering schemes.

In December last year, Messi headlines moved from the sports section to the front pages, as a spate of reports in the Spanish media revealed a transnational money laundering investigation had turned its eye on the superstar’s charity soccer games, and that Messi’s own father, who manages his financial affairs, had fallen under suspicion.

The Spanish authorities moved quickly to squash the claims that Messi’s father Jorge was under investigation, and although they admitted they had interviewed Messi, alongside his Barcelona teammates Dani Alves, Jose Manuel Pinto and Javier Mascherano, they stressed the Messi family was not yet implicated in any wrongdoing.

However, the investigation continues, and what has emerged so far is a tangled tale of shady characters, murky financial deals, and suspicious businesses that stretch from the soccer fields of Europe to the underworld of Colombia.

A Charitable Business

At the root of the Messi scandal is a series of soccer matches, the “Battle of the Stars,” in which a “Messi and Friends” team competed against a “Rest of the World” squad. The games saw Messi and his fellow soccer stars tour the Americas, playing games in Mexico, Peru, the United States and Colombia, with takings from the gate ostensibly going to selected charities.

In 2012, the Messi tour rolled into Colombia for matches that investigators suspect may have been used to launder profits from transnational drug trafficking. The theory investigators developed is known as “row 0” ticket sales, where dirty money was used to buy tickets that would never be used; then organizers would boost attendance figures by letting people in free at the gate. The newly laundered money would find its way back to the drug lords’ pockets through the companies that organized the event.

The chain of suspect business deals that would come to ensnare Messi in the investigation into this alleged scheme begins with Guillermo Marin (right), a hawk-featured sports and

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celebrity PR agent from Argentina, who has represented such megastars as basketball player Kobe Bryant and the world’s fastest man, Usain Bolt.

Marin and his company, Imagen Deportiva, have been the chief organizers of Messi’s “Battle of the Stars” matches, working alongside Jorge Messi and the charitable Leo Messi Foundation. For the Colombian leg of the tour, Marin entrusted the event to a company that is now the focus of the investigation, Total Conciertos.

The decision was a strange one. Organizing the events involved complex logistics and millions of dollars, but the company was only founded in March 2012 -- just two months before the matches -- with capital of around $250,000, five employees and no experience organizing sporting events.

On top of this, according to El Espectador, the owner of Total Conciertos, Andres Barco (below left), was convicted of fraud in 2008 and faces five open investigations for fraud, theft and falsification of documents. His partner, Harigsson Gonzalez, has been the subject of four investigations for fraud and breach of confidence.

Total Conciertos was not the pair’s only business venture. They also have set up several businesses in Miami and in the hub of regional enterprise -- and money laundering -- Panama. In Colombia, their previous company, Total Entertainment, secured the rights to organize tours for legendary Mexican singer Vicente Fernandez in partnership with D&L Inversiones, a company partly owned by suspected drug trafficker and money launderer Luis Enrique Perez Mogollon, alias “El Pulpo.”

A powerful and murky figure in the Norte de Santander region, El Pulpo maintained a foot in both the underworld and the legal world until he was gunned down in a restaurant in April 2012. Investigators believe the hit came after warring drug lords drew him into the power struggle that tore apart what was then Colombia’s leading mafia, the Rastrojos.

Neither Imagen Deportiva nor Guillermo Marin responded to InSight Crime’s request for an interview, while Total Conciertos’ phone lines have now been disconnected and Barco and Gonzalez could not be reached for comment.

**Total Disaster**

By the time Messi’s Battle of the Stars matches took place in 2012, Total Conciertos was already on the radar of Colombian money laundering investigators. According to El Espectador, in February 2012, prosecutors received an anonymous tip that four Colombian businessmen, among them Barco and Gonzalez, were planning to use the farewell tour of Vicente Fernandez (right) to launder money for the likes of the Rastrojos and their drug lord business partner Daniel “El Loco” Barrera.
It was the Spanish leg of Fernandez’s tour, also organized by Total Conciertos, that ultimately led to the investigation into the Messi charity games. After looking into the warnings about the tour coming from Colombia, Spanish investigators unearthed evidence of a range of suspicious dealings.

According to a report by El Pais, Vicente Fernandez was convinced to sign with Total Conciertos for the tour when Barco offered to pay him 800,000 Euros (about $1.1 million) - - more than twice the going rate. Barco also convinced Fernandez to ditch his opening act in favor of Pipe Bueno, a Colombian singer who has faced years of accusations his convicted drug trafficker father has funded his career.

Authorities also discovered suspect financial arrangements linked to the concerts, including a small tobacconist in Madrid that had lent Total Conciertos 130,000 Euros ($176,000) -- a loan made possible, the owner told investigators, because the shop’s takings on average total 20,000 Euros ($27,000) a day, and he generally kept 60,000 Euros ($81,500) in cash in the shop safe.

According to an unnamed witness in the case who spoke to El Pais, come the concerts, the venue gates were thrown open to mask the fact that thousands of tickets had been bought not by fans of the Mexican crooner, but by Colombian narcs. The proceeds were then transferred back to Colombia via Spanish bank accounts, he claimed.

The investigation into the concerts has so far led to four arrests and 12 indictments, but Spanish authorities have refused to name those involved. A spokesman from the Spanish Civil Guard’s Central Operations Unit (UCO) told InSight Crime Spanish law prohibited naming them because it could prejudice the legal process and ongoing investigation.

Vicente Fernandez, who has not been implicated in the case, was never paid for many of the concerts and is currently taking legal action against Total Conciertos.

**Embattled Star**

Investigations into the Battle of the Stars tour have yet to find concrete evidence that Total Conciertos used the matches to launder drug money, but they have unearthed a raft of strange financial dealings. Among the barrage of claims and counter claims the revelations unleashed, one thing is clear: Someone is lying.

The first to go on the record was the Messi camp. On December 16, Leo Messi Management (LMM) released a statement denying the allegations about Messi’s father. The statement asserted LMM and Messi only participated in the match to secure a donation for the charity chosen by the Leo Messi Foundation and the United Nations Children’s Fund (UNICEF), and that following the game they donated $100,000 to a Colombian charity.
“Neither the LMM nor the foundation received any income from the staging of the matches,” the statement read.

However, a UNICEF spokesperson told El Mundo that UNICEF “did not receive any money and did not participate in the selection of any charity [to receive proceeds from the matches].”

Messi’s Argentine partner, Guillermo Marin, then issued a statement on December 18 distancing himself from Total Conciertos, which he said he had contracted to stage two matches.

“For this company’s failure to meet requirements in Medellin, which left us with a significant debt, we decided to cancel the show in Los Angeles and now we are involved in legal proceedings,” he told Argentine newspaper Hoy.

A day later, Total Conciertos’ Andres Barco spoke to W Radio, responding to revelations that the Spanish police had taped conversations between his associates in which they discussed a 4 million Euro ($5.4 million) fee Barco was to pay Guillermo Marin. Barco denied paying such a fee but claimed Marin had demanded around $2.5 million for expenses such as travel and hotels, and that the only charitable donation made was one that came out of his own pocket. He claimed the match had lost millions of dollars and left him broke.

“I have nothing left to lose,” he said.

On December 20, Barco’s partner Harigsson Gonzalez told El Espectador the Messi matches were “at no time charity games, they were purely commercial.” He claimed he had paid Guillermo Marin a “high price” for the right to put on the events, including payment for Messi, and that the idea to donate some of the proceeds to charity was his idea alone.

The main protagonists in the Messi scandal, all of whom deny any links to money laundering or the drug trade, have now retreated from the public eye, leaving more questions than answers.

Burned by the media furor the case sparked, the authorities have also retreated into an information lockdown. A weary spokesman from the Spanish Civil Guard would only confirm that the investigation was ongoing. Their counterparts in Colombia told InSight Crime they could not comment as the investigation was still in its preliminary stages, while the US Drug Enforcement Administration (DEA), which has been widely reported to be also working on the case, refused to confirm or deny their involvement.
Fraud, corruption, money laundering or just shambolic business dealings -- all that is clear for now is that the investigations continue. Messi, his family, businesses, representatives and foundations have remained silent on the scandal since the initial LMM statement. Come the World Cup, Argentina fans will be thinking of the old soccer cliché and hoping he lets his feet do the talking.
Violence, Power, Soccer and Drugs: Argentina's Barras Bravas

Written by Miriam Wells
Thursday, 05 June 2014

They have been labeled the most violent and dangerous fans in Latin America, if not the world. In Argentina, an organized network of fan-run gangs known as “barras bravas” exert power over soccer clubs across the country, aided by deep political links and making huge sums of money in the process.

What was once about sport has become something much more sinister, say analysts, sociologists and soccer fans themselves, many angry at the direction the barras bravas have taken.

Honorable Violence

The term “barra brava” first gained popular traction in the 1970s, according to Jose Garriga, an Argentine sociologist who has spent more than a decade studying the groups.

At first they were groups of fans who organized themselves for matches to show their loyalty to their teams in “festive” ways -- carrying flags, playing musical instruments, letting off fireworks.

Later, during the 1980s, “they began to characterize themselves by violence,” said Garriga, until “it became what defined them.”

Eduardo Perez, 25, belonged to the barra brava of a small Argentine soccer club, Mitre in San Pedro, between the ages of 16 and 23. Taking part in fights was an obligatory part of barra brava membership, he told InSight Crime. Gaining entry to the barra was a matter of showing up religiously to matches, beating drums, carrying flags and using your fists against rivals. In return, he would get free tickets, and be invited to meet-ups on match days where drinks and marijuana would be on the house, he said.

These days, clashes between barra brava members are accepted as part of the game and deaths are common. According to Argentine non-governmental organization Salvemos el Futbol (Let’s Save Soccer), an average of five people per year died in soccer-related violence in the country between 2000 and 2009. That average has doubled for the years 2010-2014.

Garriga sees the barras and their violence as serving a social function. Primarily formed of poor young men from Argentina’s “villas,” or slums, the barra members gain a sense of belonging to a powerful social group, in which violence denotes honor.
“The violence that the barras practice, the violence of “El Aguante” [The Bravest] is extremely prestigious,” said Garriga. “He who takes part in the fights feeds off this prestige.”

The prestige is carried back to the local community. The barra brava member “gets favors like a bed in the [local hospital], facilitating an application process in the [local government office], or he’s capable of sorting out someone who’s bothering the neighbors,” he told Pagina 12 in an interview last year. “Many people (...) think that the violence excludes [barra members from their community], but in reality it’s the opposite.”

### Huge Profits and Drug Ties

From their inception, the barras were supported and financed by the soccer clubs, at first just with free tickets and travel to games -- which remain the primary benefits -- and later with hard cash. But as the soccer industry grew, so did the business interests and power of the barras.

First, the barras started managing ticket sales and running ticket rackets, which became a major source of income. They also took control of the parking lots around stadiums, and the "trapitos" or informal valets, who look after parked cars.

With hundreds of thousands of people attending Argentine soccer matches every week, huge profits are at stake. Profits from trapitos during just one match day at Buenos Aires' Bombonera stadium, for instance, can reach 300,000 Argentine pesos (around $30,000), according to La Nacion.

In and around the stadiums the barras also sell merchandise, refreshments, and sometimes illegal drugs. In one case last year, 170 kilos of cocaine and marijuana, as well as ecstasy, pre-cursor chemicals and arms, worth more than $600,000, were seized at a private property from a group believed to be linked to a barra in the town of San Martin, Buenos Aires province. More than 150 tickets to soccer games were found alongside the drugs.

“This is an investigation that started out looking at economic crimes and has ended in the discovery of a big drug laboratory, where there is a relationship between barra brava members, weapons, drugs and other crimes,” Argentina’s Security Minister Sergio Berni said at the time.

A month later a San Martin barra brava leader was one of 11 people arrested on suspicion of running a drug micro-trafficking and prostitution network. Firearms, expensive cars and thousands of dollars were seized.
In Rosario, a northeastern Argentine city which has become a drug trafficking hub, a barra brava leader was arrested last year on suspicion of working for the city’s principal narco gang, Los Monos. It was not the first time the detained man, Emanuel Ferreyra, had come into contact with the law -- in 2004 he was sentenced to 14 years in jail for leading a shootout in which a three-year-old child died, but has since been granted conditional liberty.

While the barra bravas as organizations are not working hand in hand with Argentine drug trafficking gangs, relationships between certain individuals exist, said Garriga. “Some of these relationships are very strong, to the point that you could wrongly think a barra brava member works for a drug trafficking gang, but it doesn’t work like that,” he said. “However without a doubt there are barra brava members who are linked to drug trafficking gangs.”

Other forms of profit-making include running tours of the stadiums for foreign visitors and selling black-market dollars in the many “cuevas” that have sprung up to provide cheaper pesos since Argentina’s government imposed currency controls in 2011.

These last two businesses can feed off each other. Argentine newspaper La Nacion last year reported a case in which members of La Doce, the barra brava of famous Buenos Aires club Boca, were exchanging the dollars that tourists paid them for entrance to the Bombonera stadium on match days as part of the barra-run “Adrenaline Tour.”

The money at stake has led to serious infighting. Conflicts within individual barras now account for the majority of soccer-related violence, rather than fights between barras of different teams, and most clubs now have at least two rival barra brava factions.

Ex-barra brava member Perez said many barras no longer care about the games.

“They start out like an organization to gather and consolidate support, but they get distorted to become a band of criminals that has nothing to with the club and takes the club’s name in vain,” he said. “In the end they are not even interested in how the club is doing, just in how much money they can make.”

**Power over the Clubs**

As the barras’ size and reach grew over the decades, so did their control over soccer club management. The barras have enormous control over who plays for the club, who manages the club, and what benefits and privileges they are granted.

Club officials who do not meet the barras’ demands face dismissal from their position or threats of physical harm. These officials can include club presidents.
A remarkable video published in 2012 showed Paulo “Bebote” Alvarez, the ex-leader of the barra brava of major club Independiente, threatening club president Javier Cantero on live television. Cantero had been frequently threatened and lost many members of his management team since taking over as president and declaring war on the barras the year before.

“Liar!” shouts Bebote repeatedly while pursuing Cantero, his face covered by a cap and hood.

“Who’s the liar?” replies Cantero, enraged. “The person that lives off the club, that steals from the club.”

Once inside the stadium, Cantero faces Alvarez through metal bars.

“How much money has he taken?” shouts the club president. “$42,000 in September! $32,000 in October! He and his associates steal the money off the club. He is a thief!”

One Argentine journalist who has spent years investigating soccer corruption told the Guardian the biggest barras get up to 30 percent of player transfer fees and 20 percent of players’ paychecks. The newspaper did not state whether it could verify the assertion.

**Political Links**

The barras bravas would not be able to exercise the power they do without intricate links to politicians and law enforcement.

Politicians contract the groups to turn up at marches, get votes, or display banners at matches. In one famous example, the barra brava for Argentine club River Plate displayed a giant banner reading “Clarin Miente,” or “Clarin Lies,” a reference to opposition newspaper Clarin.

Another banner, displayed by the barra of Rosario team Central, stated “Nestor Vive,” referring to the Argentine ex-president and ex-husband of current President Cristina Kirchner, Nestor Kirchner, who died in 2007.

Many barras also have links to and receive financing from trade unions. Perez said even his small barra -- known as La Mortadela -- received money from trade unions, and had a strong influence over the management of the club.

This link between the barras and the unions has led to accusations that they are a Peronist phenomenon, part of the proletarian political movement founded by Juan Domingo Peron and continued by the Kirchners. Garriga says this is false.
“All the political parties have some link with the barras,” he said. “When you analyze it you see that the barras have wide political links with whoever pays them.”

These deep political links are what marks Argentina’s barras bravas from organized fan groups in other parts of the world, said Nicolas Balinotti, an Argentine journalist who has written extensively on the topic. “Even the President (Cristina Kirchner) has praised them,” he said. “Without using the words barras bravas she spoke of her respect for them. They have a legitimacy and are seen as part of the spectacle of Argentine soccer. This, more than any of their illegal activities, means they are unlikely to disappear any time soon.”

Political and law enforcement links allow barras bravas near total impunity for their crimes, aided by the general inefficiency of the Argentine justice system.

“Those who are violent end up being protected by the system that should be punishing them,” said Mariano Berges, an ex-judge and co-founder of Let’s Save Soccer.

Other critics, such as Buenos Aires deputy ombudsman Graciela Muñiz, are more blunt.

“The barras bravas are mafias organized around businesses that include the club officers, politicians, judges and the police,” Muñiz said in 2012. “A single phone call from a politician to a judge is enough to get the case filed away.”
How a Good Soccer Team Gives Criminals Space to Operate

Written by Steven Dudley
Wednesday, 11 June 2014

Local soccer teams give criminal groups in the Northern Triangle countries of Central America the ability to launder proceeds, evade taxes, and accumulate enough political and social capital to avoid scrutiny.

These organizations center their criminal operations in small municipalities in Guatemala, El Salvador and Honduras, but they are international traffickers. The soccer teams form part of their vast economic portfolio, and provide them with local support in their areas of operation, which they use to expand their business and political connections and protect their licit and illicit interests.

Part of this protection comes from the fact that the fortunes of these soccer franchises rise with organized crime at the helm. In Guatemala, for instance, the Heredia Jaguars in the Peten province -- which are owned by the Mendoza clan, an infamous family that has made its fortune via contraband, drug smuggling and government corruption -- have been virtually unbeaten since 2010.

In El Salvador, the Isidro Metapan club, from the municipality of the same name, has won eight titles in the last seven years. Their president, Wilfredo Guerra Umaña, is the son of Juan Umaña Samayoa, the mayor of Metapan. Their partner, Adan Salazar, alias “Chepe Diablo,” is the head of the Texis Cartel, according to the Security Ministry.

And in Honduras, Real Sociedad de Tocoa, from the Colon province, is reportedly owned by the Rivera Maradiaga family, also known as the Cachiros. Honduran and US authorities say the Cachiros are one of the most powerful criminal groups in Honduras, moving cocaine and other illegal substances for larger crime groups from Mexico.

The US is pushing the Honduran government to capture and extradite the group’s leaders, but if the local soccer fans have any say about this persecution, it may be a hard sell. After climbing to the premier division in 2012, Real Sociedad de Tocoa made it to the championship final two years in a row.

