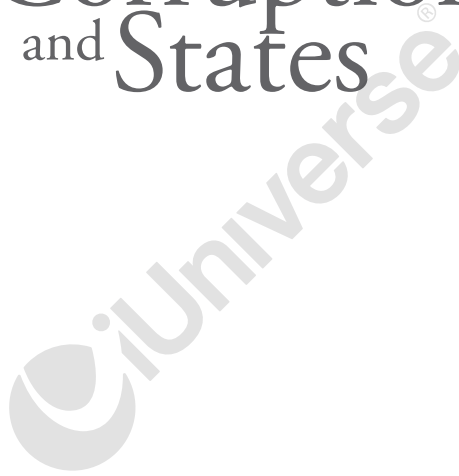


Drug Trafficking,  
Corruption  
and States



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# Drug Trafficking, Corruption and States

*How Illicit Networks Shaped Institutions  
in Colombia, Guatemala and Mexico*

*A Small Wars Journal-El Centro and  
Vortex Foundation Book*

Luis Jorge Garay  
and  
Eduardo Salcedo-Albarán

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Edgar Gutierrez, Francisco Gómez, John P. Sullivan,  
Luis Astorga, Natalia Duarte & Robert J. Bunker.

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# DRUG TRAFFICKING, CORRUPTION AND STATES HOW ILLICIT NETWORKS SHAPED INSTITUTIONS IN COLOMBIA, GUATEMALA AND MEXICO

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## Contributors

Claudia Méndez, Edgar Gutierrez, Francisco Gómez, John P. Sullivan,  
Luis Astorga, Natalia Duarte & Robert J. Bunker.

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The facts and the analysis presented herein are sustained in documents and interviews exposed in mass media and judicial records related to the criminals networks analyzed. In the case of the names mentioned, quoted or referenced, who are accused—with the exception of those specifically mentioned, quoted or referenced in the text as definitively condemned—the presumption of innocence, in observance of individual rights is always preserved. The judicial truth is the jurisdiction of the courts, which by law will decide whether the defendants are innocent or guilty.<sup>1</sup>

It is clarified that *belonging to, participating in, being connected to, or appearing on* the network, as analyzed herein, does not imply having committed any criminal act or being engaged in any criminal enterprise. It is always possible to *belong, participate, be connected, or appear* on the network as an agent promoting interests that are socially and institutionally beneficial, or as a result of coercion, among other reasons unrelated to criminal acts committed by the agent.

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<sup>1</sup> Based on: Francesco Forgione. *Mafia Export. Cómo la Ndrangheta, la Cosa Nostra y la Camorra han colonizado el mundo*. Anagrama. Crónicas. Barcelona, 2010, pgs. 11-12.

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## About Small Wars Journal and Foundation

*Small Wars Journal* facilitates the exchange of information among practitioners, thought leaders, and students of Small Wars, in order to advance knowledge and capabilities in the field. We hope this, in turn, advances the practice and effectiveness of those forces prosecuting Small Wars in the interest of self-determination, freedom, and prosperity for the population in the area of operations.

We believe that Small Wars are an enduring feature of modern politics. We do not believe that true effectiveness in Small Wars is a ‘lesser included capability’ of a force tailored for major theater war. And we *never* believed that ‘bypass built-up areas’ was a tenable position warranting the doctrinal primacy it has held for too long—this site is an evolution of the MOUT Homepage, Urban Operations Journal, and urbanoperations.com, all formerly run by the *Small Wars Journal’s* Editor-in-Chief.

The characteristics of Small Wars have evolved since the Banana Wars and Gunboat Diplomacy. War is never purely military, but today’s Small Wars are even less pure with the greater inter-connectedness of the 21<sup>st</sup> century. Their conduct typically involves the projection and employment of the full spectrum of national and coalition power by a broad community of practitioners. The military is still generally the biggest part of the pack, but there a lot of other wolves. The strength of the pack is the wolf, and the strength of the wolf is the pack.

The *Small Wars Journal’s* founders come from the Marine Corps. Like Marines deserve to be, we are very proud of this; we are also conscious and cautious of it. This site seeks to transcend any viewpoint that is single service, and any that is purely military or naively U.S.-centric. We pursue a comprehensive approach to Small Wars, integrating the full joint, allied, and coalition military with their governments’ federal or national agencies,

non-governmental agencies, and private organizations. Small Wars are big undertakings, demanding a coordinated effort from a huge community of interest.

We thank our contributors for sharing their knowledge and experience, and hope you will continue to join us as we build a resource for our community of interest to engage in a professional dialog on this painfully relevant topic. Share your thoughts, ideas, successes, and mistakes; make us all stronger.

**“...I know it when I see it.”**

“Small Wars” is an imperfect term used to describe a broad spectrum of spirited continuation of politics by other means, falling somewhere in the middle bit of the continuum between feisty diplomatic words and global thermonuclear war. The *Small Wars Journal* embraces that imperfection.

Just as friendly fire isn't, there isn't necessarily anything small about a Small War.

The term “Small War” either encompasses or overlaps with a number of familiar terms such as counterinsurgency, foreign internal defense, support and stability operations, peacemaking, peacekeeping, and many flavors of intervention. Operations such as noncombatant evacuation, disaster relief, and humanitarian assistance will often either be a part of a Small War, or have a Small Wars feel to them. Small Wars involve a wide spectrum of specialized tactical, technical, social, and cultural skills and expertise, requiring great ingenuity from their practitioners. The *Small Wars Manual* (a wonderful resource, unfortunately more often referred to than read) notes that:

*Small Wars demand the highest type of leadership directed by intelligence, resourcefulness, and ingenuity. Small Wars are conceived in uncertainty, are conducted often with precarious responsibility and doubtful authority, under indeterminate orders lacking specific instructions.*

The “three block war” construct employed by General Krulak is exceptionally useful in describing the tactical and operational challenges of a Small War and of many urban operations. Its only shortcoming is that it is so useful that it is often mistaken as a definition or as a type of operation.



\* \* \*

*Small Wars Journal* is NOT a government, official, or big corporate site. It is run by Small Wars Foundation, a 501 (c)(3) non-profit corporation, for the benefit of the Small Wars community of interest. The site principals are Dave Dilege (Editor-in-Chief), Bill Nagle (Publisher), Robert Haddick (Managing Editor) and Peter Muson (Editor). Dilege, Nagle and Haeddick, along with Daniel Kelly, serve as the Small Wars Foundation Board of Directors.



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## About Vortex Foundation

By integrating different areas of human knowledge *Vortex Foundation* proposes inputs, concepts, models and methodologies for understanding and facing social challenges such as ensuring transnational security, government efficiency, transparency, human rights and protections for victims.