The reasons criminal groups buy into local soccer teams are numerous. To begin with, the soccer teams give them a way to launder money. There are few regulations regarding the teams. The owners can invest in whatever infrastructure they want.

Plaza Publica reported that the mayor of the municipality of San Juan (in Peten province), Julian Tesucun, spent close to $2 million on the Jaguars’ stadium, a small fortune in that
part of the world. It is not known how much money the Mendozas put into the construction, but Tesucun baptized it the “Milton Mendoza Oswaldo Mendoza Matta” stadium. (Its official name is the “Julian Tesucun y Tesucun” stadium.)

“[Mendoza] has contributed to the development of sports in the municipality,” the municipality’s website reported at the time, according to Plaza Publica.

The stadium deal helped Tesucun firm up his relationship with the Mendoza family, which Plaza Publica suggests led the Mendoza family to contribute to his political campaign for Congress in 2011. Tesucun won a congressional seat that year.

Soccer teams can also falsify contracts with employees and players, investigators say. They can set up “friendlies” with other teams for money. They can draw up papers showing earnings that do not exist, since there is so little regulation. And they can evade taxes.

In April, Salvadoran authorities charged alleged members of the Texis Cartel for tax evasion. Although the Isidro Metapan club was not mentioned as part of that investigation, La Prensa Grafica raised questions about the owners’ ability to make tax-deductible donations to the club.

These “donations” are made via another cash-heavy business, the rice and granary complex the group manages, and result in an advertisement on the team jerseys.

(The owners of the club were so angry with La Prensa Grafica’s coverage, they did not allow its reporters in the stadium following the publication of the article on tax evasion and the club.)

The interconnected nature of these businesses illustrates an important aspect of the money laundering trade: the movement of money between and amongst businesses of the same conglomerate help mask earnings and camouflage illicit activities.

Soccer clubs also help forge alliances with legitimate businesses and politicians. In Honduras, Real Sociedad de Tocoa is sponsored by one of the country’s preeminent banks, Banco Continental, as well as a popular zoo owned by the Rivera Maradiaga family, which was taken over by the government last year as part of the investigation into the group.

The Cachiros also have a mining business, and African Palm and cattle ranches. Like the Mendozas, they intersect with local and national politicians of various political parties, government investigators told InSight Crime.
Despite the open connection between organized crime and soccer, there are no investigations into these clubs’ finances, the movement of players, or the development of infrastructure.

In essence, soccer is untouchable, especially when it relates to a perennial winner. The clubs’ success also gives these dubious economic groups power in the municipalities in which they operate. Business and political figures want to be associated with a winner, even if that winner is on the United States’ list of extraditables.
VIII. (Almost) a New Drug Policy Paradigm

It’s no longer taboo for politicians, NGOs, and other leaders to discuss alternative approaches to drug policy in Latin America. And it’s not just talk anymore -- in 2013, Uruguay became the first country in the world to approve a legal marijuana market.

While the process of legalizing marijuana production continued to inch forward in Uruguay throughout 2014 -- and also survived a presidential election -- other places in the region saw key advances towards a new drug policy paradigm.

In the US -- once the main pusher of a drug policy approach centered on law enforcement and other repressive measures -- two more states and the nation’s capital voted to legalize marijuana in the November midterm elections. As one drug policy expert told InSight Crime, “The US is no longer in the position it once was as the international drug policeman.”

São Paulo, Brazil attempted to implement a new model for treating crack addicts that have long been a problem in the city, and which could yet serve as a model for other countries.

Meanwhile, the influential Global Commission on Drug Policy -- an all-star panel made up of multiple former Latin American presidents, along with other global political leaders -- released a new set of recommendations for how to move forward on drug policy, boldly calling for an end to all incarceration and punishment of those found carrying drugs, among other recommendations.

Guatemala -- whose president was among the first wave of prominent Latin American leaders to call for discussion of alternative drug policies several years ago -- struck a more timid note, when its Commission for Drug Policy reform released its own set of recommendations for the country.

These are interesting times for those pushing for a new drug policy paradigm in Latin America. The following articles attempt to grapple with this shift and contemplate how it might impact organized crime.

– Elyssa Pachico
US Marijuana Reform: Impact in Latin America?

Written by Elyssa Pachico, David Gagne and Kyra Gurney
Friday, 07 November 2014

Oregon, Alaska, and Washington D.C. have become the latest places in the US to legalize marijuana, providing another push towards drug policy reform in the hemisphere and prompting questions over what these changes could mean for organized crime in Latin America.

The panel of high-profile political figures who make up the Global Commission on Drug Policy said earlier this year that the global taboo around discussing drug policy reform has been “broken.” The election results in the US -- including California, where voters approved an initiative that reduces penalties for drug crimes -- could prompt more prominent figures across Latin America to speak out on alternative ways to approach the drug issue.

Here are three ways that these latest reforms in the US could impact its neighbors further South:

1. **It makes it harder for the US to push for a more traditional approach to the so-called “drug war.”** William Brownfield, assistant secretary of state for international narcotics and law enforcement affairs, said as much in a press conference some weeks ago at the United Nations. “How could I, a representative of the government of the United States of America, be intolerant of a government that permits any experimentation with legalization of marijuana if two of the 50 states of the United States of America have chosen to walk down that road?” he said at the time.

In an e-mail to InSight Crime, Institute for Policy Studies Fellow Sanho Tree noted that with more states passing US drug reform laws, foreign governments no longer see a “strong domestic consensus” when it comes to drug policy.

“Since our own citizens are coming out against the drug war on a trans-partisan basis, it erodes the legitimacy of our drug war bureaucracy overseas,” he wrote.

John Walsh, the Senior Associate for Drug Policy at the Washington Office on Latin America, echoed Tree’s remarks.

“The US is no longer in the position it once was as the international drug policeman,” he said. “If the US tries to denounce other countries for trying to legalize marijuana, their leaders can easily accuse the US of hypocrisy.”
2. Legal marijuana in the US could hit Mexico criminal groups hard and prompt them to rely more on heroin or methamphetamine exports. Crime analyst Alejandro Hope has previously hypothesized how a chain of marijuana reform in US could devastate Mexican suppliers and prompt a new model of regulation in Mexico. However, the issue of harder drugs -- methamphetamine, heroin, cocaine -- would remain.

Alejandro Madrazo, a law professor and drug policy expert at Mexican research center CIDE, told InSight Crime that these recent reforms in the US could accelerate trends already evident in Mexico, including the increased importance of poppy production and heroin production for criminal groups. Heroin use is booming in the US -- and to a certain extent in Mexico as well -- evidence that Mexican drug traffickers are increasingly relying on this product in order to turn a profit.

Meanwhile, Mexico criminal groups producing methamphetamine at an industrial scale continue to impact states across the US. It’s possible this could be exacerbated if Mexico marijuana suppliers are impacted. One study in 2012 calculated that if marijuana became legal in three US states, Mexican cartels could see their profits drop by up to 30 percent.

But when it comes to policy reform within Mexico, Madrazo said that may depend somewhat on whether California votes on the issue in 2016. “California is very close to Mexico both physically and culturally and so it carries particular symbolic weight in the political imagination,” he said. The reforms in Oregon and elsewhere created “pressure, but were unlikely to be the tipping point yet.”

3. Popular support for marijuana reform in the US provides a contrast to some Latin American countries, where majority popular opinion doesn’t yet favor legalization. In Uruguay, for example, where legalization of consumption and production is underway, polls consistently show that the majority of the population opposes the country’s landmark laws.

“The state level-initiatives have really pushed the issue forward in the United States,” said Walsh. “It’s a popular issue in that sense, so the political leaders are playing catch-up for the most part... In Latin America, and other countries where there is a vigorous debate over drug policy, it tends to be elite-led, rather than a popular opinion question.”
Guatemala’s Missed Opportunity on Drug Policy Reform

Written by David Gagne
Thursday, 23 October 2014

A report from Guatemala’s National Commission for Drug Policy Reform falls short of making recommendations that would propel the country back to the forefront in the regional push for reform, where it once stood.

The commission -- made up of scholars and government officials, including Foreign Minister Carlos Raul Morales -- published a preliminary report critically analyzing current drug policies that emphasize prohibition and penalization, and recommending new strategies geared towards reducing demand for drugs in the country.

The report examines the disproportionate penalties for drug crimes compared to other criminal activities that also have a serious impact on society. Under the Law Against Drug Activity established in 1992, the minimum penalty for drug trafficking (12 years) is not much less than the minimum sentence for homicide (15 years). Meanwhile, the maximum penalty for drug trafficking (20 years) nearly double the maximum penalty for rape (12 years).

The commission collaborated with the Woodrow Wilson Center to analyze the law’s weaknesses on drug possession. Bucking the regional trend towards decriminalizing personal consumption, drug users in Guatemala still face a minimum of four months in prison for drug possession, even in small quantities. The law gives no set parameters for what counts as personal consumption: judges are given discretion to define what is a “reasonable quantity” on a case-by-case basis. As a result, there can be large discrepancies in sentencing.

Based on these findings, the report suggests new strategies to address the fundamental threat illicit drugs pose to society, namely their impact on public health. In addition to studying the effect of drugs on the homicide rate, the commission suggested investing greater resources in health services to provide better treatment for addicts.

Interestingly, the report recommends a way to pay for the new health initiatives: by amending the country’s property seizure law. Currently, the government uses seized assets from drug traffickers to fund security programs that focus on anti-drug operations by the security forces. Under the proposed amendment, a substantial part of the proceeds would go to health services to reduce drug demand.

The commission also calls for new criteria to evaluate Guatemala’s drug policy. Currently, success is primarily measured via drug seizures, and arrests of drug users and traffickers.
The report recommends including data on the number of active drug users in the country in order to gauge the health impact of drugs.

**InSight Crime Analysis**

The commission shows signs of breaking away from the punitive approach to drugs historically favored by the United States and the UN. However, this report is a missed opportunity to advance the regional debate on drug reform — in which Guatemala has been a leading voice.

Without plans for state regulation or at least decriminalization of marijuana, it is hard to consider the report a great leap forward in drug policy reform. However, as a preliminary report, the commission only focused on short-term goals, leaving more permanent solutions to a final version that will be published at the end of the year.

The tepid approach stands in contrast to the commission’s bold beginnings. After taking office in January 2012, Guatemalan President Otto Perez publicly announced his support for legalizing drugs as a way to combat violence in the region. Months later, Perez joined former Mexican President Felipe Calderon and Colombian President Juan Manuel Santos in calling on the United Nations for a debate on global drug policy reform.

Guatemala hosted a meeting of OAS states in September 2014 to build a regional consensus on drug policy reform leading up to the UN General Assembly Special Session (UNGASS) on the world drug problem in 2016.

Notably, Perez took aim at the United States during the meeting, saying, “Current drug policies are not responding to the interests and needs of our country, but rather to the interests of another. They [United States] are fighting for prohibition and against personal consumption.”

The push for international drug policy reform is not confined to Latin America. The 2014 Global Commission on Drug Policy report (pdf) calls for the world-wide end to criminalization of personal drug consumption. Even US President Barack Obama said the United States has “addressed unfair sentencing disparities and provided alternatives to incarceration for non-violent substance-involved offenders,” in the 2014 White House National Drug Control Strategy report.

This represents a new paradigm in the discussion of international drug policy, in which proposals based on public health are the norm. Although the new rhetoric has not yet been translated into significant legislative reform, breaking the taboo on debating drug legalization has been a significant step for those who support alternative approaches to drug policy.
So, over all, this is a step forward, but will the commission take another in calling for drug legalization?
Closer to Global Drug Policy Reform? Not So Fast

Written by Elyssa Pachico
Tuesday, 16 September 2014

A report by a panel of high-profile political figures states that the taboo around discussing new approaches to drug regulation has been broken. But while alternative drug policy advocates have enjoyed significant victories in the past few years, there’s still room for setbacks.

The Global Commission on Drug Policy -- a 21-member panel that includes four former presidents of Latin American countries and former United Nations Secretary General Kofi Annan, among others -- published a new call for drug policy reform on September 9. It was a follow-up to the Commission’s 2011 report, which recommended a major paradigm shift in terms of how the United Nations and the United States have traditionally approached this issue.

Since then, Latin America and the Caribbean have seen some key advances in drug policy. The Commission names the following events as the most noteworthy:

- Uruguay became the first country in the world to establish a legal, regulated market for marijuana.
- The Organization of American States (OAS) published a report that the Commission called “the first report from a multilateral organization to meaningfully engage with wider drug law reform questions.”
- Bolivia withdrew from a major UN drug convention, rejecting the classification of coca as an illicit substance (Bolivia was later readmitted, although the dispute hasn’t been resolved).
- Jamaica is in the process of changing its drug possession laws and is poised to allow people to carry small amounts of marijuana for personal use.

All of this lends credence to the claim in the Commission’s 2014 report that the taboo around talking about new approaches to drug regulation has now been “broken.” It is no longer a question of starting the debate -- it is now a matter of taking action.

In the new report, the Commission builds and expands upon the recommendations it released three years earlier. While the 2011 report recommended that governments explore alternative punishments for those involved in low-level drug crimes, the Commission now urges that the world end the incarceration and criminalization of those found using or carrying drugs.
The new report is also more specific in condemning abusive practices related to rehabilitation: it singles out the imposition of "compulsory treatment" on low-level drug offenders as a practice that must stop.

And while the 2011 report encouraged governments to experiment with new drug regulation models for cannabis, the Commission has now expanded that recommendation to include "coca leaf and certain novel psychoactive substances."

There's still significant overlap between the two reports, as the diagram above illustrates. Both documents urge governments around the world to focus on reducing the power of large, violent criminal organizations, but do not offer more specifics. And both discuss the need for better metrics to measure what a "successful" drug policy looks like.

The latest Commission report urges that the 2016 United Nations General Assembly Special Session be used as a staging ground to lay out a new framework for approaching drug policy.

**InSight Crime Analysis**

As bold as the Commission's newest recommendations are, there's still a way to go before there is serious discussion in Latin America about legalizing other drugs besides marijuana. Even in a country like Uruguay -- where the production, sale, and use of marijuana is
legalized -- the government takes a tougher stance on other substances. And when leaders across the region have spoken out about being “open” to debating drug policy, it’s almost always been in the context of legislation on marijuana, rather than cocaine and heroin.

Even though there’s little indication that governments in Latin America are prepared to experiment with legalizing drugs besides marijuana in the near future, the Commission’s assertion that “the taboo has been broken” does ring true. And it may well be that by the UN General Assembly Special Session in 2016, there will be more nations ready to take historic action not just in debating drug policy reform, but actually doing something about it.

Between now and then, there are a number of ways Latin America could continue pursuing a more open drug policy, although again, these are mostly related to marijuana regulation. Mexico’s Federal District, for example, may end up finally voting on a marijuana regulation proposal. Meanwhile, Caribbean trade bloc CARICOM has called a commission to review marijuana laws in the region.

It is also worth noting that if more states in the United States follow the examples of Colorado and Washington and vote to legalize the recreational or medicinal use of marijuana, this will reverberate throughout Latin America.

However, the willingness to jump on board with new policy proposals may be largely dependent on the success or failure of experiments in other countries. And in Uruguay -- the only country in the world with a legal marijuana market -- there’s a looming question of whether the regulation law will survive a change in government. In one recent poll, the majority of respondents (64 percent) said they wanted the law revoked. Some have questioned the law’s future should ruling coalition the Frente Amplio (Broad Front) lose an absolute majority in the general elections this October.
The Changing Face of São Paulo’s ‘Crackland’

Written by Geoffrey Ramsey
Tuesday, 29 April 2014

After repeated failed efforts to rout the crack trade in São Paulo, the city is implementing an experimental new program which could provide a model for other drug-plagued cities in the region. But even as the city emphasizes the need for a policy based on harm reduction, police authorities are supplementing this approach with a traditional hardline attitude to drug use.

With micro-trafficking and domestic drug consumption on the rise across the region, local, state and federal governments alike in Latin America are searching for policies to fight low-level drug trafficking and the criminal structures that profit from it. In the northern Argentine city of Rosario, federal security forces recently responded to the booming drug trade there by carrying out a series of raids billed as “the largest ever” police operation in the country. Colombian President Juan Manuel Santos marked the one-year anniversary of his “war on micro-trafficking” early this month by ordering the demolition of some 400 buildings in urban areas throughout the country allegedly linked to criminal activity. Officials in Quito and Lima, among other cities in the hemisphere, have also battled against micro-trafficking networks in recent years.

Like some of these other cities, Brazil’s São Paulo has been fighting domestic sales and consumption of drugs for years. A run-down area in the city’s center, the neighborhood of Luz, has been the most notorious haven for drug dealing and prostitution over the past three decades. When “crack” cocaine derived from cocaine base paste was first introduced to the Brazilian market in the early 1990s, this problem worsened drastically. Because of the drug’s easy availability and relatively low cost, it quickly became popular among young and poor street-dwellers, and its high potential for addiction drew a steady stream of users, known as the “fluxo” or flow to the area. It was this trend that gave Luz its more commonly-used name today: Cracolândia, or Crackland.

Cracolândia’s Shifting Borders

Since the mid-1990s, several mayors of São Paulo, as well as a number of governors of São Paulo state, have sought to close down Cracolândia. Repeated state and local police operations have been launched, targeting both users and traffickers of the drug. Authorities have closed dozens of hotels, restaurants and bars in the area, accusing them of being drug-dealing fronts. Last year, the state government began implementing a controversial forced treatment law, allowing authorities to order the internment of those deemed to be in the “advanced stages of addiction.”
Yet despite all these efforts, the flow has persisted, with the micro-trafficking epicenter simply springing up elsewhere. As the map below illustrates, the area known as Cracolândia has moved at least twice in response to police repression over the years. The first major operation in the neighborhood was the 2005 “Operacão Limpa” (Operation Clean) carried out as part of a broader effort by the administration of then-Mayor Jose Serra to revitalize the city center. Far from ending Cracolândia, the effort simply pushed the crack trade east by a half dozen blocks.

The second major shift occurred in 2012, under Serra’s successor, Gilberto Kassab. Billed as a final death blow to the city center’s open air crack market, the formidable-named “Operacão Sufoco” (Operation Suffocate) was described by the city’s drug policy coordinator as an attempt to cut the drug supply to users. The goal, he said, was to cause enough “pain and suffering” to force them to seek treatment. Echoing its predecessor, this operation only succeeded in relocating crack use to within a three square block area. This zone remains the heart of Cracolândia today.

Despite attempts to eliminate it, or perhaps as a result of them, the hundreds of inhabitants and visitors to Cracolândia have developed a kind of unique identity. Bruno Gomes, head of NGO E de Lei, which has been operating needle exchange and other harm reduction programs in the area since 1998, says there are unwritten codes in the area. “It has its own culture,” said Gomes. “You have prostitution, you have the sale of different kinds of merchandise, like a kind of street market. It is a society with a great number of people.”

Like any sub-culture, there are bylaws. Smoking in front of children, referred to in street slang there as “anjos” or “angels,” is prohibited, and robbing outsiders is generally discouraged, as it attracts unwanted police attention.

But the culture of Cracolândia has a dark side. According to Gomes, it revolves almost entirely around the “pedra,” or crack rock. “It is used as a kind of currency to buy other things as well. With a pedra you can buy cigarettes, drinks, clothing, electronics and food, whatever is sold there,” Gomes said.

**A New Approach: With Open Arms**

Partially in response to criticism of the more heavy-handed operations of the past, Mayor Fernando Haddad announced a new program in January, one year after taking office. He unveiled “De Braços Abertos” (“With Open Arms”), a program to provide housing, food and work opportunities to crack users living on the streets in the area.

The program is a joint effort of 13 municipal ministries, including the Ministries of Culture, Labor, and Human Rights, but is being most closely monitored by the Ministry of Health.
Inspired by the success of similar programs in the Netherlands and Canada, the roughly 400 participants in De Braços Abertos receive $6.50 USD a day in exchange for four hours of work cleaning parks and other public places. All are given regular meals and housing in local motels. A field office in the area provides access to medical care, and offers users entertainment and a place to rest.

The most controversial element of the program, at least judging by negative coverage in the local press, is the fact that giving up drug use is not a condition for participating in the program, though participants are encouraged to do so and have greater access to addiction treatment.

But while this has been criticized, proponents say that such programs bring greater long-term benefits to individuals and drug-afflicted communities than mandatory treatment centers. Providing users with basic living conditions and health care, they say, helps clean the streets while also reducing overdose deaths and the spread of disease. Liz Evans, who helped organize a similar effort to provide housing to drug users in a low-income area in Vancouver in the early 1990s, describes this as “bring[ing] services to the people, rather than expecting people to change in order to receive the services.”

De Braços Abertos has been well-received by participating locals. According to one woman in the program, who did not wish to be identified, it offered “the first time in years that I’ve been able to sleep straight for more than a few hours.” Living on the streets, she said, forced her to sleep with one eye open, constantly aware of her surroundings.

Other program participants consulted by InSight Crime said it would be discriminatory to require them to give up crack use in order to receive basic services. One individual, who identified himself as Kayarex, asked: “What is the difference between using the drug in private for me and others doing it? What about the businessman who is using cocaine in his luxury apartment?”

**Walking the Streets of Crackland**

One of the ironies of Cracolândia is that while press reporting on the open-air drug market often depicts the area as a lawless power vacuum in the city center, this is far from the truth.

InSight Crime visited Cracolândia in early April to assess the reality of the situation, and noted a strong state presence there. On any given day, at least two dozen health workers for the state government’s internment program are stationed at service points around the neighborhood. In addition to Braços Abertos, the mayor’s office operates a clinic in the area. Law enforcement officers, both from the municipal guard and the state-controlled
military police, routinely patrol the streets and police vans have been parked on particularly troublesome corners.

Lieutenant William Thomaz, head of Military Police operations in the city center, provided a tour of the neighborhood. According to him, there are 120 police in his jurisdiction, the highest concentration of officers per city block anywhere in São Paulo.

Thomaz describes his job as “mobilizing the community as a whole to build security in partnership with the police.” But at the same time, he is aware that the reality on the ground has less to do with ideals and believes it involves a certain military logic. “Here our strategy is domination of territory, occupation of the area,” he said.

As it happens, the police lieutenant is a staunch supporter of De Braços Abertos. “The program is really working. We used to have some 800-1,000 people on the street. Right now we have just 200-250, though at night it may reach 350-400. The government has reduced the number of people here, it’s far less than it was [before the program began] in December.”

But it is interesting to note that while the harm reduction program has been criticized by those who say it allows participants to benefit from public funds while continuing to smoke crack, the dynamics of drug use in Cracolândia are far more complex.

For starters, the increase in police presence has limited the space available for open drug use. When De Braços Abertos was launched in December, it was accompanied by a major police operation in which the scores of shanties and temporary structures that local squatters had built there over the years were torn down. Police vans parked on formerly abandoned streets, and users were effectively corralled into a single crowded street corner, situated across the street from the Braços Abertos field office. Curiously, just a few yards away from this corner sits a large surveillance bus, manned by the municipal police force, or Civil Municipal Guard (GCM).

When asked about the concentration of users on the corner, Lieutenant Thomaz was at first coy. “We are aware that the sale of drugs occurs frequently in this area, on that corner, which is monitored by a GCM bus,” he said. In fact, it appears that authorities have more than an awareness of drug use there. Users and health workers in the area confirmed to InSight Crime that police tacitly allow it among those who live in and frequent Cracolândia.

Open crack use is allowed only on this corner, and nowhere else in the city center. While the drug’s sale is prohibited, it is effectively tolerated so long as it occurs discretely. All of this occurs in full view of the camera mounted on top of the GCM surveillance bus. This reporter was even allowed inside, and spoke at length with the GCM officers sitting in front
of the half-dozen monitors transmitting live video feed of the huddled mass of users on the corner.

**Small-Scale Users vs Traffickers**

For Thomaz, the GCM surveillance, which is conducted in coordination with a state anti-narcotics police unit known as the Anti-Narcotics Department (DENARC), has been key to reclaiming the area. This is the official narrative of the Haddad administration as well. The mayor has touted the program for reducing the flow of visitors to Cracolândia by as much as “90 percent,” and claims that 25 drug traffickers were arrested in the first ten days of the program.

But these claims have caused controversy. Those who work in the area assert that while police claim to be going after traffickers, in reality they are arresting small-time users. According to Gomes of E de Lei, the arrangement is another kind of prison. “Users can be arrested at any time,” he said. His organization has counted the arrest of more than 80 small-time users since De Braços Abertos was launched. According to Gomes, the main problem with the police approach is that it overlooks the fact that users frequently sell or exchange small quantities of the drug simply to get by on the streets.

Thomaz, for his part, admits that most of those arrested do not fit the profile of drug traffickers. “But that is what we are fighting. It is not large-scale trafficking or even micro-trafficking, but smaller than that. It is ‘nano-trafficking,’” he says. According to him, it is not uncommon for users in Cracolândia to be “subcontracted” by larger traffickers attempting to mitigate the high risk of arrest by introducing the drug to the area in small quantities. “They are users, who many times have entered into an agreement with traffickers. A trafficker will say, ‘hey, you sell 50 rocks for me, and you can keep five.’ And they will do it because they’re already addicted.”

But who are these larger traffickers? Is there a specific group that profits from crack sales in South America’s biggest open air drug market? Some believe so. According to Rubens Adorno, an anthropologist who has written an in-depth ethnographic study of the area, the crack trade in São Paulo is controlled by the city’s main criminal gang, the First Capital Command (PCC). He believes dealers in Cracolândia are linked to so-called “sintonias” (loosely translated as “tunes”), which are PCC affinity groups. “The number one rule is that they do not appear as leaders,” said Adorno. In his years of studying the dynamics of São Paulo’s drug war the researcher claimed to have met a PCC enforcer in Cracolândia, a fact he only discovered after observing his reaction to a police patrol. “He was a person just like everyone else in the area, except that you could tell that he had a kind of presence, he had a way of maintaining order without any violence.”
Gomes described the PCC presence in Cracolândia as similarly phantom-like. “We know that there is participation of the PCC, but you do not know who is with them,” he said. “Sometimes in the middle of everyone that’s there, let’s say of the 800 people smoking rock, selling, buying and passing pipes, there’s someone who is better dressed, who is not like the others and stands out a little. But not always.”

If true, this would raise questions about the purpose of the GCM monitoring. After all, what is the benefit of surveillance if the larger criminal actors are ignored while small-scale users are rounded up like cattle?

But Lt. Thomaz denies that there are any elements of organized crime operating in Cracolândia. “We have no reason to believe that there is any group or criminal faction that effectively dominates the traffic here,” the military police official said. “First because what happens here is small-time trafficking. And second because it is a market that, while it involves the consumption of drugs, is fought by us. It does not have any concentration.”

“Reducing the Harm of Poverty”

In addition to the seemingly disproportionate arrests of crack users, the city’s security strategy in the area has been criticized by some who question its timing. When it was first announced, participants in De Braços Abertos were told that their employment would only be temporary. According to Thiago Calil, a psychologist who works for E de Lei’s field team, they were given six-month contracts. This coincides suspiciously with the end of the World Cup, which convinced many that the program was merely an attempt to hide a blemish in the city center from increased international attention.

But according to Myres Cavalcanti, this is false. Cavalcanti is head of the Municipal Health Ministry’s mental health office, and is one of the authorities most responsible for steering De Braços Abertos. “The project has no set ending time,” said Cavalcanti. “We are including people who have been excluded from society. Once we bring them in, we’re not going to expel them again.” However, she conceded that the terms of the city’s work contract allowed individuals to remain in the program for up to only a year, maximum. In her words, this encourages the “development of autonomy,” and will create space for new participants in the future.

In the meantime, Cavalcanti claims the program has brought real benefits to participants. While roughly 100 quit the program and were replaced early on, there are currently 389 individuals registered in De Braços Abertos. She admits that of these, around 280 have only participated sporadically in the work schedule, while the rest are working regularly. But the main accomplishment of the program is that those who are participating experience an improved quality of life and are not forced to access the drug in potentially violent conditions.
situations. “Are there people in the program using drugs? Yes, there are. But very few -- less and less every day -- are going to that corner to use in the street,” said Cavalcanti.

Because of this, she says participants are reducing the intensity of crack use. While they are still users, their improved basic conditions mean that they have less incentive to turn to drug use as an escape. “They themselves say it, and clinical exams show it,” said Cavalcanti. “I can say that only 15 percent have not lessened the intensity of use, which is to say we have 85 percent that have, to varying degrees.”

Marcela Pontes, a doctor who works in a street clinic in the area, is less sure of the program’s concrete results thus far. But she claims that taking crack users off the streets and out of the elements has clear benefits to their health. “In a way, it is a basic kind of harm reduction,” she said. “It is reducing the harms of poverty.” Still, she added that she would like to see more work done to educate participants on safer methods of using, like avoiding sharing pipes to cut the risk of spreading diseases like pneumonia or hepatitis.

The End of Crackland?

Together, De Braços Abertos and the targeted police strategies are a disjointed approach to the small-scale crack cocaine trade, focusing drug use into one concentrated area on one hand, and on the other punishing users seemingly at random.

But it is difficult to argue that this unique combination of forces has not seen dramatic results. The drastic reduction in the number of people who congregate in the area speaks for itself. Ultimately, it seems that the administration of Fernando Haddad could succeed where others have failed.

Lieutenant Thomaz thinks the city may have turned a corner as well. “I believe that we are in fact winning the battle against drug trafficking here. Not in a usual way, by apprehending people, but in a diversified way. By occupying the area and building community spaces,” he says.

Will it last? Will the city’s crackland simply move elsewhere, like it has so many times in the past?
IX. Organized Crime and the Mafia State

The intersection of political elites, corruption, and crime is at the heart of what has made organized crime endemic in so many Latin American countries, and so difficult to root out. The backroom deals, phone calls, invitations to parties, personal favors, and business lunches that cumulatively build a mafia state are more insidious and white-collar than the bloody shootouts that characterize drug cartel operations. But they are no less harmful.

In a special five-part series, InSight Crime looked at Guatemala as a case study for what makes a mafia state tick, with a special focus on corruption within the country’s judicial system. To be sure, it is not as though Guatemala is run by a mafia organization -- it is more that appendages of the state function like the mafia, thanks to networks of current and ex-officials who are more interested in making money for themselves and peddling influence, rather than running a country.

Three of the five articles published in this special series, “The War for Guatemala’s Courts,” are excerpted here. They include an overview of how one special interest group in Guatemala -- a new generation of political and economic elites known as the “oficialistas” -- are vying for control of the courts while pillaging public funds. When it comes to understanding why Guatemala’s justice system has become so politically compromised, it means scrutinizing influential lobbyists like the so-called “Tennis Shoe King,” who have bought off the courts for criminal interests. But in the midst of this corruption, there are still reformers like former Attorney General Claudia Paz y Paz, who are attempting to bring about a not-so-quiet judicial revolution.

The potent mix of corruption, crime and impunity can also be seen in El Salvador, in the story of how one former military leader now believes that the government conspired -- and then covered up -- the murder of his son.

Put together, these stories provide a look at how special interest groups are out to co-opt the justice systems in these countries, effectively turning them into mafia states.

– Elyssa Pachico
Justice and the Creation of a Mafia State in Guatemala

Written by Steven Dudley
Monday, 15 September 2014

As Guatemala’s Congress gears up to select new Supreme Court Justices and appellate court judges, InSight Crime is investigating how organized crime influences the selection process. This story details the interests of one particular political bloc vying for control over the courts and what’s at stake: millions of dollars in public money, much of which is siphoned for individual and political use, and the ability to pillage it with impunity.

It took 40 minutes for the interview to officially start, but it never really began. The judge, a veteran of decades in the judicial sector who had held positions in every courthouse except the Supreme Court, spent most of his time with me answering phone calls, signing papers and talking to others coming in and out of his office.

You look like you are in the middle of a political campaign, I noted, half-asking and half-stating a fact.

“I am,” he nodded.

That campaign is about justice, Guatemalan style. The country is in the midst of selecting its Supreme Court Justices and appellate court judges for the next five years, a process that culminates at the end of September.

Officially, both processes are controlled by what is known as a “postulation commission,” a committee of 34 people that selects the candidates from a long list of applicants, before Congress makes the final selections. Unofficially, it is a free-for-all with various political, economic and criminal interests trying to control who gets to join that commission, so they can better wield power over the court system.

The most powerful of these special interest groups is called the “oficialista,” or the “official” bloc. The oficialista bloc gets its name because it consists of many people linked to the current government, specifically to President Otto Perez Molina and Vice President Roxana Baldetti. While these top officials deny trying to influence the postulation commissions, several former commissioners, watchdog groups and the media routinely refer to the oficialista operatives in their public discourse, analyses and in interviews.

You do not get a high court position without campaigning, the judge said.

“The process is politicized,” he told me, as if stating the obvious.
Almost on cue, a younger judge came into the room. He too is seeking a high court position and thinks politicking his elder colleague will get him one step closer.

“No one has total control [of the commissions],” the veteran judge said after the younger judge left the room.

“Everyone needs to negotiate.”

The judge then got another call. It was his lunch date: a group of former high-level officials with influence on the commissions. He had to go.

**The New Power Bloc in Guatemala: the Oficialistas**

On paper, the means by which judges are selected is a very open, democratic process. The selection of the Supreme Court and appellate court judges are controlled by separate commissions. Each commission has 34 members from different parts of the government, academic community and the bar association.

The commissions meet in a public venue -- in this case the campus of the San Carlos National University (USAC) -- and go through the candidates’ resumes, checking if they have criminal associations or have been implicated in corruption before deciding on a list of finalists they send to Congress, where the final selection is made.

In an ideal world, each of the commissioners would be independent actors that vote for the candidates based on their record of service, experience, education and other factors clearly outlined by the country’s legal code and its constitution.

The laws that establish these commissions were designed precisely to ensure the independence of the majority of the commissioners. That is the reason the commissions include law school deans and bar association members, each of whom have 11 representatives of the 34 total in both commissions for the high courts.
But what was meant to distance politics from the process has only politicized the non-governmental institutions. Both the universities and the bar associations have become key battlegrounds where everything on the table is traded, negotiated and bartered, all in the name of justice. Internal elections for these universities and the bar association representatives resemble political campaigns, complete with advertisements, T-shirts, transport services, placards, private parties, backroom meetings and public rallies.

The most powerful political operators -- such as the oficialistas -- spend hundreds of thousands of dollars trying to influence who becomes part of these postulation commissions. The investment is worth millions of dollars in contracts, jobs, procurements and other booty from mostly state coffers.

“Corruption has become the norm,” Helen Mack, the head of the Myrna Mack Foundation, told InSight Crime.

For a long time, there was but one major political bloc in Guatemala with a say over this process. This bloc was controlled by traditional economic elites such as large exporters, bankers and industrial interests. They wielded power via their control over the bar association, the universities and, in many cases, the judges themselves.

Over time, however, the traditional elites have ceded economic and political space to new, “emerging” elites with economic interests in non-traditional exports and imports, fledgling construction, tourism and mining. Many of these emerging elites’ economic projects depend on government largesse, so it is little surprise that one of the most powerful among those vying for influence over the postulation commissions comes from the heart of the government.
That so-called oficialista bloc tries to control the selection of the judges by exercising its influence over key government posts and many of the government’s most important economic levers. In order to understand how the oficjalistas work, we need to explore their links to these levers, specifically Guatemala’s social security agency and the military, as well as how they milk public works contracts.

**The Oficialistas and Social Security**

One of the main ways the oficialista bloc manipulates the selection of judges is via its ties to one of Guatemala’s largest government agencies, the Social Security Institute (IGSS). The current head of social security is a major political operator for the oficialistas, and a key lobbyist for ensuring that the oficialistas’ picks make it to the commissions that then select Guatemala’s judges. And because the IGSS manages such a huge budget – and is responsible for awarding so many lucrative contracts – this has invested the agency with additional political influence that goes beyond the selection of judges.

The IGSS has been called the “petty cash” department, i.e., a means to buy favors from other government officials, politicians and judicial authorities. When it comes to the postulation commissions, the IGSS works like oil does for a car. Current IGSS president and former military colonel Juan de Dios Rodriguez is the oficialistas’ chief political operator for these commissions. He helps to negotiate who will serve on them and how those commissioners will vote, according to watchdog groups and media accounts.