Through partnerships and collaborations with universities and institutes in Colombia, Mexico, United States, Bulgaria, Spain and Italy, among other countries, *Vortex Foundation* has executed ambitious research projects to identify institutional weakness, tackle corruption and understand the complexity of Transnational Criminal Networks. Concepts, tools and methodologies developed by *Vortex Foundation* have been applied, discussed and published worldwide.

Three ideas sustain the activities and approach of *Vortex Foundation*:

1. The world is not fragmented between “hard” and “soft” issues, between social and individual phenomena, or between rational and emotional problems. These elements are mutually affected in analog causality relations.
2. Scientists should communicate their scientific findings and discussions to the society, to policy makers and to decision takers.
3. A scientific vortex happens when different areas of human knowledge integrate into/with scientific methods and findings. This implies integrating science and humanism.

*Vortex Foundation* is a not-for-profit entity that operates through donations and grants, with a simplified administrative structure run by

Eduardo Salcedo-Albaran (Director) and Luis Jorge Garay Salamanca (Scientific Director). *Vortex Foundation* focuses and allocates its resources on the ultimate objective of applying integrative science to improve societies.



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## Preface

*By Robert J. Bunker*

The comprehensive three-hundred and fifty page plus work *Drug Trafficking, Corruption and States* by Luis Jorge Garay Salamanca and Eduardo Salcedo-Albarán, editors and primary authors, represents the fifth in a series of Small Wars Journal—El Centro publications. It further establishes a high professional and academic mark pertaining to transnational organized crime and insurgency studies focusing on Latin America; specifically in the states of Colombia, Guatemala, and Mexico. All of these states are presently being severely challenged by drug trafficking and polygot criminal organizations known by such names as cartels, paramilitaries, criminal insurgents, drug gangs, the enforcers of warlords, and, in instances where institutional corruption is endemic, as mafias in uniform, and even potentially as the foot soldiers of emerging and co-opted narco-democracies.

This work is immensely important because the native language of the primary authors and contributors who are Colombian, Guatemalan and Mexican nationals is Spanish and the translation of this work allows for English reading audiences —primarily US citizens— to be exposed to their expert analysis and penetrating thoughts on a phenomena that is quickly becoming the defining Western Hemispheric security issue of the early 21<sup>st</sup> century. Too often the crucial insights held by Latin American scholars are either overlooked or virtually unknown to US audiences because of such language barriers.

*Drug Trafficking, Corruption and States* is divided into sections on theory, case studies pertaining to Colombia, Guatemala, the Colombian-Mexican network, and the Michoacana Family, drug trafficking in the

Western Hemisphere, and a concluding section on public policy analysis and actions to be undertaken to counter state capture and co-opted reconfiguration. The work also contains an introduction, an extensive bibliography, and over thirty network modeling diagrams from very basic through highly advanced radial distribution graphical figures including algorithms.

The main focus of this work is to dispute those erroneous and simplistic perceptions often held by US officials, the public, and others about the nature of illicit drug based on transnational organized crime in Latin America, specifically how such organizations will be easily vanquished. The authors outline these naïve perceptions as including:

At some point, Cartels and transnational illicit Networks focused on drug trafficking will be bowed. At some point, Mexico, Colombia and other Central America countries will be free of Drug trafficking. Corruption is a sole administrative and economic issue. Criminal networks and the State are always confronting each other.

These organizations and groups have been mutating and evolving over the last thirty years and the contributors to this work, via their deft use of Social Network Analysis (SNA), argue that these non-state entities are actively involved in Co-Opted State Reconfiguration (CStR) by means of their corruptive nature and network bonding to state institutions. Violence and manipulation are part and parcel of a corruptive process that recasts components of a state from a legitimate to a criminal orientation.

The very existence of such innovative Spanish language based scholarship coordinated by Luis Jorge Garay Salamanca and Eduardo Salcedo-Albarán and the Scientific Vortex Foundation thoroughly surprised this writer. It supports and further serves to validate those Epochal Warfare Studies and criminal insurgency perceptions promoted by him and others as they pertain to Mexico and the Americas both in refereed and in professional venues such as *Small Wars Journal—El Centro*. This work, and others like it, provides crucial insights into the ‘war over political and social organization’ that has broken out in the Western Hemisphere and across the globe. This war, one that is post-modern in nature, represents a temporal clash of old and competing new civilizational futures which will determine how humankind will interact with one another, who will have access to life sustaining and enhancing resources, and what individual



rights and personal liberties will be guaranteed by the new state forms that emerge.

Areas of impunity, as found throughout Mexico and in other parts of Latin America, have become criminal enclaves and cities, contested regions, statelets, and parastates due to de facto politicalization of non-state groups. The rise of narco-warlords and powerful gang and cartel bosses supported by large paramilitaries to do their bidding is ultimately of political concern because this is indicative of the historical process leading to state formation. This process is derived from outsiders to the status quo power structures that draw upon what are currently considered illicit economies and barbaric methods branded anathema by legitimate authority. The rise of such new-warmaking entities is thus both post-modern and pre-modern in nature as predicted by Martin van Creveld and others over two decades ago.

Such grand strategic concerns speak to the heart of the problem facing democratic, and transitioning, Latin American nations. Not only are the citizens of these nations in many cases struggling to throw off the old oppression of autocratic regimes and the ruling families behind them—but new violent actors have arisen and formed themselves into various non-state threat entities. These gangs, paramilitaries, and cartels represent the midwives of a future that has no room for democratic due process, the enfranchisement of women, or a compassionate and forgiving God. They are also as likely to challenge the old autocratic Latin regimes via their violence and corruptive influences, as they are to cut business deals with those ruling elites who flock to their banners, symbols, and icons. The rise of House Sinaloa, House Michoacana, and House Zetas simply represent a more pronounced and mature threat over that witnessed with the initial rise and fall of House Medellin and House Cali some twenty years ago.

It is because of the criticality of this hemispheric security threat that this work takes on so much importance. Not only is the process by how this threat operates identified and analyzed herein but some of the major actors involved are compared and contrasted. Additionally, concrete policy guidance is then provided for both short term and mid-to-long term actions to counter this threat and the new warmaking entities behind it. It is with these security perceptions and thoughts in mind that I wish to thank Luis Jorge Garay Salamanca and Eduardo Salcedo-Albarán for

undertaking this comprehensive project for the public good of all free (and aspiring) peoples of the Americas and to have reached out the hand of friendship from Latin America to the United States where Small Wars Journal—El Centro and this series of books is published.