Given the size of the IGSS, Rodriguez wields plenty of power that goes well beyond the formation of the postulation commissions. At any one time, the IGSS has about $5 billion under its purview, according to an IGSS financial statement from 2012, more than half of which is in circulation via investments, medicine purchases, contracts with private laboratories and public infrastructure projects. The budget for 2014 (pdf) was $1.8 billion. Most of the IGSS money is spent via no-bid contracts. In fact, eighty percent of government purchases were direct during the first quarter of this year, according to an analysis by Prensa Libre. The IGSS and the Health Ministry are the two government entities that do the most no-bid and “exceptional” purchases, the report said.

These contracts make the IGSS an important political tool for whoever controls it. This is, in part, because the medicine lobby is one of the largest political campaign financiers in the country. Gustavo Alejos, whose former company, J.I. Cohen, benefits from millions in government medicine purchases each year, was a key backer of the campaign that elected Alvaro Colom as president in 2008, according to a Southern Pulse report. Alejos later served as Colom’s “private secretary.”

www.InSightCrime.org
These medicine purveyors are known to play dirty and some have connections to the underworld. In its report, Southern Pulse said Alejos threatened a public official who was moving to end J.I. Cohen’s contract with the Health Ministry. Alejos also reached out to contacts in the Constitutional Court to ensure that legal challenges to the contract’s validity were squashed, Southern Pulse reported.

But proving this undue influence is nearly impossible, analysts say, in part because these political actors control the courts. There are, quite simply, no known investigations against Alejos, Rodriguez or any other current high-level official associated with the IGSS, and the use of IGSS to buy influence in and around the postulation commissions has never been proven.

“We don’t have the evidence,” Renzo Rosal, a columnist for Plaza Publica who is also affiliated with watchdog group Guatemala Visible, told me about the IGSS “petty cash” assertion. “But the fact these people who are managing this [maneuvering to select high court judges] are from IGSS tells us a lot.”

The one formal investigation into the IGSS, in which personnel orchestrated an inflated deal to build apartments for the elderly that were never built, has resulted in only one incarceration to date. One of those implicated but never arrested in that IGSS case was Gustavo Herrera. Herrera is named as another of the government’s key political operators in arranging the postulation commissions to the oficialistas’ liking.

Herrera went on the run while the IGSS case moved through the judicial system in the mid-2000s. The case is now reportedly “frozen,” as one prosecutor told InSight Crime, and Herrera is back operating in Guatemala City -- allegedly alongside Rodriguez -- meeting with judges, lawyers and politicians alike in an attempt to engineer the courts.

Herrera has direct ties to the underworld, local investigators told InSight Crime. Specifically, in 2004, then-presidential security commissioner Perez Molina tied Herrera to a prominent drug trafficking network whose top leader was later extradited to the US, where he served six years in prison. And when InSight Crime asked now President Perez Molina about Herrera earlier this year, the president reiterated in his written response his belief that Herrera had “a relationship with drug trafficking.”

**A Mafia State**

Guatemala has long struggled with corruption, and it has long been infested with organized crime. The problem now is that the two seem to be fused together more tightly than ever, and that this new ethos has permeated the state at all levels.
The currency in this system is what they call “quotas of power” in Guatemala. These quotas are numerous and dynamic. They are traded when the state signs a public works contract to build a road; when the social security institute buys medicine; when the police get new bullet-proof vests; and when someone moves contraband, illicit drugs or dirty money.

Quotas of power are also favors, introductions and invitations to parties. They ensure some become rich, and some gain more political power, so later they too can become rich. Most importantly, they contain a near padlock guarantee that anyone who participates will not be prosecuted.

The result is what some insiders like Julio Rivera Claveria call a mafia state.

“This is part of a scheme that is needed so that the country remains in the hands of the mafia,” Rivera Claveria told me.

Rivera Claveria knows better than most. He was a former high-ranking official in the Interior Ministry, who is now part of the Attorney General’s three-person oversight board.

“It has been a process in which the mafias and the criminals have gained more and more space,” Rivera Claveria explained. “If we had a strong judicial system, the country would be in a different place.”

The judicial system, however, is not strong. Its impunity rates are amongst the worst in the hemisphere. Guatemala is one of the five most violent places on the planet not currently at war, according to the United Nations. And it has a chronically impoverished and unprepared group of police and prosecutors who respond more to the political whims of their bosses than their mandates as the protectors of justice and order.

**The Oficialistas and Public Works Projects**

If the IGSS is the oficialistas’ “petty cash” department, public works contracts are its “cash on hand.” More than any other economic activity, public works have become the motor for development of a new class of entrepreneur-politicians in Guatemala, a type best represented by the oficialistas. Some of these are legitimate, legal efforts. But a large number are part of the questionable quotas of power shuttled around the country amongst politicians, public officials, contractors and their criminal beneficiaries.

“If the big business deals with the state are the ’party,’ the public investment budget is the cake and the contractors the ones who dig in and eat,” writes Ricardo Barrientos, an economist at the Guatemala-based ICEFI think tank, in a forthcoming paper for an American University project on elites in Central America.
One case moving through the courts now typifies how this works. Arnoldo Medrano, the mayor of a small municipality called Chinate, has been charged with money laundering, illicit association and embezzlement. Investigators claim Medrano and another mayor illegally moved at least $45,000 between them for reasons that are not clear.

The mayor says he is innocent, but his record shows a clear penchant for using his quotas of power to benefit himself, his family and his allies. Medrano has formed at least 24 companies and five of what are called “non-governmental organizations,” or NGOs. The NGOs are, in essence, contracting agencies. Numerous relatives and friends work for these companies and NGOs, which have been the beneficiaries of dozens of no-bid contracts. In fact, since 2009, of the 567 contracts given out by the mayor, 490 were no-bid.

Politicians like Medrano gained the space they needed to operate in the late 1990s and early 2000s. As Barrientos outlines in his paper, during this time Guatemala reorganized the institutions controlling public works projects, and gave more power to the municipalities and states to exercise control over these projects.

As it was with the postulation commissions, the law was intended to democratize the process, and in many ways it did. A proliferation of construction companies, both big and small, has followed, as well as a rise in ancillary businesses, all of which can benefit from the public works projects around the country. As Barrientos notes, there are now over 2,000 companies in Guatemala that are registered with the government’s infrastructure management database, compared to just 84 in 1998.

But this proliferation of smaller purveyors came with its own issues and complications. These purveyors realized that their relationships with local politicians gave them a great opportunity for repeat business, so they began to finance local and congressional campaigns in return for more contracts. For their part, the politicians began to collect “commissions” on these contracts. The snowball effect that followed has put some of these companies and politicians in a league with the traditional political and economic powerhouses.

“It turned out to be a way to embezzle funds, manipulate the budget for election purposes, and pay ‘favors’ to the financiers of election campaigns,” Barrientos writes.

The owners of these construction companies and frequent financiers of these campaigns include some of the most notorious names in Guatemalan underworld lore. The legendary Lorenzana clan, whose “Patriarch,” Waldemar Lorenzana, pled guilty to drug trafficking in a US court in August, controlled numerous companies that benefited from public works contracts in their stronghold, the Zacapa province. The daughter of Otoniel Turcios, who is also in the United States facing drug trafficking charges, ran a development
program in a central state, channeling money from a national project into infrastructure projects. The man who facilitated those contracts was assassinated in Guatemala City, allegedly by the Zetas criminal organization.

The result of this democratization of public monies is that public works projects have become extremely important quotas of power. In fact, public works projects have done more to create a mafia state in Guatemala than nearly any other single government program. The evidence for this is manifested in the number of cases brought against mayors, congressmen and governors for corruption, embezzlement, and money laundering, few of which end in convictions.

Given what’s at stake, it is little surprise that the oficialistas have a congressional operator trying to influence the postulation commissions. Sources told InSight Crime that person was Congressman Baudilio Hichos. They say Hichos is helping to arrange a favorable set of candidates from which Congress can choose its judges, keeping its merry-go-round of public works contracts going.

Hichos has been in politics since 1990 and in Congress since 1994. In Hichos’ stronghold, the border state of Chiquimula, he holds sway. At one point, at least nine members of his family held government posts related to public works and other state projects. His brother ran an agency controlling roads projects in Chiquimula and a nephew worked in what was called the Social Investment Fund; two other brothers worked with a municipal services program and a national development program; his wife ran a government literacy program; and two other relatives worked in the province’s education department.

Hichos’ contacts may reach into the underworld as well. According to an account in elPeriodico, he was close with Giovanni España, an alleged drug trafficker who was killed in the Peten province in 2010 by the Zetas criminal organization. One of España’s companies, elPeriodico said, held a government contract to pick up the garbage in Chiquimula for the next two decades.

Oficialista operators like Hichos are maneuvering to protect this massive and lucrative merry-go-round. Without it, the emerging elite has little access to large influxes of campaign cash that keep their political parties afloat, their campaigns flush and their increasing power intact.

**The Politics of Trading Favors**

It is erroneous to think of the Guatemalan state as an appendage of the mafia, although parts of it surely are. It is more that different parts of the state act like a mafia. What this
means in practice is that Guatemala has networks of current and ex-officials who -- either through their control of key government posts, their ability to control policy, or their economic might -- are sucking the country dry.

“It a voracious type of capitalism,” explained a government prosecutor who wished to remain anonymous because of his investigations into government corruption and illicit financing for political campaigns. “It is only for carnivores.”

Trading quotas of power can lead to fraud, illegal enrichment and obstruction of justice, among other legal transgressions. But perhaps it is most aptly expressed in something called “trafico de influencia,” or “influence peddling.” (See PDF version of full corruption law) Influence peddling, the law says, is to influence an official or public employee using “hierarchy, position, friendship or any other personal connection to obtain an undeserved benefit.” The penalty is up to six years in prison and banishment from government.

This law, however, is no impediment. Quotas of power are being traded at the highest and the lowest levels. But it remains a very closed system. Gain entry to the system and reap the benefits. Cross the system and pay the consequences.

“There is a democratization of corruption,” a former high-level official, who did not want to be identified because he still has relations with the government, told me.

The official says this is in part motivated by economic concerns and in part motivated by politics. Decentralizing power has increased the number of players vying for a spot at the table. And all of them want something to eat.

The former official used a different metaphor, calling it a "mercantilist” approach. It has permeated the political parties as well, which appear to be more short-lived, economic ventures than long-term ideological movements, he said. He cited recent shifts in party affiliations that changed the balance of power in Congress literally overnight.

“To think that there is a rational state that is making decisions is to misunderstand the way the Guatemalan government works," the former official explained. “They are all thinking about how to make money.”

The Oficialistas and the Military

The oficialista bloc aims to protect other actors as well, many of whom are former and current Guatemalan military. President Perez Molina -- a former general who headed up military intelligence -- has a cadre of former military officers assisting him. IGSS-head Rodriguez is a former colonel who worked in military intelligence under Perez Molina. Former General Ricardo Bustamante is the head of the powerful Security Council; and
former Colonel Mauricio Lopez Bonilla is the Interior Minister. Others are littered throughout government, making up what could be called a Praetorian regime.

The oficialista bloc, through representatives like Rodriguez, is maneuvering to protect sweetheart military contracts and ensure its cadres do not get prosecuted for human right abuses. To be sure, many ex-military officers are facing charges for human rights violations and other crimes committed during the country’s brutal civil war that ended in 1996. The reality of what could happen if they do not control the courts became apparent after a former general and the leader of a 1980s coup, Efrain Rios Montt, was convicted of genocide in 2013. Even though the Constitutional Court quickly overturned the decision, it spooked a number of high-level former military officials, including President Perez Molina.

There is also a lot of money at stake. The 1996 peace accords brought an entire restructuring of the security sector. Guatemala’s Armed Forces were cut by two-thirds, and the bulk of the security monies shifted to the Interior Ministry, whose budget has ballooned to $500 million a year. The ministry uses the budget to buy weapons, uniforms, and bullet-proof vests, among other security-related products. Like in the IGSS, many of these purchases are made through no-bid contracts, which often go to security companies controlled by ex-military officers who left service when the military downsized.

The military also still administers the purchase of thousands of weapons and munitions for its remaining forces. Although they are less than they once were, the expenditures are rising again. Between 2004 and 2008, the United Nations registered a more than three-fold increase in munitions imports, and a two-fold increase in imports of pistols and revolvers.

In addition, there is a large underground market for these Guatemalan weapons procured by the military. A Wilson Center report, citing sources from the US Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), said that an ATF analysis of hand grenades and other military ordinance seized by Guatemalan police between 2006 and 2009 showed that 85 percent could be traced back to the military’s own stockpiles. Many of these weapons have also turned up in crime scenes in other countries in Central America and Mexico.

Military procurements are also seemingly triangulated for profit. In a 2009 report, the UN noted that Guatemala was an exporter of weapons, despite the fact that it does not have a domestic weapons industry. More recently, the Military Industry – the military’s own munitions, clothing and boots factory – sold $6 million in tennis shoes and balls to the Ministry of Culture. As noted by elPeriodico, there were several problems with the deal: there was no open bidding process for the contract; the Military Industry
does not produce tennis shoes or balls, so it imported them and resold them at a 3 to 6 percent markup; and the purveyor of the shoes was never revealed.

Undeterred by the critics who say these sweetheart deals include kickbacks on all sides, the government recently opened up direct sales between the Military Industry and the Interior Ministry.

**Ensuring Impunity**

The oficialistas are certainly not the only power bloc bilking the state and fixing the judicial system to ensure they will not be prosecuted. Traditional elite economic interests have long held a stranglehold on government public works contracts and have engineered more than a few elections and judicial selections as a result of this control. They are also wedging into new economic territory such as mining and hydroelectric power, both of which often need the courts to green light massive land grabs and large-scale evictions.

What’s more, there are “emerging” elite rivals to the oficialistas, the most notable of which is Roberto Lopez Villatoro, a.k.a. “The King of Tennis Shoes,” a kind of political, entrepreneurial wildcard who made his fortune selling “replica” athletic shoes.

See the adjoining story in this investigation: The ’Tennis Shoe King’ Who Became Guatemala’s Gentleman Lobbyist

And the judges themselves have their own power. Once in the courts, they can, and often do, take surprising turns. One appellate court judge I spoke to -- on condition of anonymity since he is vying for a spot on the high courts -- offered a more nuanced view than many others in this regard. He said people “overestimate” political influence, quotas of power, and nepotism. He insisted that he was a relative unknown before becoming an appellate court judge, and that he had gained the position on his own merits, not because he had campaigned for it by promising leniency in tough cases. The judge said the differences between the magistrates are more generational than political, and that quotas of power were not evident in the postulation commissions.

“There is not any influence peddling,” he told me, referencing the legal code.

Technically, he is correct. There is not one mention of any prosecution of anyone for “trafico de influencia” in the last two years of annual reports of the Attorney General’s Office, since the law came into being.

It is, in fact, nearly impossible to prosecute someone for “influence peddling.” The burden of proof is high. More importantly, the incentives are low. Prosecuting someone would require establishing a legal precedent that certain types of interactions amongst
officials, contractors, military personnel, companies, criminals and others, are unacceptable practices, when the reality is that trading quotas of power is exactly how the government and the justice system works in Guatemala.

“Criminal networks co-opted the justice system so that they would receive protection, so that they would receive alerts, and so that they wouldn’t be prosecuted,” Rivera Claveria told me.

Despite what some judges might say, that criminal system seems to have a stranglehold on the current postulation commissions and the judges vying for high court posts. The other judges I saw were scrambling from office to office and from one lunch to the next, politicking for their next position. The people they were meeting included men like the IGSS President Juan de Dios Rodriguez and his associate, Gustavo Herrera, as well as other powerful players in this high stakes poker game.

The judges have but one chip to play: access and influence in their decisions. In return, they often get access to their own quotas of power or benefit from them. Numerous judges, for instance, hold multiple government and private posts, as Nomada pointed out in a recent report. Others open private law firms, which administer government contracts or are hired by government agencies.

Who amongst these judges will make the next round depends on this maneuvering. Court watchdogs, such as the organization Pro Justicia, say that the final selections will come from a negotiation between the oficialista bloc, a wing controlled by the aforementioned “King of Tennis Shoes” and several commissioners who work closely with traditional economic powers. (See pdf version of report) These blocs, of course, have different motivations but share a common interest in protecting themselves and their allies.

“You have to control the courts, so that once you leave office you have enough juice to protect yourself,” newspaper columnist Renzo Rosal told me.

The results are not in, but the fix is, Rosal and other court watchers say. The high courts, it appears, will be controlled by these blocs who are trading quotas of power via their commissioners to protect their licit and illicit interests. Once the postulation commissions have decided who the candidates are, the process moves to Congress. The judges Congress selects will hold their posts for five years, and the wheels of corruption, crime and impunity will continue to churn in this mafia state.
The ‘Tennis Shoe King’ Who Became Guatemala’s Gentleman Lobbyist

Written by Steven Dudley
Monday, 15 September 2014

As Guatemala gears up to select new Supreme Court Justices and appellate court judges, InSight Crime is investigating how organized crime influences the selection process. This story explores the role of Roberto Lopez Villatoro, a.k.a. “The Tennis Shoe King,” a businessman and lawyer who has become one of the most influential figures in these selection processes.

Like him or not, Carlos Castresana is a charismatic person. The Spanish judge has a flair for the dramatic and a showman’s sensibility. In his public presentations, he speaks with an authority that makes everyone around him shrink in fear that he might point at them next and accuse them of some sort of transgression against humanity.

His fearless -- and some say, insolent -- nature led him to take on corruption in the beloved Real Madrid football club; to try to prosecute Augusto Pinochet and former Argentine military officials for human rights violations; and to become the first head of the United Nations International Commission Against Impunity in Guatemala.

Known by its Spanish acronym CICIG, the commission was supposed to root out what are known as “parallel” criminal structures. These networks co-opt state agencies, from the customs houses to the police to the courts.

The courts were of particular concern for Castresana and his 120-strong team of mostly foreign prosecutors, who had first arrived in Guatemala in 2007. Specifically, the commission put its substantial resources towards investigating the process by which the country selects its high court judges.

That process is led by what are known as postulation commissions. These commissions are a mix of civilian lawyers, law school deans and high court judges that, in the case of the high court judges, gather every five years to select the final list of candidates from which Congress chooses the country’s judges. The commissions are supposed to be independent, depoliticized bodies that select judges based on experience, age and certain hard-to-define qualities such as honor.

In October 2009, just days after the postulation commissions had finished their work and Congress had selected high court judges, Castresana was ready to present the results of the CICIG’s investigation to the Guatemalan people. And Guatemala was ready to listen. Since arriving two years earlier, Castresana had accumulated a lot of political capital, even if the CICIG itself had not actually prosecuted that many cases.
C castresana knew how to draw a crowd: with the Spanish judge there was always the strong possibility there would be some good headlines. After a short preamble justifying the commission’s interest in the process, he launched into the meat of his presentation.

“There are six people that we don’t think should be [in the Supreme Court],” he said, the press feverishly scribbling his every word in their notebooks. As expected, he then named them and shamed them, before turning to the man allegedly behind the whole scandal.

“There is an investigation that is attempting to establish criminal responsibility of at least one person [for this situation],” Castresana added, pausing for effect. “The businessman, Sergio Roberto Lopez Villatoro.”

Lopez Villatoro, a.k.a. “The Tennis Shoe King,” was the chief operator who had corrupted the selection process for the postulation commissions, Castresana said. He then accused Lopez Villatoro of pulling the necessary puppet strings to ensure that 26 of his picks – out of a total of 54 people – sat on the two commission boards that would select the final judges for Guatemala’s highest courts.

“We don’t think these are the isolated actions of this person,” Castresana added, a PowerPoint presentation glowing behind him. “These actions are coordinated with the interests of parallel structures.”

Castresana went on to say these “parallel structures” were illegal adoption rings, drug trafficking interests, military officials connected to human rights abuses and corrupt politicians. Lopez Villatoro, the Spanish judge insinuated, was engineering the courts for these criminal interests.

Selling ‘Replicas’

Roberto Lopez Villatoro says that he first sold tennis shoes out of the back of his car. He was in college and his girlfriend at the time was pregnant. He needed the money and answered an ad in the newspaper. The shoes were cheap knockoffs, but there were few laws about falsified merchandise or breaking patents back then. He did not ask questions about the origin of the shoes, and when it came up, the owner said he got them from Panama.

It was hardly an issue. In Huehuetenango, Lopez Villatoro’s home province along the Mexico border, “contraband” is a way of life. The porous border where Lopez Villatoro grew up is flooded with cheap merchandise that skirts customs. Entire businesses emerge around these goods; legendary criminals often get their start by moving contraband.
Besides, by selling shoes that may or may not have been contraband, Lopez Villatoro says he could pay the bills for his young family. Soon Lopez Villatoro was looking to strike out on his own. With a neighbor who used her house as collateral, he says he took out a $10,000 loan from a bank. A friend got another $10,000 as an advance from a cardamom farmer in the Alta Verapaz province, and the two opened up their first shoe store in the province’s capital, Coban. Soon after, they opened another store in Huehuetenango.

Along the way, Lopez Villatoro met a shoe distributor who, for security reasons, was trying to leave Guatemala. The two negotiated a deal for the man’s remaining merchandise, and Lopez Villatoro began selling wholesale to the shoe stores all over the country. It was just the beginning.

At the time, his foreign provider would sell him shoes for an average of $12 a pair that he brought from China through Panama. Eventually, he began to import directly from China via a Chinese woman he’d met in California. The difference, he says, was significant. In addition to getting most shoes for an average of $5 a pair, he could get specialized shoes for significantly less.

One style, which he called “yellow boots,” was particularly popular. His old provider used to sell these to him for $20 a pair. His new provider sold them at $9.80 a pair, and he sold them to the stores for $35 each.

“I made $170,000 in one day,” he told InSight Crime.

Were they legal?

“They are not ‘falsified,’” he explained, a smile crossing his face. “They are ‘replicas.’”

Replicas, as the government’s ombudsman said in a later investigation into Lopez Villatoro’s businesses, meant “old models.”

Lopez Villatoro expanded, selling shoes in Nicaragua and the Dominican Republic, among other countries. At the height of his shoe business in 1999, Lopez Villatoro says his various distribution companies sold 10 million shoes.

“I had no competition,” he told InSight Crime.

Still, Lopez Villatoro says he mostly kept a low profile in those first few years. Few in Huehuetenango even realized that he had become wealthy, he says.
Birth of ‘The Tennis Shoe King’

The same year Lopez Villatoro sold 10 million shoes in Central America and the Caribbean, he married Zury Rios. Zury is the daughter of retired General Efrain Rios Montt. Rios Montt is arguably the most famous retired military officer in Guatemala, even including current retired general and now President Otto Perez Molina.

Rios Montt’s fame comes largely from a short stint in which he held power between March 1982 and August 1983. It was the height of the war in Guatemala. A loose coalition of leftist guerrillas had grown steadily in the countryside and the cities during the previous years, and Rios Montt took power in a military coup. His job was straightforward: destroy the insurgency.

Interpreting just how Rios Montt achieved this goal remains a divisive subject in Guatemala. For some, he saved the country from communism, even if he killed thousands of innocents and displaced thousands of others during the short time he held power. For others, he committed genocide.

Rios Montt’s divisive role extended to politics as well. He ran for president in 1974, and was beaten in what many believe to this day was a fraudulent election. In the late 1980s, he created his own party, the Guatemalan Republican Front (Frente Republicano Guatemalteco - FRG).

Drawing from some of the conservative, war-torn areas that Rios Montt himself had targeted during his time running the government in the 1980s, the FRG had won a majority in Congress by 1999. Rios Montt became the president of Congress and his daughter Zury became a congressional representative.

As the unofficial first son-in-law of Congress, Lopez Villatoro began to move in government circles on a more regular basis. He fraternized with ministers, diplomats, congressmen, judges, prosecutors, and even President Alfonso Portillo.

Inevitably, things changed for Lopez Villatoro. His anonymity was gone, and suddenly he faced a flood of requests from both his home state, Huehuetenango, and his adopted home, Guatemala City. Some people asked for political favors. Others wanted money. He says he frequently obliged on both counts.

The marriage also opened him up to scrutiny. In 2001, Sylvia Gereda Valenzuela, a journalist and editor for elPeriodico, baptized him “El Rey del Tenis,” or “The Tennis Shoe King,” a reference to his skills moving and selling what she said were fake Fila and Vans, among other brand name shoes.
His defenders say Gereda Valenzuela was angry because Lopez Villatoro had beaten her husband in a bid to sell the government masses of cheap rubber boots. But in reality, Gereda Valenzuela’s article had followed a front-page account from Prensa Libre, which called into question Lopez Villatoro’s import of tennis shoes and used tires. Both articles were damning accounts and included tabloid-like references to his marriage with Zury Rios.


However, an ombudsman’s report later exonerated Lopez Villatoro and questioned the newspapers’ reporting.

“What Mrs. Gereda Valenzuela said in respect to the falsification of shoe brands is not true,” the report said, before adding that a search of the Lopez Villatoro distribution warehouse “turned up no Fila shoes” at all.

Several judicial inquiries have been launched into Lopez Villatoro since, but Lopez Villatoro has never been charged with any criminal activity.

The Power of the Bar Association

Despite the lack of formal charges, the nickname, and Lopez Villatoro’s reputation as an importer of contraband, stuck. This is perhaps because it was during this time that Lopez Villatoro became the unofficial lobbyist for the FRG in all matters concerning the judicial system. As he tells it, he fell into this role almost by accident. It began when a small group of lawyers in the Bar Association of Guatemala, known by its acronym CANG, asked him to participate in the association’s internal elections.

The bar association’s internal elections are important for plenty of reasons. They’re seen as an entry point for lawyers hoping to someday earn posts in high courts and in government ministries. These elections also play a direct role in the postulation commissions that nominate the final candidates for not only the high court judges, but also the Attorney General, the comptroller, and the Supreme Electoral Tribunal.

By law, the CANG has a certain number of representatives on these commissions. That number depends on the position in question. For the selection of appellate and Supreme Court judges going on now, the CANG has 11 of 34 positions on the commission.

The rise in the CANG’s importance forms part of a larger story in Guatemala – a story about how, since the end of the war, the state has steadily become an appendage of special interest groups. In 1993, following a failed “technical coup” by then-President Jorge
Serrano, in which the president tried to dissolve Congress and the Supreme Court, the government passed a series of reforms that gave the CANG and the universities more seats in the postulation commissions. What this meant in practice is complicated, but can be boiled down in one phrase: the private sector gained more control over the selection of Guatemala’s most important judicial functionaries.

“This gave the lawyers closest to the private sector a hegemony over the Supreme Court, the appellate courts and the Attorney General’s Office,” the news website Nomada wrote in its superb overview of these selection processes.

This hegemony was clear to Lopez Villatoro, who also saw that the country’s most powerful lawyers represented but a small, Guatemala City-based elite who controlled the elections via the CANG. To be sure, the provincial backgrounds of the lawyers who first approached him asking for favors stirred personal sentiments about the way class plays a role in determining standing in Guatemala.

Lopez Villatoro also pitied these small-town lawyers. Their first push for a seat on the CANG was destroyed by a well-oiled machine: the Guatemala City lawyers who were backed by more traditional elite interests. These “vacas sagradas,” or “sacred cows,” as they were called, had a lock on these CANG posts, Lopez Villatoro noted, as long as CANG held its elections in the capital city.

The ‘Emerging’ vs. Traditional Elite

Lopez Villatoro’s ire reminded him of his childhood in Huehuetenango. He says he was about 10 years old when he realized that he did not like “the rich people.” He was in school, and the wealthier kids -- those whose families owned large coffee farms or flour mills -- picked on him. The teasing turned into fistfights, and Lopez Villatoro says he eventually switched schools in part because of the tensions with his classmates.

Lopez Villatoro is quick to mention that he was not poor; nor was he particularly rich. He says his father owned the largest store in his small border village, Cuilco. From a young age, Lopez Villatoro worked in the store doing things like packaging the sugar into the one-pound plastic sacks the family sold in Cuilco, especially on the weekends. His father paid for his education, but Lopez Villatoro insists that he and his family were almost always working.

As an example, he says that while he was selling his first tennis shoes, one of his older brothers was selling coffee from Huehuetenango in the big cities. That brother, Julio Cesar, has since become a congressman.
Together, the two have become poster boys for what they call the "emerging" elite in Guatemala. These emerging elites have new income streams, often from non-traditional imports and exports, such as tennis shoes. The new elites also often benefit from their relationship to the government. Congressmen, mayors and military officers alike are also frequently classified as “emerging” elites due to their rising commercial interests, landholdings and businesses they have obtained in recent decades. Some of these emerging elites have used corruption, contraband, and illicit gains to foster their economic growth. They have solidified these holdings by financing political campaigns and eventually, as was the case of Rios Montt, creating their own political vehicles.

The economic and political power of the emerging elites has caused them to butt heads with the more traditional elites. In the simplest terms, these traditional elites are landowners, bankers, industrial and exporters of things like coffee and cotton. The core of this group runs the CACIF, a multi-layered business association that has served as the parallel government of this country for decades. Like the elites it represents, CACIF’s economic portfolio ranges from the traditional agribusiness to the banking sector.

These elites have used all forms of legal and illegal measures at their disposal to maintain this control. In the 1980s, as chronicled by a recent Plaza Publica article, they helped finance the counterinsurgency campaign waged by Rios Montt and other generals, sometimes loaning their own infrastructure to the military’s anti-communist crusade that included razing and massacring entire villages.

Most notably, the CACIF has maintained an iron grip on the government’s finances. Guatemala’s tax collection, measured in terms of a percentage of GDP, ranks among the lowest in the region. Any effort to alter this tax regime has met with staunch opposition. And while it is not as monolithic as it once was, the CACIF’s nucleus of leaders, who are referred to as the G-8, remain highly influential in the government and still have tremendous access to the most powerful politicians and government officials, including the president, congressmen, judges and prosecutors.

The pent-up rancor against these elites helps explain nicknames like “sacred cows,” applied to the traditional elites’ lawyers in the country’s bar association. But by the time Lopez Villatoro was tapped to help the group of provincial lawyers gain more of a footing in the CANG, the sacred cows were beginning to lose their grip on power.

By the early 2000s, President Portillo and president of Congress Rios Montt were directly challenging this traditional elite’s economic power base. The two moved to change the tax code, which included increased taxes on alcohol sales. Portillo, meanwhile, liberalized trade
rules by presidential decree, opening up the traditional economic powers to more competition in the chicken, cement and beverage sectors.

There was also an attempt at judicial reform. Congress introduced a bill meant to change how the CANG operated, decentralizing the election process and opening it up to more provincial influences. After two years of lobbying, cajoling, and trading favors, Congress passed the “Colegiacion Obligatoria” bill. Portillo signed it into law in 2001. The CACIF’s hegemony over the CANG was over, and its tight control over the government’s tax and tariff systems was in the balance.

But the battle for control of the judicial system had only just begun.

**Blowback**

Not everything was going according to plan for Lopez Villatoro in the early 2000s. Congress, at the behest of established economic groups and the United States, introduced a bill to regulate contraband. The bill smacked at the heart of Lopez Villatoro’s business. Adding to his dismay, it was backed by his father-in-law’s party, the FRG. Fuming, Lopez Villatoro organized a protest with the street sellers who regularly hawked his tennis shoes from their makeshift stalls along Sixth Avenue in Guatemala City. The bill passed anyway.

Lopez Villatoro was also going through some personal turmoil at the time. Just as Rios Montt was leaving Congress, Lopez Villatoro divorced Zury, his wife. The two remain cordial, he says, and he still has contact with “el viejo,” his former father-in-law.

Rios Montt and Portillo faced their own problems, which stemmed from their inability to control the courts. After the Constitutional Court ruled that Rios Montt could not run for president since he had participated in a coup, non-governmental groups in Guatemala and abroad clamored for the retired general to be prosecuted for human rights violations committed during the war. For his part, Portillo faced embezzlement charges that would eventually land him in a United States prison cell.

Both Rios Montt and Portillo viewed these efforts to prosecute them as part of the class war playing out in Guatemala. The lesson was clear: you can control Congress and even the presidency, but to fight the traditional elites, you need more control of the judicial system.

To obtain that control, they returned to Lopez Villatoro, who was mobilizing his troops inside the CANG. He created a quasi-political coalition, or “planilla” as they are known, called Justice for Change (Justicia para el Cambio). Money, parties, lobbying, and backroom deals followed. In a report in 2009 (PDF), the UN’s CICIG described the process as a virtual “electoral” campaign.
“These negotiations take place via political lobbying, the hosting of events, lunches, classes and campaigns that bear the tinge of an election, with the intention of winning favors and winning the groups linked to the interests of each sector of the interest groups with the judiciary,” the UN group wrote. “That is how some lawyers, jurists and businessmen have begun to function as intermediaries between the interests of some and the work done by others, within the political realm.”

Justice for Change was not alone. All the special interest groups -- which included traditional and rival “emerging” elites, such as one run by President Colom’s own sister, Gloria Torres -- spent money on these elections, in the hope of influencing the postulation commissions. Lopez Villatoro says his group simply did it better and had a more appealing platform, which is why, by 2009, they controlled 40 percent of the CANG delegates on the commissions.

Lopez Villatoro's reach did not end there. He also sought to influence the universities, the other major non-governmental presence on the postulation commissions. According to Guatemalan law, all law school deans must have a seat on these selection committees.

This is where the politicking surrounding the commissions is perhaps most evident. To counter the shifting sands with regards to who controlled the commissioners from the bar association, some special interests simply created new law schools. Since 1995, the number of law schools has gone from four to eleven. According to Nomada, three of these law schools currently have less than ten students and two of them have yet to graduate any students at all. No matter. Like the CANG, law school deans currently represent 11 votes in the postulation commissions for appellate and Supreme Court judges, or about a third of the votes.

The only interest group to wield more control over this selection process is the judges themselves: the appellate court sends 12 delegates to the commission selecting Supreme Court Justices; the Supreme Court sends 12 delegates for the commission selecting the appellate court judges.

All parties vie for influence with these commissioners, through the bar association, the universities and the political power blocs. As Nomada pointed out in a recent article, numerous judges have multiple “jobs,” some of which do not require the judges to even show up at work.

It was this type of “exchange” that CICIG head Carlos Castresana latched onto when he vilified Lopez Villatoro in October 2009, just days after Congress had selected the high court judges. Specifically, Castresana said Lopez Villatoro bought at least 13 judges and lawyers’ influence by paying for them to do post-graduate studies in Spain prior to the 2009
postulation commissions that selected the high court judges. Of these, three became members of the commissions, Castresana said; others became candidates for high-court posts.

That was part of the way that “The Tennis Shoe King” had been able to control an incredible 26 of the 54 people who eventually selected the Supreme Court and appellate court judges.

Castresana also made references to what he called “Terna X,” a mysterious three-person coalition within the postulation commission for the Supreme Court. This coalition had engineered the voting so as to ensure that four of the six judges considered “unsuitable” had become magistrates for the court.

Castresana said these Supreme Court judges were “tainted” by conflicts of interest. They had issued questionable decisions regarding criminal and corruption cases, among other professional matters. In the end, he said, they lacked the “honor” that the posts required and that the law demanded.

Even worse, Castresana believed that these decisions were part of a long-time and widespread pattern in Guatemala.

“I don’t think that this is a 2009 problem with these postulation commissions,” the Spanish judge said. “I get the feeling that this is a much older problem, and one that greatly affects the Public Ministry, the National Police, the judiciary and even the penitentiary system, but I’m referring to the clandestine security apparatuses.”

Although Castresana offered little proof, the toxic environment that followed his press conference led to an unprecedented political upheaval. And days later, the government removed three judges from their posts, in some cases without any investigative follow-up by judicial authorities or Congress.

For his part, Lopez Villatoro was reeling. His coalition vilified, he went on the offensive, filing a formal complaint to the human rights ombudsman’s office and attacking Castresana for being a shill for the traditional elites. He went to the Attorney General’s Office and offered to testify in any and all cases against him.