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# Foreword: Illuminating Transnational Criminal Networks

By John P. Sullivan

Transnational criminal networks are significant actors in the reconfiguration of states. As a drug war rages in varying degrees of intensity throughout Mexico, Central America and Colombia, cartels and gangs acting as nodes in the global illicit economy fight each other and contest states. When cartels and gangs (transnational criminal networks) confront states, they do so at many levels. These include at local municipalities, states or provinces (sub-state), the national or 'State' level, and the international level, impacting transnational institutions. In Mexico alone, the violence associated with the 'narcos' has killed over 50,000 persons in six years. Entire states (Tamaulipas) and cities (Ciudad Victoria, for example) have succumbed to the effective control of the narcos. Social banditry, narcocultura, selective provision of social goods, resource extraction, street taxation (the cuota), and instrumental and symbolic violence culminating in 'criminal insurgency' have become salient features of state reconfiguration.<sup>2</sup>

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<sup>2</sup> See John P. Sullivan, "From Drug Wars to Criminal Insurgency: Mexican Cartels, Criminal Enclaves and Criminal Insurgency in Mexico and Central America, and their Implications for Global Security." *Vortex Working Paper #6*, Bogotá, Colombia at <http://www.scivortex.org/6FromDrugWarsCriminalInsurgency.pdf> and John P. Sullivan and Robert J. Bunker, *Mexico's Criminal Insurgency: A Small Wars Journal-El Centro Anthology*, Bloomington: iUniverse, 2012 for a discussion of this situation.

This edited work by Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán makes an important contribution to the literature exploring the interaction of transnational organized crime—essentially transnational illicit networks—with states. This work contains rich analysis of judicial records and open source reportage to discern the complex social network dynamics of criminal-state relations. The transformation of both criminal enterprises and state components is carefully assessed through social network analysis. The book's 25 chapters explore the strategic transformation of transnational organized crime in the Western Hemisphere, starting with Colombia.

## **Theory and Social Network Analysis**

Social network analysis (SNA) is the lens for documenting this transformation and illuminating the impact of transnational criminal networks on states. Building from the theoretical foundations of traditional state capture (StC), the text introduces the concept of 'co-opted state reconfiguration' (CStR) where non-state actors seek criminal, judicial, political, and social legitimacy in addition to economic gain. As a result, institutional frameworks morph. Both intra-state actors and non-state actors can potentially assume new institutional capacities and functions. Here we see economic and political power (both licit and illicit) intersect toward the establishment of a new political equilibrium between the state and gangsters. Social capital and position of nodes and actors in the social networks that connect cartels, gangs, and political actors is the framework for exposing the state-making or state-transformation potentials of these transactions and relationships.

The relationships among actors take place in a range of settings. These can involve lawful (bright), unlawful/illicit (dark), or undefined/ambiguous (grey) actors or transactions. Corruption and violence are important instrumental tools in the capture of state institutions and political processes. The instrumental capture of media and civil society is also crucial. When these factors converge, an advanced state of co-opted state reconfiguration (CStR) is the likely outcome.

## Case Studies of Reconfiguration

After building a theoretical foundation and describing methodology, the book provides a series of case studies. First the authors look at narco-paramilitaries in Colombia and their impact on state reconfiguration. Local administrative capture via ‘para-politics’ to create a parallel state is discussed. The structure of the paramilitary network is also described. The researchers found evidence of StC and CStR process at various times at local, regional, and national (State) levels. The participation of public officials became a core element of the capture of institutions and in the advance of CStR.

Para-politics within the Colombian Congress is the second case assessed. Here the researchers explore the multi-dimensional (sometimes one way, sometime two-way) networks of co-optation. Narco-agents for the paramilitaries and politicians are the subject of this assessment. The third case study looks at the structure of the Narco-paramilitary network in Sucre and its role in stimulating CStR of the Colombian national State. Mayors and legislators at the local administrative level played key roles in this development.

In the next case, drug trafficking, money laundering and failed institutions in Guatemala are assessed. The nature of drug trafficking altered traditional corruption. Resilience and an adaptive capacity within criminal networks allowed the narcos to co-opt and supplant a range of conventional actors within the state. Fragile institutions—especially justice and police capacities—were the result. Similar results (with potential early indicators of Advanced State Capture-AStC) are seen when examining a money-laundering syndicate in Guatemala.

Finally, the case studies move to document the consolidation of transnational drug trafficking with the rise of a Colombo-Mexican Network(s). Mexican cartels and transnational relationships and links at network and sub-network levels are explored. The alliances among Mexican and Colombian enterprises are documented and the shift to transnational activities is described. In the case study on the Michoacana family network, the relations with public officials, politicians, and *narcocultura* (religious symbology and mysticism) are explored. In this case, the researchers find that in La Familia Michoacana (LFM):

(...) *The organization's genesis and the sociopolitical context in which the Network has been developed, show certain characteristics of that process, a qualitative modification of the relation between the political and the drug trafficking fields, and express trends towards a Co-opted State Reconfiguration by a paramilitary-mafioso-like organization with leaderships coming up from the municipalities, some of which are said to be inspired in the Bible, and with a strong regionalist sense.*

This *narcocultura* dimension is critical in understanding the shift from an economic criminal enterprise to a political state challenger.<sup>3</sup> Extreme violence combined with social banditry and religious fervor or justification can fuel a potentially transformative (and brutal) situation.<sup>4</sup> This is especially pertinent given the recent veneration (as a narco-saint/narcosanto) of “El Chayo,” the LFM founder Nazario Moreno González, also known as “El Más Loco.”<sup>5</sup> CStR is one dimension of the rise of the LFM (and its successor the Knights Templar/*Cabelleros Templarios*).

## Impact and Future Potentials

*Drug Trafficking, Corruption and State* is cutting edge research. Garay Salamanca and Salcedo-Albarán, along with their contributing authors help document the transition from economic to political imperatives within transnational drug cartels. The break from the Zetas by LFM is one example contained in their empirical survey. SNA is their tool for

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<sup>3</sup> John P. Sullivan and Adam Elkus, “Mexican Crime Families: Political Aims and Plans,” *Mexidata*, 27 July 2009 at <http://mexidata.info/id2344.html>.

<sup>4</sup> Samuel Logan and John P. Sullivan, “Mexico’s ‘Divine Justice,’” *ISN Security Watch*, 17 August 2009 at <http://www.isn.ethz.ch/isn/Security-Watch/Articles/Detail/?lng=en&id=104677>.

<sup>5</sup> See “Veneran a fundador de la Familia Michoacana,” *El Economista*, 10 July 2012 at <http://eleconomista.com.mx/sociedad/2012/07/10/veneran-fundador-familia-michoacana> and Tracey Knott, “Dead Drug Boss ‘Sainted’ in Mexico,” *InSight*, 21 July 2012 at <http://www.insightcrime.org/insight-latest-news/item/2884-dead-drug-boss-sainted-in-mexico>.

illuminating the varying dynamics of cartel-state inter-penetration and reconfiguration. In doing so they clearly discern between state capture (StC) and co-opted state reconfiguration (CStR).

As the drug wars and criminal insurgencies rage in the Americas and beyond, this seminal framework will facilitate efforts by scholars, law enforcement officials, intelligence analysts and policymakers to understand shifts in sovereignty, and to illuminate the mechanisms of transnational illicit networks and their interaction with the state.



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## Introduction

Currently in Colombia, the level of urban violence observed in the 80s and the 90s, is no longer of the quality seen when Pablo Escobar ruled drug trafficking around the world. Bombs are not exploding in crowded malls, in buildings or on airline flights. No drug lords such as Pablo Escobar are as famous these days; no cartels like the Medellín or the Cali cartels are ruling world drug trafficking. This allows some to think that drug trafficking is almost eradicated in Colombia; a clear achievement for the war on drugs, one might assume, since Colombia continues to be the most important producer of cocaine around the world.

However, when empirical data is analyzed, a different situation is observed: Not the assumed eradication of drug trafficking, but a radical transformation consisting mainly of an increasing participation of Mexican drug traffickers accomplishing the task of getting the drugs inside of the United States. An important reason justifies this strategic adaptation: Given a strict aerial and maritime interdiction policy adopted by the United States government since the 90's, 1,592 miles of terrestrial border between Mexico and the United States make it geographically easier for Colombian drug traffickers to transport the drugs from Colombia, to Mexico, and then to the United States, rather than directly from Colombia to the United States.

Colombian drug traffickers, far from renouncing their activities as key drug trafficking actors across the Western Hemisphere, accepted diminishing profits as a result of giving up on their task of taking illegal drugs directly into the United States. Geographical conditions make it easier for Mexican drug traffickers to take the drugs into the United States, and institutional conditions make it easier for Colombian drug traffickers to take the drug up into Mexico. This is a symbiotic arrangement.

Aerial, maritime and terrestrial controls in Mexico are weaker than those found in the United States, not only in technological terms, but more important, in institutional terms. Mexico does not have the anticorruption effective policies or the Rule of Law standards found in the United States. According to the World Bank's Control of Corruption index, in 2009, the United States registered 85.2%, while Mexico 49%. Not to mention the Rule of Law index, also by the World Bank in 2009: The United States registered 91.5% while Mexico 34%. In other words, it is easier to bribe or co-opt security agents in Mexico than in the United States, *ceteris paribus*, it is easier to transport illegal drugs into and across Mexico than across the United States.

But the strategic transformations of drug trafficking in Western Hemisphere do not stop here. At least until now, Colombian and Mexican drug traffickers have always found better institutional conditions for accomplishing their criminal objectives. For example, if Mexico improves its aerial and maritime controls, drug traffickers can transport the drugs from Colombia to Guatemala and then take it inside Mexico. The combination of 597 miles of a porous border between Guatemala and Mexico, with even weaker institutions than those found in Mexico, makes Guatemala the right place to carry on illegal operations of drug trafficking. This is evident when looking at the Control of Corruption and the Rule of Law indexes for Guatemala: 32.4% and 13.7%, respectively. This means that the State of Guatemala lacks the institutional and technological tools to effectively prevent, control or punish the drug trafficking happening across its borders. In this sense, it is easy to understand why Mexican Cartels like "Los Zetas" are establishing and controlling routes covering Guatemala, Mexico and the United States, not only mobilizing drugs, but also illegal migrants and smuggling.

All of these transformations have been accompanied by the exacerbation of violence, a higher institutional weakness, and higher risks of corruption. In turn, a self-catalytic situation seems to be established in States like Colombia, Mexico and Guatemala: The more drug trafficking creates conditions for more violence, more institutional weakness, and more corruption, so on. As a result, daily headlines in Mexico are punctuated by the most terrible crimes—from beheadings to burned bodies. Also, at the end of 2010, the President of Guatemala declared State of Emergency

as a result of the criminal situation derived from “Los Zetas” activity in the border with Mexico. In general, local and national states tend to become institutionally weaker while more drug trafficking is attracted by their institutional weakness.

Bearing in mind the transformations observed in the drug trafficking market, particularly in the Western Hemisphere, the purpose of this book is to provide documented insights that allow re-evaluating the following well spread ideas: At some point, cartels and transnational illicit networks focused on drug trafficking will be bowed; at some point, Mexico, Colombia and other Central America countries will be free of drug trafficking; corruption is solely an administrative and economic issue; and criminal networks and the State are always confronting each other.

In order to dismiss these ideas, Social Network Analysis (SNA) is applied. This methodology allows illustrating the intricate world of social interactions between criminals, public servants, private sector agents and political agents.

Criminal networks from three countries are analyzed in this book: Colombia, Guatemala and Mexico. In each case, the Social Network Analysis (SNA) is complemented with a qualitative contextualization consisting of historical, sociological and economic events that make it easier to understand the background, causes and consequences related to each criminal network. The book is divided into seven parts, and each part in different chapters as follows.

The first part includes the theoretical and methodological frameworks. This part is divided into four chapters. In Chapter 1, the concept of Co-Opted State Reconfiguration (CStR) is presented. This concept, as it will be discussed, allows understanding conceptual and causal relationships existing between corruption and different forms and processes of crime like drug trafficking. More importantly, it allows understanding the institutional effects resulting from processes involving drug trafficking and advanced and systematic stages of corruption. In Chapter 2, key protocols of Social Networks Analysis are presented. In Chapters 3 and 4, complementary protocols are introduced, in order to compare the institutional scope resulting from the action of illicit networks operating in different administrative levels of Colombia, Guatemala and Mexico.

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The second part, also divided in four chapters, consists on the model and analysis of criminal networks that operated in Colombia, mainly involving narco-paramilitary agents. In Chapters 5 and 6, a criminal network operating at the local administrative level of a municipality known as Soledad is presented. This criminal network allows us to illustrate how a narco-paramilitary group manipulated a municipality in Colombia and divert and illegally appropriate huge amounts of public resources of the municipal budget; budget that was initially allocated to improve education, health and infrastructure of the town. In Chapters 7 and 8, a criminal network in the Sucre Department/Province of Colombia is contextualized, modeled and analyzed. This criminal network, complemented with empirical data, allows identifying a *bottom-up* process of Co-opted State Reconfiguration in Colombia that began in different local administrations, and reached the legislative branch at the national level.