Regarding the courses in Spain, he told the ombudsman that he, and several others, had pooled money to pay for the 13 judges and lawyers because they were having trouble moving money into Euros. When InSight Crime inquired directly about his CANG coalition’s connection to criminal interests -- including illegal adoption rings, drug trafficking, human rights abusers, and corrupt politicians -- he said that he had dealings with a lot of people, and that he could not control who his coalition interacted with.
His analysis: the traditional elites used Castresana to vilify him, and they had won. In the end, he says the "unsuitable" judges that were removed were replaced with pro-traditional elite judges.

His enemies, meanwhile, crowed. A headline in elPeriodico of a story written by Gereda Valenzuela read: “The ’Tennis Shoe King’s’ Empire Has Fallen.”

The Making of a Gentleman Lobbyist

Following the 2009 process, Lopez Villatoro says he tried to quit politics. He says he was a tired, beaten man and was all but ready to give it up when he started hearing whispers in the CANG about how “the king is dead.” Pride, and a good dose of capital from some of his old friends, pushed him back into the game. Only this time, he said he had a different strategy: ensuring that the politicking that surrounded the postulation commissions happened more openly.

One of his first candidates for the CANG post-2009 was Oscar Cruz, a relative unknown. Despite being about as charismatic as a tree, Cruz went on to win the CANG’s presidency. The Cruz victory was a clear signal that Lopez Villatoro still had a lot of juice in the bar association and caused some to call for Cruz’s resignation.

More organizing and back-scratching followed, as did more victories for the ”Tennis King” in the CANG. By 2013, Lopez Villatoro’s machine was back in full swing, electing members of the CANG’s Board of Directors and helping to elect its president once more.

He also separated himself from his export-import business and founded his own law firm (calling it Lovi, which is pronounced “lobby” in Spanish, but stands for Lopez Villatoro). Ostensibly the firm manages real estate. Off the books, it is a lobbying operation. He retooled the political message of his coalition within the CANG and used words like impartiality, dignity and independence. The group has its own platform and a description of “suitable” candidates for the high courts. It is part of a re-branding of the ”king” himself.

“What bothers him is inequality,” Lopez Villatoro’s sister, Clara de Paiz, told me when I met her in Lovi’s packed office, just across the street from the US embassy in Guatemala City.

“That’s why it looks like this were Mother Teresa’s headquarters,” she added. “He doesn’t know how to say no.”

Some might dispute this notion. Lopez Villatoro says he doesn’t benefit much from this politicking, but his claims ring hollow. His former import-export business D’Lovi (which his younger brother now runs) has benefitted from state contracts to purchase large bundles of tennis shoes and boots. In 2009, CICIG counted more than $1.5 million in contracts
benefitting Villatoro. (In his complaint to the human rights ombudsman, Lopez Villatoro claimed it was much less but did not specify by how much.)

What’s more, Lopez Villatoro’s political colleagues clearly gain by having influence and protection in the judicial system. In Guatemalan lingo, this would guarantee the earning of a “commission,” a euphemism for a favor, a contract or a cash payment. At first, the primary beneficiary of Lopez Villatoro’s efforts was Rios Montt’s political party the FRG. But that circle has expanded, accompanying the spread of Lopez Villatoro’s influence.

His critics say that Lopez Villatoro’s undue influence in the judicial system is evident. After his former father-in-law, Rios Montt, was convicted for genocide, the Constitutional Court overturned the conviction. And when Attorney General Claudia Paz y Paz, who brought the case against Rios Montt, tried to secure another four years as the nation’s top prosecutor, Lopez Villatoro’s critics say he played a hand in making sure that did not happen. To be sure, her replacement, Thelma Aldana, was one of the magistrates that Castresana had declared “unsuitable” for the Supreme Court. (Lopez Villatoro said he didn’t participate in the process. “There was no room for me,” he told InSight Crime.)

The postulation commission that blocked Paz y Paz was characterized by a new set of alliances. For perhaps the first time, the emerging elites and the traditional elites put aside their differences over tax laws, trade liberalization policies and who should make the most money from government corruption, and came together to fight a common enemy: Paz y Paz.

The meshing of the traditional and emerging elites has made this current process to select Supreme Court and appellate court judges harder to follow. The playing field is more complex and varied, and there is no one with a monopoly over the commissions like the one Castresana said Lopez Villatoro enjoyed in 2009. Lopez Villatoro is said to have about a third of the commissioners in each of the postulation commissions. He neither confirmed nor denied this assertion when InSight Crime inquired.

But his role is more nuanced now. Given some of the alternatives jockeying for position in the commissions, Lopez Villatoro is now seen as one of the good guys. It is a strange turn, especially for a man who was once painted by the ultimate judge as the ultimate villain. He meets with diplomats and members of the press. (He attended the US Embassy’s 4th of July celebration this year.) He hosts “open house” parties where politicians hobnob with judges and other members of the judicial system. He negotiates with the various political parties and economic groups, including the CACIF, and he has offered to do the same with the civil society groups who have long vilified him.

“I have an opportunity to clear my name,” he told InSight Crime.
“I am not what they say I am,” he added. “I am not what Castresana said I am.”

Yet he admits that this new image of his has much to do with increasing cynicism in Guatemala, where innocence or guilt is increasingly irrelevant. In Guatemala, only one thing seems to matter.

“I am not a saint,” Lopez Villatoro told InSight Crime. “I have power now. Why? Because I won.”
The War of Paz y Paz: The Revolution

Written by Steven Dudley
Wednesday, 23 April 2014

Since taking over in 2010, Guatemala’s Attorney General Claudia Paz y Paz has waged a revolution from inside one of the country’s most troubled institutions. She has submitted her name for another four-year term that would begin in May, but her enemies are strong and want to return to the status quo. The first part of this three-part investigation explores her unexpected nomination and her bold actions against transnational criminal organizations.

In early 2011, drug traffickers like Juan Alberto Ortiz Lopez, alias “Juan Chamale,” were still untouchable figures in Guatemala. Ortiz Lopez -- a mustachioed cowboy turned evangelical preacher from the San Marcos province along the Mexican-Guatemalan border -- understood this perfectly.

As one of the key drug transporters for the largest criminal network in the hemisphere, Mexico’s Sinaloa Cartel, Chamale was known locally as a benefactor who could quickly become a dangerous enemy. He had taken the life of more than one leader in the area, Guatemalan authorities told InSight Crime. At the same time, he had contacts in the highest levels of government, including with the then-first lady’s sister, Gloria Torres.

Torres and Chamale decided who would run for mayor in the various municipalities under his purview, a former high-level government investigator and two current prosecutors told InSight Crime on condition of anonymity. Working closely with national congressional representatives, the two would also funnel money through public works contracts to Chamale’s companies, who provided kickbacks to Torres, the authorities said.

However, it was a new era in law enforcement in Guatemala. And using new tools at their disposal, in particular telephone interception and surveillance equipment, the new attorney general, her small team, the police, and the US Drug Enforcement Administration (DEA) had been tracking Ortiz’s movements for months as the US government prepared a request for his extradition.

They knew, for example, that Chamale liked to travel to Quetzaltenango to see a girlfriend. They knew he had tunnels at his ranch in the San Marcos province so he could escape if the authorities surprised him. They also knew that he had high-level contacts in the government, aside from Torres, who would tip him off when judicial authorities mounted an operation against him. (This was demonstrated by the fact that just an hour after the extradition request arrived, one of Chamale’s sources informed him via phone, investigators told InSight Crime.)
All of these factors came into play when the request for extradition arrived. The government laid a trap, filtering information that they were moving in to grab Chamale at his home in San Marcos. To reinforce the ruse, they sent security forces from the coast towards Chamale’s ranch. At the same time, the police put 200 newly trained Special Forces policemen in tomato trucks and sent them towards Quetzaltenango. Trust was still thin with the unit, so no one told them where they were going. To add a layer of deception, they had them put on their anti-riot gear.

The ruse worked. Fearing a raid at his ranch, Chamale fled to Quetzaltenango, and authorities spotted him driving along the highway. The prosecutor on the scene readied the paperwork, called the Guatemala City office and headed in for the arrest. This was the kind of moment when things often fell apart in Guatemala. A phone call. A bribe. A threat. Chamale could use any or all of these tactics.

Instead, the prosecutor on the scene called again: “We have him,” she said.

“Are you sure it’s him?” the attorney general asked.

“Yes.”

“How do you know?”

“You are Juan Ortiz Lopez, Chamale, right?” she asked her prisoner.

“Yes,” they heard Chamale answer.

Back in Guatemala City, they laughed.

The capture of Chamale was the beginning of the revolution, the likes of which Guatemala has arguably not experienced since the early 1950s when a president named Jacobo Arbenz tried to nationalize land belonging to elites and multinational companies. Or since the nearly four-decades long war that followed after the United States government, working with economic powers and conservative parts of the military, overthrew Arbenz in a 1954 coup.

Unlike those revolutions, however, this is one is led by a diminutive, soft-spoken former law professor, whose last name, Paz y Paz (Peace and Peace), connotes a softer approach. And unlike that first revolution, this one has the backing of the US government.

This is, in part, because it is more of a petit, internal revolution that is centered on strengthening government institutions, not overturning them. And for the country’s
economic elites, many politicians and more than a few former military officers, nothing could be more frightening.

Getting the Job

If it were not for a set of extraordinary circumstances, Claudia Paz y Paz would not be attorney general. For most of her career, it had never occurred to her to go for the post. She had always worked from the outside looking in, attempting to shift a corrupt, inept and underfunded institution by criticizing it and molding its potential recruits rather than working with it. In fact, she had spent most of her career trying to figure out how to demonize rather than reform the government. It was, in a word, the enemy.

She had forged a career working for the fiercest critics of the government. In the early 1990s, Paz y Paz worked with a team of young lawyers reconstructing what had happened during the civil war, part of the labor of the Archbishop’s Human Rights Office. Over 200,000 people had perished during the nearly four-decade long conflict.

Part of the work the office did was to gather testimonies from all over the country focusing on indigenous areas in the northwest.

For her part, Paz y Paz collected victims’ testimonies in various parts of the country, an experience that would mark her forever, influencing and arguably also clouding her political judgment in the years to come. Paz y Paz later got a doctorate in Spain, and taught criminal law at various universities. She then worked with the Inter-American Human Rights Court, and she ran a think tank, the Instituto de Estudios Comparados de Ciencias Penales.

One of the institute’s mandates is the "structural transformation of the justice system."

When the attorney general position opened in 2010, she gave her usual list of complaints about the process, particularly about the small number of female candidates. Her colleagues at the institute challenged her to enter the race.

“The women who can participate, don’t,” one of them told her. “So participate.”

It was not an easy decision. Others who had worked with her in the past had been vilified by their friends and former colleagues after taking government posts. In Guatemala, they call it a “stain.” However, the government of President Alvaro Colom was friendly territory, relatively speaking. In his earlier days, Colom had started FONAPAZ, a program to help rural areas with economic development. Colom also owed his presidency to indigenous voters. He was the country’s first head of state to win the office without
winning Guatemala City. Paz y Paz also knew people, such as Interior Minister Carlos Menocal, who worked closely with the president.

But while Paz y Paz had the credentials and some backing inside the presidency, her status as an outsider to Guatemala’s political and economic elites, and her background as a human rights lawyer made her seem a near impossible choice. What's more, the selection process for Guatemala’s attorney general, like everything else in the country, is plagued by the undue and destructive influence of special interest groups. These interest groups include powerful economic elites, some of whom form part of the near monolithic business associations. Political and criminal interests also play key roles in the selection of the attorney general, often working in tandem with the economic interest groups.

The reason Paz y Paz had an opportunity to apply for the job at all was because the attorney general selected before her had been linked to criminal interests by a United Nations team of investigators working with the government. Known by its acronym CICIG (Comision Internacional Contra la Impunidad en Guatemala – International Commission against Impunity in Guatemala), the UN team’s job was to help dismantle criminal organizations within the state, lower the rates of impunity and train the police and the Ministerio Publico (Public Ministry - MP) -- Guatemala's Attorney General’s Office -- in criminal investigation. Faced with the CICIG’s accusations, the Constitutional Court annulled the process and forced the attorney general to step down.

The embarrassing revelations came just months after President Colom had nearly been toppled himself by another criminal case in which a rival had staged his own murder in order to implicate the executive. The extraordinary case included a dramatic video in which Rodrigo Rosenberg, the lawyer who set up his own assassination, says flatly into the camera: “If you are watching this video, it is because I was assassinated by President Alvaro Colom.”

The president survived the political hurricane that followed, almost solely because the CICIG had triangulated Rosenberg’s telephone calls, tracking both him and his assassins, and leaving no doubt about what had happened the day Rosenberg had been shot while riding his bicycle on a quiet Guatemala City street. Guatemalan investigators worked on the case, getting a valuable lesson in the political importance of forensic evidence along the way.

However, the events had weakened President Colom, and he could not afford to bring in another wildcard from the criminal-political special interest groups to be his attorney general. Paz y Paz also benefitted from an important change in the law in
2009. The selection process, once held behind closed doors, was literally pushed into public view. The commission met in a space in the Supreme Court where it did business like a town hall might: at a table with spectators, political operatives and the press taking notes from a small gallery.

Lobbying, corruption and politics were still part of the process, but the special interest groups had a harder time manipulating it. When Paz y Paz scored some of highest marks on her evaluation, the commission had little choice but to make her one of their six finalists, at which point it became President Colom’s decision. Still, the special interests were not worried.

“They thought of her like an ornament,” Menocal, the then-Interior Minister and one of those lobbying for Paz y Paz, told InSight Crime regarding the commission’s decision to make her a finalist. “‘She doesn’t represent a threat at all,’ they told themselves.”

Paz y Paz’s detractors included the president’s own party, UNE, and most of his cabinet, who, like other special interests, had miscalculated both the political moment and the president’s own resolve.

At the end of her interview with the president, Colom told her: “You’ll be hearing from me very soon.”

Forty-five minutes later, she got the call. The revolution had begun.

**The Zetas**

Paz y Paz laid out her agenda: 1) institutional reform; 2) lower the murder rate, especially violence and abuse of women; 3) transitional justice for victims of the war. To help her on the first point, she brought in her own team -- some of whom had worked with her at the institute -- and cleaned out the top level of the MP. She added some special units, and she reconfigured others. Almost all of the 22 units got new leaders. Whoever she could not push from the MP -- and there were many, mostly because she did not control the MP’s ruling council, which was made up of three of the six finalists she had beaten to get the job -- she isolated. Many of those she marginalized left of their own accord.

She then turned her attention to lowering homicides. In May 2011, two months after Chamale was captured, members of the Mexican criminal organization the Zetas began a historic rampage aimed at firming up their already tight grip on the northern part of Guatemala. They started with the kidnap and killing of three relatives of a rival. The next day, they intercepted and killed another rival and his two bodyguards. They then massacred 27 farmhands at a ranch and used their limbs to scrawl menacing messages to their intended target.
Just days later, the Zetas kidnapped a prosecutor in Coban -- a city in the province of Alta Verapaz that had become the group’s de facto headquarters in Guatemala -- as he was going to pick up his son. The next day, parts of his body appeared in four different places in the city, including in front of the mayor’s and the governor’s offices. Next to one part of the corpse, the Zetas had left the MP a message: “Don’t try to be like the gringos. This fight doesn’t concern you.”

The massacre and the assassination hit the MP hard. Guatemala is used to death. Its homicide rates are among the highest in the world. But it is not used to organized crime-led massacres, and the Zetas’ particular brand of terror was already legendary. The entire Coban office resigned overnight, and in Guatemala City, the fear was palpable, two of Paz y Paz’s closest aides told InSight Crime. Paz y Paz called a meeting.

Paz y Paz is not the type to give rousing speeches or take charge of a situation like a would-be general. Her round, gentle face and curly hair make her look a little like the naïve, hippy backpackers who still make their way through Guatemala. She is also very soft spoken and defers to others frequently in meetings. But in this instance, she did not need to convey urgency. The situation demanded it.

“If we don’t send a message, the next one could be any one of us,” she told her petrified staff.

The MP and the Interior Ministry then created what would become a staple during these moments: a “crisis table.” These working groups included police and prosecutors who broke down into investigation and operational teams. They also leaned on the analysis unit. When Paz y Paz arrived, the unit had just 15 people who were isolated and seldom used. Under Paz y Paz, this unit has grown to 115 and is integral to both big and small cases. The emphasis on analysis says a lot about the way Paz y Paz approaches battling criminal groups. To her, individual cases matter, of course, but fighting crime is about seeing patterns and being able to draw the larger picture.

In the case of the Zetas, what they saw was a group that was as much about terror as drug trafficking. They would need to react with strength and set nearly the entire office toward that task. Like the Chamale case, telephone interceptions led to the leaders, and small teams of investigators started to track them, while others built the judicial case to get the arrest warrants in place.

One of the first put under surveillance was Hugo Alvaro Gomez Vasquez, alias “Comandante Bruja.” Bruja is a hulking figure with a shaved head. He was one of the first former Guatemalan Special Forces, known as Kaibiles, to join the Zetas when they started recruiting Guatemalans in the mid-2000s. The Kaibil aura was especially unsettling for
Guatemalans fighting crime. The group had participated in some of the most spectacular atrocities during the civil war, including the well-chronicled Dos Erres massacre in 1982, in which more than 200 men, women and children were killed and dumped into wells and mass graves.

Despite this intimidating persona, when a prosecutor in the Baja Verapaz province spotted Bruja, he called his colleagues, and they mobilized with the requisite legal forms in hand. The police set up a roadblock, and once again, the Guatemala City team sat anxiously by the phone, this time as the prosecutor gave a play-by-play of the arrest. Within minutes, Bruja was in custody.

The Bruja capture was followed by dozens more, many of them top level Zetas of both Guatemalan and Mexican origin. Early on, they grabbed a mid-level accountant who gave them an even clearer picture of the organization’s size, its nationalities, its finances, and its weaponry. In all, the MP arrested over 100 members of the Zetas, including one of its top Guatemalan operatives, Horst Walther Overdick, a previously untouchable figure in the mold of Chamale.

In earlier days, those cases might have died there. Judges are notoriously susceptible to bribes in Guatemala, and phone records obtained by InSight Crime show the Zetas tried to buy off at least one judge who had the power to temporarily release several suspects from a mass arrest. (In the conversation, the Zetas complained the judge had stolen some $2 million from them already.)