The third part, again divided in four chapters, includes the analysis and contextualization of a criminal network in Guatemala. In Chapter 9, a situation of failed institutions in Guatemala is discussed. In Chapter 10, a criminal network focused on massive money laundering is modeled and analyzed. A former President of Guatemala, international bankers, and drug traffickers established this transnational criminal network that mainly operated in the public administration of Guatemala at the top National level. This means that a complex and advanced process of State Capture (StC) and Co-opted State Reconfiguration (CStR) are observed at the national level of Guatemala. In Chapters 11 and 12, a detailed explanation of the background, causes and consequences of this criminal network is presented.

The fourth part, also divided in four chapters, consists on the analysis of a criminal transnational network of drug trafficking that involved Colombian and Mexican drug traffickers. This transnational criminal illustrates the new scheme of negotiation and collaboration established by Colombian and Mexican drug traffickers: Specific arrangements on amounts and prices are agreed by Colombian drug traffickers, and specific procedures of transportation and money laundering are carried out by Mexican drug traffickers for taking the drug inside of the United States, as a further step after the Colombian ones have moved it from Colombia into Central America or specifically Mexico. In Chapter 13 the most important

Mexican Cartels are listed, with their regional domains and operative schemes. In Chapter 14, the criminal transnational network mentioned above is modeled and analyzed. In Chapter 15, historical and sociological hypothesis are proposed to explain the new drug trafficking structure that is exemplified through the Colombo-Mexican network. In Chapter 16, it is included a detailed explanation of events and agents involved in the network. In Chapter 17, future scenarios regarding the collaboration between Colombian and Mexican drug traffickers are discussed.

The fifth part, divided in three chapters, consists on the analysis of a Mexican Cartel known as “The Michoacan Family” [*La Familia Michoacana*]. In Chapter 18, Social Network Analysis is applied to understand the structure of “The Michoacan Family”, which includes the participation of drug traffickers, security agents, members of the legislative and executive branch at the local and regional levels, and some of them, even at the national level. In Chapter 19 historical and sociological hypothesis explaining the formation and evolution of “*La Familia*” are discussed. In Chapter 20, it is presented a detailed reconstruction of historical events related to the operation of “La Familia”.

In the sixth part, divided in two chapters, it is presented a comparative analysis of the criminal networks analyzed. In Chapter 21 the comparative analysis is elaborated through the methodology of Social Network Analysis for Institutional Diagnosis (SNAID), with the purpose of identifying the most affected institutions and administrative levels, as a result of processes of State Capture (StC) and Co-opted State Reconfiguration (CStR) in Colombia, Guatemala and Mexico. In Chapter 22, specific features regarding schemes of operation and structures of each network are discussed.

In the seventh part, divided in three chapters, public policy actions are proposed in order to improve the domestic and transnational capacities to prevent, control, and impose sanctions to criminal networks like those analyzed herein.

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*Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*  
*Bogotá, Colombia*  
*August, 2014*

# PART I

## THE THEORY

*“Omission of actions and institutional impacts of unlawful organizations over the formation of formal and informal institutions, leads to an incomplete historical and prospective narrative of the consolidation of States”*

- Luis Jorge Garay Salamanca &  
Eduardo Salcedo-Albarán





## State Capture and Co-opted State Reconfiguration

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

### Traditional State Capture

It has been acknowledged that during the last decade social processes of corruption in different countries have shown novel features, different from those that were typically recognized and defined by the traditional analysis of corruption in the past decades. Usually, corruption—in terms of public policy—has been defined as the abuse of the public function in order to obtain private and exclusive benefits (World Bank, 1997, p. 8). According to the World Bank, when a government official accepts or requests bribes for his private benefit, he is abusing of his public function. Specifically, the World Bank points out that this should be the most widely analyzed type of corruption (World Bank, 1997).

Analyses regarding corruption have focused on bribery practices and the interaction between public and private individuals pursuing mainly economic interests. However, in countries such as Colombia, Mexico and Guatemala, among others, the intervention of illegal armed groups, drug traffickers and the use of coercive means replacing or complementing bribery, are features justifying the concepts of “violent corruption” (Mockus, 2008), “armed corruption” (Flores, 2008), or “narco-corruption”

(Cepeda, 1997). This means that the participation of drug traffickers and other unlawful organizations is a distinctive feature of a type of corruption emerging in the last decade; however, traditional corruption analysis usually omits the use of coercive methods and the participation of unlawful individuals (Presidency of the Republic of Colombia, 2005). In general, *“the connections between international criminal organizations, and between them and their host governments, in the post–Cold War period remain poorly understood”* (Greenhill, 2009). For instance, a number of studies on State Capture (StC) carried out in the late 1990s in the case of the East European countries during their transition to market economy, focused on bribery by economic groups to influence law making, resulting in obtaining tax or administrative benefits (Pesic, 2007). Even though those countries exhibited strong mafia activity related to prostitution and trafficking of nuclear weapons and/or illicit drugs, amongst others, studies about corruption and StC for that period usually do not consider the action of those unlawful agents, but only lawful agents like firms carrying out corruption throughout bribery.

In this sense, a distinctive feature of the traditional analysis regarding the concept of State Capture (StC) is the omission of the intervention of unlawful groups and methods of coercion complementing and sometimes substituting bribery. Usually the StC is defined as the intervention of the private sector (Olsen, Petrowski, & Greenhalgh, 2010) in the drafting of laws, decrees, regulations, and public policies in order to obtain long-lasting individual benefits, and mainly of economic nature (Hellman, Jones, & Kaufmann, 2000; Hellman & Kaufmann, 2001; Hellman & Kaufmann, 2000). In that sense, a traditional StC situation happens when companies and economic groups influence legal and regulatory institutions, mainly throughout bribery, in order to obtain economic or regulatory benefits. Therefore, the following are the main features of the traditional concept of StC: It consists on (i) the action of lawful groups such as economic groups, domestic and transnational firms; (ii) taking the form of corruption with both economic motivation and consequences; (iii) implemented mainly through bribery at domestic and transnational level, and (iv) executed mainly on the legislative and executive branches at the central level (Garay, Salcedo-Albarán, Guerrero, & De León-Beltrán, 2009a; Søreide, 2006).

The traditional StC may be interpreted as a type of systemic corruption (Klitgaard, 1988; Klitgaard, MacLean-Abaroa, & Lindsay, 2001) unlike those low-scale and sporadic corruption situations. Low-scale corruption happens, for instance, when a bribe is paid to have access to a public service. However, when millions of dollars in bribes are paid by a company to obtain a long-lasting tax benefit, it turns out to be a large-scale corruption taking the form of State Capture (StC) (Dix & Pok, 2009, p. 239). The causes and consequences of the former tend to be sporadic and short-lived; on the other hand, the scope of the latter tends to be long lasting. Furthermore, few government officials participate in low-scale corruption, mainly at the low administrative level, whereas to configure a large-scale corruption scenario it is required the intervention of decision-making officials occupying strategic roles within the hierarchy of public administration. Long-lasting agreements are, therefore, usually reached under a StC situation.

Additionally, in a situation of traditional StC, social interactions are usually established in one direction: lawful agents outside the State manipulate legislative institutions. In other cases, when unlawful agents intervene in the process, an advanced stage of StC (AStC) is established, with social interactions flowing from unlawful toward lawful agents. Both cases are strictly coherent with the literal sense of “State Capture” as a process originated outside the State, carried out by an external agent or a group of agents capturing officials or formal institutions.

## **Towards Co-opted State Reconfiguration**

A subsequent process defined as Co-opted State Reconfiguration (CStR) takes place in complex stages under the following characteristics: (i) Participation of lawful and unlawful groups; (ii) the benefits sought are not only economic but mainly judicial, political, and social; (iii) the use of coercion methods and/or political alliances as a complement of or as a substitution of bribery and (iv) the sphere of influence happens in different branches of public power and at different levels of public administration. Considering those characteristics, Garay *et al.* (2009) define the CStR as: “*The action of lawful and unlawful organizations, which through unlawful practices seek to systematically modify from inside the political regime and to*

*influence the drafting, modification, interpretation, and application of the rules of the game and public policies. These practices are undertaken with the purpose of obtaining sustained benefits and ensuring that their interests are validated politically and legally, as well as gaining social legitimacy in the long run, although these interests do not follow the founding principle of social welfare.”*

The “co-opted reconfiguration” concept consists in situations that can be carried out in any direction. In a CStR situation it is therefore possible to find scenarios in which lawful agents —of private or public nature— co-opt unlawful agents, and *vice versa*. In a CStR process it is necessary for the legal and illegal interests to be coordinated, independently if that coordination responds to a lawful or an unlawful initiative. This coordination of interests is sometimes registered as an inter-organizational co-optation (Burt, Christman, & Kilburn, 1980). In this sense, the co-opted reconfiguration of a State must be carried out through officials that co-opt or are co-opted. On the contrary, when officials are being captured and manipulated from outside the States, then it is observed a situation of StC.

The CStR concept allows understanding that agents inside and outside the State usually establish different interactions which “*in our new so-called flattened world, (...) provide Transnational Criminal Organizations with novel economic and political opportunities to exploit as well as with a prominence that allows them to threaten both national and international security in myriad ways*”(Greenhill, 2009, p. 97). Co-opted State Reconfiguration is usually characterized by procedures of Instrumental Institutional Capture (IIC), consisting of the use of formal and informal institutions to infiltrate the core of the State, i.e., some key democratic institutions of the Rule of Law. The following types of IIC can be proposed: Instrumental Capture of Academia (ICA), Instrumental Capture of Media (ICM), Instrumental Capture of Civil Society (ICCS), or Instrumental Capture of Political Parties (ICPP). All of those forms of IIC are therefore subject of empirical analysis. It means that any institution can be manipulated in order to infiltrate and finally reconfigure the same or other institution of the State.

Although the above mentioned forms of IIC and the process of CStR are originated by unlawful groups, sometimes the structural scope and the IIC procedures may be pursued and fostered by lawful agents seeking

structural but non-legitimate modifications of the institutional framework. It is proposed below a model to understand some characteristics of a co-optation process.

## Market of institutional functions and the paradox of a Co-opted State

Agents Inside the State (AIS) or Agents Outside the State (AOS) carry out co-opted State Reconfiguration processes. This is a difference between StC a CStR, because in a CStR process private and public agents coordinate their interests, and it does not matter if they are lawful or unlawful interests. When this coordination happens, it is established a self-stabilizing process that is reproduced from the institutional nucleus of the State. But the co-ordination of interests is only the first step in a CStR process. Co-optation happens because AIS or AOS realize that they need each other in order to accomplish their interests. This mutual collaboration implies “using” the institutional capacities provided by *the other* agent, whether lawful or unlawful. Therefore, a CStR process can be promoted by Agents Inside of the State (AIS) or by Agents Outside of the State (AOS).

In specific terms, the capacities provided or needed by each agent consist of a set of institutional functions:

- o AIS (Institutional Capacities<sub>AIS</sub>)={Institutional Function<sub>1</sub>, Institutional Function<sub>2</sub>,..., Institutional Function<sub>n</sub>}
- o AOS (Institutional Capacities<sub>AOS</sub>)={Institutional Function<sub>1</sub>, Institutional Function<sub>2</sub>,..., Institutional Function<sub>n</sub>}

Therefore, each agent has a set of institutional functions to promote or to hinder law enforcement, and these functions may be traded in a market by supply and demand. The first agent realizing that his own set of institutional capacities is incomplete for realizing his interests, will be in a position of offering his set of institutional capacities, or some of his institutional functions, in order to trade them for other agent's institutional set or functions. If AIS is the first agent realizing his /her lack of institutional functions, then, *ceteris paribus*, he/she is the first agent

demanding AOS' institutional capacity or some of the AOS' functions. If AOS is the first agent realizing his/her lack of institutional functionality, then, *ceteris paribus*, he/she is the first agent demanding all or some of the AIS' institutional functions.

In the second stage, after establishing equilibrium of supply and demand for institutional functions, by identifying the price that each agent is willing to pay, a win/win collaboration scenario is proposed and established throughout an informal contract between the agents involved. Some of the conditions required to establish a self-catalytic contract are:

- AOS' capacities are useful for the realization of AIS' interests.
- AIS' capacities are useful for the realization of AOS' interests.
- Agents involved keep providing their institutional capacities and functions, until the point in which full payment (expressed also in institutional functions provided) is made. If one of the agents stops paying before completing the payment, even if the demand is fulfilled, the contract is broken and the scenario switches toward a lose/lose situation that consists, mainly, in filtration of information. Since this scenario is configured for realizing criminal or socially illegitimate interests, fluxes of information established with formal lawful authorities will configure a lose/lose situation.

## **A brief introduction to institutional effects: The Paradox of the Co-opted State**

In Colombia, lawful agents such as public officials, candidates, political agents and entrepreneurs, among others, have tried to obtain social gains from the violent capacities of paramilitary groups and narcotraffickers. This situation observed in Colombia and already described by Garay *et al.* (2009), can also be expected in institutional contexts in which coercive and economic capacities of narcotraffickers provide advantages for the accomplishment of their interests.