However, since 2009, Guatemala has been establishing special courts for what they call “high impact” cases. The courts have handled close to 30 cases per year. In the case of the Zetas, dozens have been prosecuted, all of them in the “high impact” courts -- some for the murder of the prosecutor and others for the massacre of the farmhands. In at least two cases, Guatemalan prosecutors also worked with Mexican prosecutors to capture suspects. Prosecutors say they are going to request these suspects’ extraditions.

“We’re sending a message that, ‘You can’t come here anymore and do that shit,’” a longtime Paz y Paz team member told InSight Crime.

**Making International Allies, Saving Her Job**

With the arrests of high-level drug suspects, Paz y Paz quickly established herself as a firm ally of the DEA. And these days the US government trusts Paz y Paz like few, if any, attorneys general in the region. In turn, she dedicates time, energy and resources to a fight
that is often outside of her official remit. The two sides are in near constant contact, and while she does occasionally say no, the cooperation has become a central part of what the MP does. Making herself indispensable to the DEA also made it harder for anyone to remove her for political reasons. The US, in other words, has become Paz y Paz’s most important ally just as she has become theirs.

The irony is thick considering the attorney general’s background in human rights. In addition to the US participation in the coup against Arbenz, the American government supported repressive military governments during the war and fomented a fierce counter-insurgency plan that impacted more than one of Paz y Paz’s human rights colleagues along the way.

Paz y Paz is of leftist stock, and friends say she has her own, strong opinions about what the Reagan administration wrought in Central America. In the case of Guatemala, that included open support for dictators like General Efrain Rios Montt, who led the scorched earth campaign in the highlands in the early 1980s, killing thousands and displacing thousands more. In some instances, the US was complicit in these atrocities. The US, for example, knew about the infamous Dos Erres massacre almost immediately after it happened in 1982, but kept it secret until 1998, ProPublica reported recently.

But Paz y Paz is too smart to directly address the twist of fate that has led the US and her into each other’s arms. When asked, she says it was not her plan to go after the Zetas; the drug traffickers forced her hand.

“I was not after them. They were after us,” she told InSight Crime.

She won more international allies after the dramatic murder of Argentine folk singer Facundo Cabral, who was gunned down at dawn on July 9, 2011, as he made his way to the airport with a concert promoter and nightclub owner. Cabral was one of the most famous artists of his generation, and his assassination led to mourning throughout the region and an immediate outpouring into the streets of fans seeking to see where he’d been slain.

For Paz y Paz and her team, there was more at stake than just the murder of a musical icon. They were also worried about their future. Although Colom had installed her for the requisite four-year term, his presidency was coming to a close. The frontrunner in the elections was Otto Perez Molina, a former general who had headed up the feared intelligence services of the army during the war. There was a widespread belief that Perez Molina would try to remove Paz y Paz. The dramatic murder of Cabral, therefore, was an opportunity to secure their jobs.
“We prove ourselves and become a ‘new MP,’ or we are out in four months,” one of her team members told her.

Paz y Paz and her team again mobilized all their resources and put to work many of their new tools and training. Cameras along Guatemala City’s main avenues gave them incredible video footage, and the analysis team -- which drew from experience in the Rosenberg case -- discovered an important piece of evidence in those first few hours of studying the tape: one of the suspects was black.

Guatemala does not have a large black population and so the team began to comb through their databases and cross-reference old cases involving Guatemalans of color. Ballistics and fingerprint analyses from case files and the crime scene narrowed the suspect list. From that list they settled on one who was part of a known criminal group in the south of the country and put out an all-points-bulletin for his arrest.

They also got lucky. Two days after the assassination, a participant in the murder turned himself into the human rights ombudsman’s office. In the old Guatemala, the prosecutors would have had nothing to offer him. But since the passage of the "Law Against Organized Crime" in 2006, the attorney general’s office can trade lower sentences for valuable information. The so-called “efficient collaborator” is now a critical component of many big cases in Guatemala and something the Paz y Paz team has used extensively. The collaborator in the Cabral case led them to the vehicles, which led them to the perpetrators, one of whom they had already identified. In less than 72 hours, all four of the participants in Cabral’s murder were in custody.

The case also led to unprecedented regional cooperation. The investigation extended to Nicaragua, Costa Rica, Panama, Colombia and Mexico. The target, as they found out, was not Cabral, but the one driving him to the airport that fatal morning, a man named Henry Fariñas, a Nicaraguan who had allegedly stolen money from a Costa Rican named Alejandro Jimenez Gonzalez, alias “Palidejo.” Fariñas was sent back to Nicaragua to face charges of drug trafficking and money laundering. Palidejo was captured in Colombia and deported to Guatemala, where he is in jail awaiting trial for murder. It was another drugs and organized crime victory for Paz y Paz, this time on a regional level.

As expected, Perez Molina was elected, but there was little he could do to rid himself of Paz y Paz. During the presidential campaign, the US had made a point of declaring Paz y Paz had its support. The ambassador met privately with Perez Molina and his running mate, Roxana Baldetti, to let the front-runner know how important the attorney general was to bilateral relations. The US also gave Paz y Paz a private meeting with Hillary Clinton during her visit to Guatemala, which resulted in a
crucial photo-op (above). With US and regional backing, it was clear that in spite of his misgivings, the new president had to confirm her in her post. The revolution would continue.
Murder of Colonel’s Son Raises Questions Over Role of El Salvador’s Military

Written by Hector Silva*
Wednesday, 24 September 2014

Colonel Carlos Alfredo Rivas Najarro is one of the more progressive figures in El Salvador’s military, although he never voiced his opinions very publicly. But after his son was mysteriously killed, he became convinced that the armed forces had played a role in planning and covering up the murder.

Colonel Rivas is a veteran of both war and peace. In the early 1980s, he took the US suggestion that El Salvador separate its security departments from the military to then-Defense Minister General Eugenio Vides Casanova; no one listened to him. In 1986, right-wing politician Roberto d’Aubuisson delivered Colonel Lopez Sibrian -- an army lieutenant accused of kidnapping and leading death squads -- to Rivas’ home, so that Rivas could hand over the lieutenant to the police. In 1988, Rivas directed the military training center in the department of La Union (supervised by the US).

Rivas retired after 30 years of active service in 1991. Since then, he’s been one of the strongest voices in the military to (almost always privately) condemn the massacre of six Jesuit priests and two of their employees at the hands of his comrades-in-arms.

He’s lived through two assassination attempts, which he’s denounced before two presidents and three attorney generals; up until now, no one has paid him any attention. On April 23, 2014, a hitman fired seven bullets into his youngest son, Carlos Rene Guillermo. Rivas is convinced that the military is involved in planning, financing, executing, and covering up the murder. In a letter sent July 10, 2014, the colonel asked President Salvador Sanchez Ceren to investigate what role the high-level command may have played in the death of his son; above all the role of Colonel Simon Alberto Molina Montoya, the head of the intelligence agency created by Defense Minister General David Munguia Payes.

“They killed my son, General”

The colonel was driving away from his home in a San Salvador neighborhood when he received the call. In the vehicle were his wife, Ana Molina de Rivas, and his oldest son, Carlos Alfredo. On the phone was General David Munguia Payes, the defense minister.

The colonel and his family were headed to the armed forces funeral home to bury Carlos Rene Guillermo, the youngest of the four children, whom an assassin had killed just hours before in the nearby city of Santa Tecla.
Even though he couldn’t suppress the grief from his voice, his chest, his thoughts -- and even though he already had a pretty good idea of what had happened in his son’s house that day -- Colonel Rivas answered Munguia Payes, calling him “mi general.” Officers usually used a possessive pronoun before a military ranking in greeting, although Rivas had long ago decided to only use this for equal or higher-ranked officers (Rivas had started military school in 1961, long before Munguia had). “I called him mi general to see how he would react…”

The minister gave Rivas his condolences by phone. He apologized that “commitments” prevented him from accompanying Rivas that night, but he offered to accompany him the next day, before the burial. “I know you loved your son very much,” he said twice during the phone call.

The next morning, the minister’s office called Colonel Rivas’ cell phone. Rivas was still in the funeral home (he asserts that he never gave his private number to the minister, nor to anyone close to him).

The minister’s aides asked Colonel Rivas for the name of his wife and his daughter-in-law -- Carlos Rene’s widow. They also asked that the Rivas family get someone to move their cars to make space for the general’s caravan (no easy task, since Munguia Payes usually traveled through the streets of San Salvador accompanied by dozens of vehicles, sometimes even a mini-tank). Irritated, Colonel Rivas cut off the aides: “You already know my wife’s name…”

When he was told that General Munguia had arrived to the funeral home, Colonel Rivas went out to greet him. It was what military protocol demanded. It was what decency demanded.

Both men walked through the room. Colonel Rivas took Munguia to meet his family, for the respective condolences. He made sure not to bring Munguia near Carlos Rene’s widow, who was “very affected.” After the brief interaction, the general asked the colonel to go out in the garden to “talk” for a bit. That is how Colonel Rivas remembers the conversation, and that is how he referred to it in the letter he later sent to President Sanchez, regarding the circumstances surrounding Carlos Rene’s murder (Agent Peña Hernandez, of the Presidential House, confirmed receiving the letter on July 10, 2014 at 3.10 p.m.).

“Mi coronel, this is due to your business problems,” General Munguia told Colonel Rivas.

Less than half an hour after Carlos Rene’s murder, investigators from the police and armed forces had already shared the following hypothesis with the journalists present at the crime scene: the murder was a revenge killing by an ex-employee, from the private security company that Carlos (pictured left) helped run alongside his father.
“No, it’s not like that,” Colonel Rivas told Munguia.

“That’s what all the papers say... I think you need to look into your business, your business has problems,” the general insisted.

Colonel Rivas grew angry. And so, less than 48 hours after the murder, he was convinced that officers in the armed forces had ordered his son’s murder. He could tell from the various anomalies in the early investigations by police and military intelligence, conducted in the house where Carlos Rene’s body had been found. He could tell from the phone calls he’d had with investigators. He could tell from his screaming military officer’s instinct, which had learned all about the macabre art of covering up innocent deaths during the war, a practice which some of his comrades-in-arms had perfected all too well.

“They ordered him dead... they ordered my son to be killed,” was how Rivas Najarro ended his conversation with Munguia Payes.

In his home in Planes de Renderos, a cool September morning, the colonel repeats the phrase he said to the defense minister that day. In the funeral home, he remembers, he grew angry at what he perceived were the general’s attempts to hide the truth. Now, at home, there is only sadness when Rivas recalls the conversation with the minister. It has only been two hours since he started talking about what happened the day of the murder, April 23, and the dark days that followed. And since he began to speak, there have been faint but stubborn tears at the corners of his eyes behind his glasses. They stay there throughout the entire conversation.

In his letter to President Sanchez -- whom Rivas met when both were primary school students in a town near San Salvador -- the colonel describes various hypotheses about the death of his son.

In the letters, Rivas reminds the president that Rivas was already victim to two assassination attempts in 1997 and 1998, both of which he denounced to then-President Armando Calderon Sol, and which he blamed on “police agents.” These assassination attempts were never investigated.

The retired colonel thinks that his son’s murder -- just like the attempts to kill Rivas, and the death threat which another one of his children received by phone following Carlos Rene’s death -- could be linked to Rivas’ role in investigating military human rights violations. The second possibility is that it’s linked to Rivas’ opposition to the Amnesty Law (the 1993 law which shielded participants on both sides of El Salvador’s civil conflict from criminal prosecutions).
“When among civilian friends, as well as among active and retired members of the military, I’ve talked about how I’m in favor of finding the Amnesty Law unconstitutional, and that the Inter-American Court’s sentence on the El Mozote vs. El Salvador case [involving the military’s massacre of more than 800 civilians during the civil war] should be carried out, something which the current minister of defense knows about...”

In the early 1990s, just before his retirement from active military service, Rivas Najarro worked closely with the US legislative commission headed by Massachusetts Representative Joseph Moakley. The commission authored a report that revealed El Salvador’s high military command had ordered the murders of six Jesuit priests and two of their employees on November 16, 1989, on the Central American University (UCA) campus.

“An enormous act of bravery”

Carlos Rene Guillermo Rivas Molina left home just before 6.20 a.m. It was the usual time that he accompanied his wife to the family’s second vehicle, which was parked a block and a half from their home, in the gated community of Casa Verde in the city of Santa Tecla.

The previous afternoon, at least two men had broken into the home next to Carlos Rene’s house, between Topacio and San Jorge Street. One of Carlos’ brothers was certain that the robbery was faked -- according to witnesses, the intruders took nothing valuable from the house -- and that it was actually a reconnaissance mission by those who would kill Carlos Rene the next day.

After accompanying his wife to the car, Carlos took his daughter to kindergarten. Then he returned home and called his father, whom he worked with in the security business that the colonel founded in 1996. Carlos told his father that he wouldn’t drop by the office that morning, and instead he’d go take care of some business matters elsewhere. He also said he would take a recently purchased shotgun with him, along with the revolver that he always carried. The incident at the house next door made him want to take extra precautions.

Carlos Rene then left home again, but returned shortly, according to the gated community’s private security guard. Today, his father speculates, “He must have gone back to look for something he’d forgotten...”

Carlos Rene entered the house via the white pedestrian gate that led towards the garage. He left it open. What happened next was supposed to have been a summary execution, but turned out to be a full-blown shootout that left both the colonel’s son and his assassin dead. The assassin was later identified as Felix Vladimir Giron Morales, a killer-for-hire who
belong to a gang, according to a police source (Giron’s mother confirmed that her son was a gang member).

“The plan, as we understand it now, was to kill him and leave the body there so that later they -- the conspirators -- could invent the theory that he’d been killed by a disgruntled employee. But it didn’t turn out that way. It didn’t turn out that way because he killed his assassin and from then on everything became complicated for them…” So says Carlos Alfredo Rivas Molina, the colonel’s older son, while accompanying me back from Los Planes to another neighborhood in San Salvador. That’s the conclusion the Rivas family came to after the events of April 23, 2014.

A police report recreated the moments between the time that Carlos Rene went through the house gate until the moment -- 10 minutes after the last shot was fired, according to the time of death established in the autopsy report -- when a lieutenant from the armed forces arrived at the crime scene. The report was filled out 8.30 a.m. the same day as the crime, and was later signed by 14 people, including police, district attorneys, forensic scientists, witnesses, family members, and that same army lieutenant, Oscar William Gomez Gonzalez. The following details of what happened are also based on the investigation that Colonel Rivas Najarro has carried out himself since his son’s death, as well as interviews with state agents linked to the skimpy official investigation.

The assassin fired seven bullets into Carlos Rene’s body, hitting him in the chest, abdomen, and knee. He left two bullets in the gun chamber, perhaps to deliver the coup de grace, according to the police report.

While the assassin walked the approximately 20 meters that lay between his shooting position and where his victim had collapsed to the ground, Carlos Rene managed to turn over. He had his revolver in hand.

Then came what his brother calls “the enormous act of courage” that has complicated the lives of those who hired the assassin. It was an act of courage which has pushed Colonel Rivas to write two letters to the president, and has convinced him that the state -- specifically the intelligence agency that employs Lieutenant Oscar Gomez Gonzalez, and is directed by Colonel Simon Molina Montoya -- is responsible for covering up his son’s murder.

Before the assassin could finish the job, Carlos Rene shot him six times. Two bullets hit him in the head, and killed him instantly.

For now, it’s impossible to know for certain how much time passed between the moment that the shooting stopped, and the moment that Lieutenant Gomez Gonzalez arrived on the
scene. But a few things are clear: he arrived very shortly after the shooting stopped, ahead of any police investigator, district attorney, or forensic scientist. He arrived in a red car -- a model and color similar to a vehicle that, according to the assassin’s mother, had visited her house a week before Carlos Rene’s murder to pick up her son. And most significantly, Lieutenant Gomez Gonzalez was later reprimanded by a superior at the state intelligence agency for signing his name on the crime scene report. According to Carlos Rene’s family, that superior was none other than Colonel Molina Montoya.

Colonel Rivas arrived on the scene shortly before 8 a.m., as he narrates in the letter he sent President Sanchez on July 10. Others who were there that day -- in the gated community of Casa Verde, early on the morning of April 23 -- confirmed this to police.

Dr. Romeo Piche carried out the autopsy, with assistance from Mr. Herberth Ramirez, at 2 p.m. that same day. They confirmed that Carlos Rene Guillermo had been dead between seven to nine hours; that is to say, he died between 5 and 7 a.m.

The Casa Verde security guard asserted that he saw Carlos Rene enter his home for the last time after 6 a.m. According to this witness, the shooting ended before 7 a.m. The first 911 patrol arrived at the crime scene before 7 a.m. And, according to one of these police agents, Lieutenant Gomez Gonzalez arrived just after they did.

By the time that Colonel Rivas arrived, the lieutenant was already waiting for him. He was the first to approach Rivas, just as the colonel got out of his car. Rivas recalled that the lieutenant approached him accompanied by “civilians and others with military equipment and in uniform,” and told Rivas he was there to help with the investigation. He had been sent by “the military Chief of Staff” and the State Intelligence Agency (Organismo de Inteligencia del Estado – OIE) to investigate Rivas’ son’s death.

Around that time -- shortly after 8 a.m. -- the only ones outside the house were the 911 agents, who’d already moved Carlos Rene’s body to a pick-up, and the lieutenant, along with his companions. Neither the forensic science institute Medicina Legal nor the police forensic science laboratory had entered the house. Nor had anyone officially identified the two bodies – the colonel’s son and the assassin. Nevertheless, Lieutenant Gomez Gonzalez had already known who had died.

Sitting in his living room, Colonel Rivas repeats the question. “He came to me with a name and surname. How did he know my ranking and my name and that my son had died, if no one had yet officially examined the scene?”

Oscar Armando Alfaro Mendoza -- the police agent who conducted the crime scene investigation and signed the official report -- confirmed that Lieutenant Gomez Gonzalez
re-entered the house at 9.40 a.m. In the words of the police report, this time the military officer entered “in order to physically see the body that lay on the floor of the house” -- that of the assassin.