Criminal infiltration within democratic institutions has favored the development of new criminal technologies, increasing the amount and complexity of different crimes in the short run. In the long term,

these infiltrations generate structural distortions inside those formal and informal institutions that are usually interpreted as the foundations for a modern State. For instance, the “para-political” situation registered in the first decade of this century in Colombia, in which congressmen and candidates established agreements with narco-paramilitary agents, affected the quality and legitimacy of a fundamental institution for the Rule of Law: the national level of the legislative branch. In this sense, it generated (in Colombia) a cultural and institutional long-term distortion to the point that the legitimacy of different laws was affected. In this paradoxical situation, *“the legitimacy of certain key laws emerging from advanced stages of CStR is (...) challenged: The Rule of Law calls for compliance with legislation, but at the same time, such compliance may favor excluding and even criminal interests to the detriment of social welfare and the Rule of Law itself. At this institutional stage even the “social welfare” of compliance with such laws may be challenged”* (Garay, Salcedo-Albarán, & De León-Beltrán, 2010).

Usually, political analysis and design of anticorruption policies are not capable of dealing effectively with the actions of these powerful lawful and unlawful groups, whose objective is to infiltrate and to co-opt the State. Therefore, it is necessary to adopt a trans-disciplinary interpretation of State conformation, reconfiguration, and consolidation; that is, to adopt an integrative notion of the State. This implies acknowledging the interaction of criminal, political and psychological dimensions of social relationships within a particular context.

At the same time, this acknowledgement may lead to abandon naïve interpretations of State consolidation processes, in which is not essential to acknowledge the existence of structural failures such as in the case of States facing severe presence of organized crime (Jacobs & Panarella, 1998), like drug trafficking. Omission of actions and institutional impacts of unlawful organizations on the formation of formal and informal institutions, leads to an incomplete historical and prospective narrative of the consolidation of States (Elias, 1994) facing powerful organized crime and drug trafficking. Therefore, it is imperative to recognize structural institutional effects of unlawful and powerful organizations on the conformation of formal and informal institutions in order to grasp an adequate historical and prospective understanding of the process of formation of contemporary States (Garay & Salcedo-Albarán, 2010), especially those located in the Western Hemisphere, Africa and Eastern Europe.

## CHAPTER 2

# Social Network Analysis

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

Systematic corruption requires a durable participation of different agents. Any form of systematic corruption, therefore, implies establishing durable social relationships. In turn, these social relationships are arranged as a social network, allowing the analysis of their structural characteristics. For instance, it is possible to analyze types of agents, the nature of the interactions, flows and levels of information, and therefore, quality of social capital (Degenne & Forsé, 1999; Wasserman & Faust, 1994). In order to proceed with such analysis, some key methodological issues are explained below.

Each point in a network, defined as a *node*, represents an individual or as it is referred here: an agent. An agent refers a moral agency unit; therefore, a node represents an individual agent or a collective agent, as a firm; however, the present analysis focuses on individual agents conforming a network. It will be used the concept node/agent when referencing each point in the networks analyzed herein.

On the other hand, each line connecting two nodes/agents, defined as an *arc* or an *edge*, represents a social interaction. The edge indicates the presence of interactions between nodes/agents, and the arrow shows the specific direction of that interaction. For instance, if *John speaks to Charlie*, then there is an arrow from a node representing John to a node representing Charlie.



The arrangement of the nodes and edges may be represented through graphs. A graph is a finite set of  $n$  nodes connected through *edges* or arrows (Degenne & Forsé, 1999, p. 63). Graphs have been used in social sciences as a method to represent individuals arranged in a group, and their social relationships (Degenne & Forsé, 1999, p. 63; Bornholdt & Georg, 2003). In criminology, graphs have also been used to identify structural features of illicit networks (Morselli, 2008) and situations of corruption (Baker & Robert, 1993).

After elaborating a graph that represents a set of interactions, it is possible to analyze the characteristics and dynamics of the nodes/agents involved. With this representation, it is possible to identify the *central* nodes, that is, the most important agents of the group of individuals/agents involved in the network.

Some nodes/agents are more relevant than others. An important node/agent enjoys a relevant position in the conformation of the social relationships within the network. This means that this node decisively contributes to configure the structure of that network. Being a relevant node/agent has two specific meanings, each one defined by a criterion: (i) That the node is very connected or (ii) that the node concentrates the capacity to arbitrate information that flows across the network. Both cases consist of *central* nodes/agents, even though such centrality has two different meanings (Everett & Boratti, 2005). To identify those central nodes within a social group, it is necessary to calculate centrality indicators. Two indicators of centrality are calculated and used in this book, and each indicator is therefore coherent with a particular criterion of centrality.

### **First criterion of centrality: Direct centrality, or being the most connected node/agent**

According to the first sense of centrality, it is possible to identify the most connected node/agent by calculating the *degree of direct individual centrality* or *degree centrality* (Degenne & Forsé, 1999, p. 132). Therefore, the node/agent with the highest degree of *direct individual centrality* is the node with the highest quantity of direct connections with other nodes. With the purpose of finding the relative centrality through the

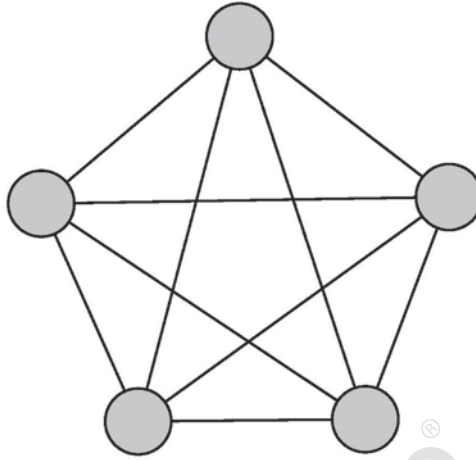
degree of individual centrality, it is possible to calculate an “*index of relative or weighted centrality for each node, (...) by dividing her score or absolute centrality by the maximum possible centrality for the graph [when this indicator is calculated] (...) 0 denotes an isolated node, while 1 designates*” (Degenne & Forsé, 1999, p. 133) a node that is connected with every other node in the network.

The node with a highest degree of individual centrality within a network is referenced as a *hub*, which is the most connected node, concentrating social relationships. In this sense, the *hub* represents a privileged position of influence within the network. The hub is the most “popular” agent in the sense that it is the most connected and most known agent within the network. Central nodes, or *hubs*, have many more links than peripheral nodes, which in this case implies more relationships and social contacts (Degenne & Forsé, 1999, p. 133).