In one of his letters to the president, Colonel Rivas Najarro writes the following: “That Lieutenant Gomez... when he showed up at the scene of the crime it was to make sure the act was carried out and at the same time... cover up the truth.”

Shortly after 8 a.m., none of the forensic scientists or surveyors had yet examined the site of the murder, and it would be three hours before witnesses and police agents would sign the crime scene report. And yet by this time, police agents had already told journalists that their investigations pointed to a disgruntled ex-employee who had carried out a revenge killing, the same story that General Munguia would repeat to Colonel Rivas the next day in the funeral home. A print and a broadcast journalist who covered the homicide that day both confirmed this.

Just to reassure himself, Colonel Rivas (pictured left) called his business from the crime scene, just to ask how many people had been fired in the past year. The answer: none.

Before leaving Casa Verde, Lieutenant Gomez Gonzalez left the colonel his phone number -- 791 00288 -- to keep him up to date on the investigations.

For nearly two weeks, the lieutenant answered the colonel’s calls. Rivas called twice a day to ask for the updates that the intelligence officer had offered. Without exception, the lieutenant always answered evasively. “I don’t have anything to report, mi coronel,” is what Rivas Najarro recalls as a typical answer.

Desperate and increasingly doubtful, the colonel decided to confront Gomez Gonzalez. “What do mean there’s no updates? We’re going to meet up and you’re going to explain this to me,” Rivas Najarro demanded. The lieutenant agreed to a personal interview. They spoke on a Friday, and decided to meet up the following Monday afternoon, May 12.

That day, Rivas Najarro dialed the cell phone number to confirm the appointment. No one answer. Hours passed like that, until another officer answered -- a sergeant from special forces, who said his name was Romel Neftaly Moreira.

“Yes, mi coronel. [Gomez Gonzalez] hasn’t shown up for work. We’ll ask him to get in touch with you...”

Tuesday the 13th:
“Colonel, we’ve got problems, mi teniente has disappeared, if you have any information, please let us know.”

And Friday May 16th:

“They buried him yesterday... he’s dead...”

Sergeant Moreira said that Lieutenant Gomez Gonzalez had been buried the previous day, May 15, but his body had been found five days earlier in a housing complex, La Rabida, in San Salvador. The official cause of death was alcohol poisoning, the sergeant said, although the autopsy pointed to pulmonary edema and hemorrhage.

In his letter addressed to President Sanchez on July 10, Colonel Rivas Najarro inserted the word “doubtful” when describing the lieutenant's cause of death. He did so 11 separate times in the letter, whenever he referenced the official explanation from the military, police, or the defense minister in regards to his son's death.

After hanging up on the sergeant, bewildered, Colonel Rivas spoke to his eldest son. “They killed the lieutenant,” he said. “It was those sons of bitches. They killed Memo.”

In one of the conclusions in his letter to President Sanchez, the father of the victim leaves no doubts over who he thinks ordered, planned, executed and covered up his son's assassination. “My son’s murder was planned at least 30 days ahead of time...” Rivas Najarro wrote. He also wrote, “Military elements were involved in the planning, in coordination with MS [mara gang] assassins, within a structure managed by the minister and his advisor Colonel Simon Molina Montoya.”

InSight Crime sent a questionnaire to the armed forces’ communications department over the role of Lieutenant Gomez Gonzalez and Colonel Molina Montoya in investigating Carlos Rene’s murder, as well as requests for an interview with Molina and Defense Minister General David Munguia Payes. There was no reply.

*Hector Silva is a senior research fellow at the Center for Latin American and Latino Studies at American University.*
El Salvador: A Murder, A Bogus Investigation, An Army Cover-Up?

Written by Hector Silva*
Thursday, 25 September 2014

Colonel Carlos Alfredo Rivas Najarro is one of the more progressive figures in El Salvador’s military, although he never voiced his opinions very publicly. But after his son was mysteriously killed, he became convinced that the armed forces had played a role in planning and covering up the murder.

“What is it, colonel, that makes you say this with such certainty, that makes you tell the president of the republic that people were sent to kill your son, and that the army has something to do with it?”

I asked this question for the first time after hearing about Colonel Carlos Alfredo Rivas Najarro’s letters to President Salvador Sanchez Ceren, who he has known since childhood.

Three hours had passed since we began our conversation in the Rivas Molina family’s living room in the Los Planes de Renderos community. During that time, Colonel Rivas had recounted, one by one, the arguments that he put forth in his two letters to President Sanchez.

“The helplessness,” he said, in response to my question. “The belief that nobody will do anything to find out who killed my son. And the death of Lieutenant Oscar William Gomez Gonzalez just 17 days after the murder of Carlos Rene [his son],” he added. All of this pushed him to write to the president.

Above all, it was the death of the lieutenant that prompted his letters.

Hired Assassins and their Accomplices

Carlos Alfredo, Rivas’ eldest son, at first refused to accept his father’s suspicion that the death of his brother was the product of a carefully elaborated plot. This is what the colonel has believed since the moment he left the crime scene -- his son’s home, in Casa Verde Uno gated community of Santa Tecla on April 23.

“Despite everything, I refused to believe that people so bad actually exist,” said the eldest Rivas Molina brother. But later, when his father told him that Lieutenant Gomez Gonzalez had died, his opinion changed: “They killed Memo,” -- as siblings and friends called Carlos Rene -- “they sent people to kill him.”

Rivas’ first letter to President Sanchez Ceren was 14 pages long. It was sent on June 13, 2014 and received at the presidential house that day at 3:50 p.m. by Agent Calderon R. In it,
Rivas Najarro requested an appointment in order to explain his certainty that the murder of his son was planned and that the perpetrators had developed a complex plot to conceal it.

“I request your help as president of the republic and commander general of the Armed Forces. I know from my 30 years of experience in military service ... that they [the perpetrators] are using tricks to cover their crime, to protect themselves, so that they won’t be discovered,” wrote the retired colonel.

He also revealed, in his first letter, that another of his sons had received a phone call on June 11, at the family residence in Los Planes, with a message for the colonel. The next day, at 9:30 a.m., Rivas Najarro returned the call to the number that had been saved in the phone. “Their message was that there was an order to kill me.”

When he wrote that letter, a month had already gone by since the death of Lieutenant Gomez Gonzalez. This mysterious military intelligence agent, according to Colonel Rivas, was sent from a battalion led by Colonel Simon Alberto Molina Montoya -- the right-hand man of the defense minister -- to make sure that the hired assassin sent to kill Carlos Rene had finished the job.

By that time, Colonel Rivas was certain that no Salvadoran authority was making much effort to clarify the irregular circumstances surrounding the death of his youngest son. The army had issued an order to classify the investigations into the death of Lieutenant Gomez Gonzalez as secret; the police investigator on the case had changed four times; and, although the Attorney General’s Office had moved the case records from the Santa Tecla homicide unit to the organized crime unit in central headquarters, the investigation had not advanced.

In his second letter to the president, less than a month later, Colonel Rivas set out all the anomalies he noticed at the crime scene and in the investigations that followed. These included the unclear circumstances surrounding the death of Lieutenant Gomez Gonzalez, and the fact that the army and police agents present at the scene hypothesized that the murder was an act of personal vengeance, without evidence.

Rivas’ letter included the following points:

- Police records never identified the private security guards in the Casa Verde Uno complex, who would have been able to determine what time the lieutenant arrived to the gated community and what time he entered the house to inspect the crime scene.
• Police that searched his son’s car gave him the cell phone that Carlos Rene had left there, but they had erased the entire call history.

• Two days after the homicide, investigators called the mother of the hit man who killed Carlos Rene (Carlos Rene managed to shoot his assassin before he died) to tell her to come and pick up her son’s body. They did this despite the fact that -- according to the crime scene inspection report -- the murder was not carrying identification documents at the time of his death, and no family member had come to identify him at the morgue.

• According to Rivas’ investigations, the weapon that the hired killer used to murder his son -- a 40 caliber CZ pistol of the series A855925 with registration number 205431 -- was registered in the name of a person who didn’t exist, and had been reported stolen on March 19, 2014.

Rivas left no room for doubt in his second letter, when he directly accused Colonel Molina Montoya of having converted the so-called intelligence battalion of the Armed Forces into a paramilitary organization that “has been organized in the style of ORDEN [one of the most feared death squads in El Salvador in the 1970s]” and “has spoken of the execution of elements who oppose their political and economic objectives.”

In February 2012, after being named security minister by then-President Mauricio Funes, General David Munguia Payes named Molina Montoya assistant director of the State Intelligence Agency (OIE). Shortly thereafter, Molina Montoya became interim director. From his post, the colonel forced all of the OIE personnel to undergo polygraph tests, in an attempt to determine if anyone had filtered information to journalists from the Internet publication El Faro on the Texis Cartel, one of El Salvador’s main drug trafficking organizations.

Shortly before, a high-level official from the National Civil Police (PNC) confirmed that, since the beginning of 2012, Molina Montoya had been in charge of advancing talks with leaders of the Mara Salvatrucha (MS13) and Barrio 18 gangs in order to prepare the ground for a truce, which later became the principal security policy of his boss, General Munguia.

And in 2010, according to a report produced that same year by the Police Intelligence Center and endorsed by PNC and army investigators, Molina Montoya gave the order to assassinate an undercover ex-army agent who had infiltrated the Perrones, another of El Salvador’s top drug trafficking groups.

(At one point, while I was performing research for my book “The Infiltrators,” on corruption in the Salvadoran police and state, I requested an interview with Colonel Molina Montoya regarding these accusations, but the request was never answered. For the present
Past Encounters with Death

“That’s where they go to dump the bodies of people they kill,” said the man who opened the door for him in the community of Cuscatancingo, on the outskirts of San Salvador. It was two days before Christmas Eve in 1998.

Minutes earlier, Colonel Rivas Najarro had managed to pick himself up from the edge of the street, where he had been thrown by a group of men who had kidnapped him as he was leaving his office.

When he managed to compose himself, the colonel saw that the car carrying the kidnappers had turned around and was returning at great speed to the place where they had left him. Seconds later came the shots. But Rivas managed to hide himself in the embankment. He let time pass until he thought the car had disappeared, then he decided to seek refuge in a nearby house. A man opened the door for him; accustomed to hearing of cadavers that anonymous assassins threw over the nearby cliffs, he understood that the man who stood before him had very narrowly escaped death.

It was not the first attempt on his life that year. On September 23, 1998, another death squad -- or perhaps the same one -- had tried to kill him. When he left his office in his vehicle with license plate number P-374-728, another car, a red Honda, cut him off. Two men dressed in black got out and sprayed his car with bullets. The colonel managed to save himself: when he saw the assassins approaching him, he quickly reversed and managed to move far enough away so that the shots wouldn’t hit him.

According to the colonel, those who kidnapped him on December 22 told him that it was because he was “dando parte” -- military slang for “reporting” -- human rights violations in the army.

Just as he would 16 years later, when his son was killed, in September 1998 Rivas Najarro wrote a letter to a commander general of the armed forces. On the 24th of that month, the day after the first attack, the retired colonel told then-President Armando Calderon Sol all of the details of the event, as well as the irregularities in the subsequent investigations, which were aimed at covering up the identity and motives of the perpetrators. And, just as in 2014, Rivas named the intellectual authors of the attack and those covering up for them; in that case, “agents of the National Civilian Police.”

In his letters -- two to President Sanchez Ceren and one to President Calderon Sol -- Rivas Najarro identified his role in the investigation into the 1989 massacre of six Jesuit priests.
and two of their employees as a possible motive for the attempt on his life and the murder of his son. In his later letters, the retired colonel also mentioned that at one point, some army officials were mentioning him as a possible replacement for Defense Minister Munguia Payes.

His July 10, 2014 letter to Sanchez Ceren sums up the internal culture of the military that, he believes, caused him to face death on two occasions, and to lose his son:

The history of the armed forces has been distorted by its political detractors, both conservative and liberal, who practice the tactic of misinformation, but there are also elements in the institution itself who are involved in unprofessional activity...

On the morning of November 16, 1989, Rivas' wife, Ana, spoke to him while he was stationed at the La Union barracks, to tell him that they were showing images of the murdered Jesuits on TV. That same day, Colonel Rivas Najarro began to advocate for a serious investigation within army ranks. And later he assisted those who eventually uncovered the truth: that the Atlacatl Battalion had killed them.


As he wrote:

"If impunity persists to this day, we are doomed to be considered a failed state in terms of security."

The murder of Carlos Rene, said the colonel, showed "some similar characteristics to the murder of the Jesuit priests and their two employees."

*Hector Silva is a research fellow at the Center for Latin American and Latino Studies at American University.*
X. What to Expect in 2015

Latin America is the most dangerous region in the world in terms of homicides and 2015 is unlikely to see any change in that. Below we list seven of the nations we believe are the most vulnerable to transnational organized crime in 2015.

**Venezuela**

This nation is at greatest risk of a significant increase in organized crime and greater threats to citizen security in 2015. The Chavista regime is crumbling, beset by internal divisions and economic woes. If oil prices continue at current levels, (at time of writing the price of a barrel of Brent crude, an international marker, was under $65), then Venezuela simply cannot pay its bills. Morgan Stanley predicted that Brent would average $70 a barrel in 2015, which if true means there is no relief in sight.

At the heart of the regime established by Hugo Chavez, and now led by President Nicolas Maduro, is generous social spending. This will have to be cut, and this will erode already fading government support. Crime is at epidemic levels, but hard to measure as there is little data being provided by the government and even less trust in what is released. Venezuela is the most dangerous nation in South America, and Caracas is the most dangerous capital.

All of this presents an explosive social and economic mix and provides perfect conditions for organized crime. Venezuela is already one the principal transit nations for Colombian cocaine, with an estimated 200 tons passing through every year. There can no longer be any doubt that elements of the Chavista regime, particularly in the military, are involved in drug trafficking. And their role has moved beyond simple facilitation.

The Venezuelan security forces do not have a monopoly on firearms. There are dozens of armed “collectives,” a rural rebel group, and a proliferation of street gangs with access to weapons. Venezuelan prisons are the most violent in the world and act as centers of criminal activity with reach far beyond the jail walls. Due to the scarcity of dollars amid currency controls, counterfeiters are enjoying a bonanza as businesses and individuals alike seek to get their hands on foreign currency, with inflation of the Bolivar running at over 60 percent. Criminal opportunities abound.

The police are corrupt and ineffective, the judiciary completely politicized, and much of the limited capabilities of law enforcement are dedicated to stifling political opposition, not crime. In short we believe that criminal activity will increase significantly in 2015 and with it the homicide rate.

**Mexico**
The Iguala, Guerrero case, where 43 students appear to have been murdered with connivance of local police and politicians, has provoked public outrage and will have profound effects in 2015. Either President Peña Nieto will take the necessary action to satisfy public opinion, or the security issue will cripple the remainder of his presidency. There are two factors to consider: the first is the political aspect of the impunity and government incompetence in the Iguala case; the second is the criminal aspect of the alliances between mafia and local elites, as well as police, in many states in Mexico. While there may be some announcements and reforms with regard to the first, we see little imminent change in the second. The fragmentation of Mexican criminal structures will also continue as leaders are captured. This may have the effect of increasing violence in the short term as successors fight for supremacy and the proverbial “plazas” or territory.

Bolivia

This poor landlocked nation finds itself at the center of the fastest growing market for illegal drugs in the world: South America. This year is likely to see its position as the smuggling hub for cocaine and marijuana further increase, which may have knock on effects of rising homicides, growing presence of transnational organized crime (principally Brazilian and Colombian) and the development of more sophisticated local organized crime syndicates. In addition, Bolivia may find it hard to contain coca cultivation in the face of record eradication efforts in neighboring Peru and the aerial eradication program in Colombia.

Colombia

The peace process here is supposed to be entering its final phase and the government has stated that an agreement could be signed with the Revolutionary Armed Forces of Colombia (FARC) in 2015. But after speaking to rebel sources, InSight Crime is not convinced that an agreement is imminent. While guerrilla-initiated violence may be reduced, revenue-raising from drug trafficking and extortion is likely to increase, as the FARC divert resources from waging war into building up their finances in anticipation of any deal. Any peace agreement will change the criminal landscape in Colombia. Colombian organized crime, under great pressure at home, will continue its migration to other countries. One of the favorite destinations in 2015 will be Spain, the entryway to Europe, where higher prices for cocaine and changes to the Schengen (European Union) visa requirements for Colombians present irresistible opportunities.

Honduras
While there have been some improvements here, this Central American nation must remain on the critical list for 2015. It is still the center of drug trafficking in Central America and the principal handover point between Colombian drug trafficking organizations and the Mexicans who dominate the US market. There is a great deal of US and international attention being directed here. However, there is not yet enough resistance to transnational organized crime for criminals to switch their operating bases to another nation. There has, however, been increased criminal activity in other Central American nations – even Costa Rica, long seen as an oasis of calm in an otherwise troubled region.

Guatemala

Guatemala is home to some of Central America’s more sophisticated drug trafficking organizations, which work closely with their powerful Mexican counterparts. It is also a significant poppy grower, providing the raw material for the booming US heroin market. This coming year also brings presidential elections, which will certainly see criminal elements financing campaigns and seeking to get allies into key political positions. It is hard to be optimistic for 2015 in Guatemala.

Peru

The world’s principal producer of cocaine had a record year in terms of drug crop eradication, yet its corruption, in the political and judicial arenas, as well as the police, has hamstrung attempts to tackle the smuggling networks. With US help, the air bridge into Bolivia -- which saw some 200 tons of drugs moved during 2014 -- may be challenged. This will not block the flow; it will just force traffickers to use different transport methods. There is little understanding of the nature of Peruvian organized crime and how it is corrupting state institutions. The Mexican cartels, desperate to get their hands on Peruvian product, have taken up residence and are moving large shipments -- as seen with a seven-ton cocaine seizure in August.

El Salvador

The ending of the gang truce has seen homicides return to pre-truce, epidemic levels. Another effect of the truce has been the increase in the sophistication, cohesion and political savvy of the two main street gangs, the Mara Salvatrucha (MS13) and Barrio 18. The MS13 has already been ranked alongside Mexico’s Zetas and Japan’s Yakuza by the US Treasury, and it is likely that 2015 will see the gang increase its transnational criminal activities, deepen involvement in the local sale of drugs, and possibly international trafficking.
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;
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