## **Second criterion of centrality: *Betweenness*, or having the greatest capacity for arbitrating information**

A second criterion of centrality is based on the concepts of *structural holes* and *structural bridges* (Burt, 2005; Burt, 1992; Burt, 1997; Burt, 1998; Burt, 2000). According to these concepts, being highly connected, as in the case of the *hub*, does not guarantee the largest concentration of social capital. Strong social relationships are a source of social trust (Coleman, 1988). Nevertheless, after several social interactions, each node can get connected with every other node and then information within the network becomes redundant. In this case, being a *hub* does not necessarily imply knowing more or concentrating more information. In fact, when each node is connected with every other node, there is no *hub* because each node has the same amount of connections (Graph 1).

Graph 1. A clique

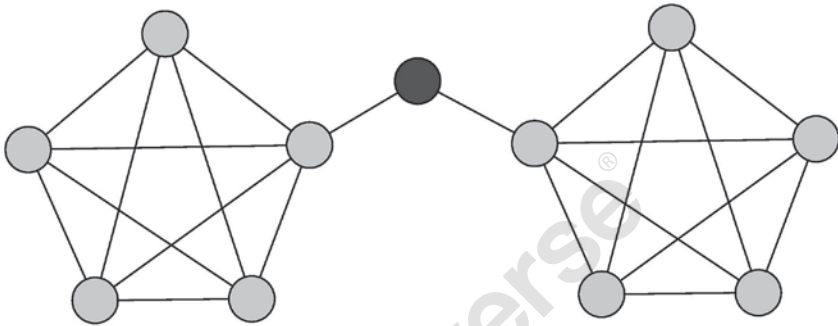


In this case, the *degree of direct individual centrality* does not provide information about how relevant a node is. Therefore, there is no information about the levels of social capital because every node has the same amount of social capital. In this sense, “*some weakly connected individuals (...), may still be indispensable to certain transactions*” (Degenne & Forsé, 1999, p. 135). In this situation, a question about social capital arises: How is it possible to increase social capital when the social network is closed and the information is redundant, or when each node is connected to every other node?

When a social network with redundant information gets connected to another network, through a single node or a single edge, the flow of non-redundant information is increased across both networks. This connection establishes a new network, and therefore new levels of social capital emerge across these sub-networks that are now configuring a new network (Graph 2). The single node/agent linking the previously unlinked networks may be interpreted as a *structural bridge*, because it allows a flow of information where there was a structural hole. The structural bridge therefore concentrates information and social capital, and even more important, is able to arbitrate information. The node acting as structural bridge not only increases the levels of social capital in the new network, but also increases its own level of social capital; it becomes a powerful node,

even if it is not highly connected, because the information between the two sub-networks is flowing through it: “*The greater an individual’s actual or potential intermediary value to all members of a network, the greater his control over communication flow and independence of others to communicate*” (Degenne & Forsé, 1999, p. 136). The following graph illustrates a node acting as structural bridge.

**Graph 2. Two cliques connected through a single node**



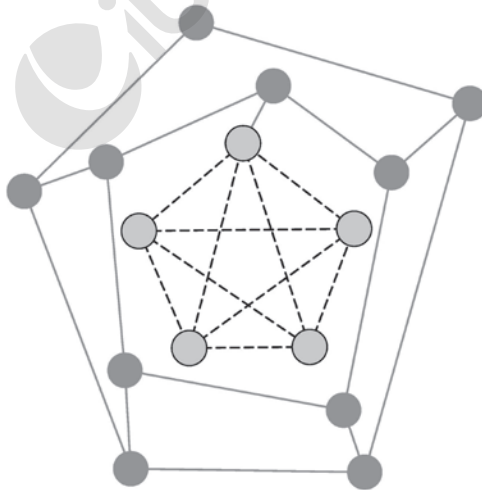
In order to determine how relevant a node is for the potential conformation of a network, it is not enough to pay attention to the amount of connections; it is also necessary to evaluate the centrality indicator of *betweenness*. This indicator determines if a specific node/agent is intermediating among other nodes of the network; the node/agent with the higher indicator of *betweenness* is the node with the higher power or potential to arbitrate information: “*Such an individual can easily influence the group by withholding and/or distorting information that passes through her hands. She is also in a better position to coordinate information for the entire group. From all of the above, she clearly occupies a central position*” (Degenne & Forsé, 1999, p. 136). The *betweenness* centrality hence identifies if a specific node appears in a larger or shorter extent in the geodesic routes of the network.

## Levels of social capital and centrality indicators

It is possible to identify and analyze the structure of social relationships by calculating centrality indicators, since these indicators determine the relevance of a particular node or a group of nodes within the structure of a social network. The individual sense of social capital is metaphorically explained as “something” that the individual possesses (De León-Beltrán & Salcedo-Albarán, 2008) and increases according to the amount and type of social interactions. This notion of social capital is coherent with the calculation of *direct individual centrality*.

Nonetheless, it is also possible to calculate the level of social capital for a group of nodes by the group centrality indicator (Everett & Boratti, 2005). After selecting a group of nodes within a social network, group centrality consists of calculating the amount of contacts that other nodes share with this specific group. In this sense, as shown in the Graph 3, the degree of group centrality determines the level of social capital that is flowing between a group that is located inside a network, and other nodes outside that group but inside the network.

**Graph 3. A module, or sub-network, inside a network**



In general, the concepts of group centrality and individual centrality are related with alternative methodological approaches chosen to understand

the structure of a social network (Degenne & Forsé, 1999). Given that our purpose is to identify the most relevant agents in the network structure, the indicators of individual centrality will be calculated to identify and understand the role played by certain important agents.

Since the analysis proposed in this book focuses on individual social capital, the *direct individual centrality* indicator is calculated for each node/agent of a social network. This indicator allows identifying the nodes/agents with the largest amount of individual links; this tends to be the most relevant agent in the conformation of the social network (Everett & Boratti, 2005; Degenne & Forsé, 1999). In the absence of this agent, important changes in the structure of the social network can be expected.



# Conceptual Principles to Graduate the Scope of StC and CStR

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

Garay *et al.* (2009) have noted that the notion of a fully reconfigured State is a theoretical benchmark. History supports the assertion that there is no State in which StC & CStR processes have been completed; instead, it is observed a constant tension between groups and individuals trying to manage the entire State. The State is a complex organization composed by many individuals and organizations, in which many functional roles converge. This is why it is almost impossible, in practical terms, for a unique group or person with vested interests to capture and reconfigure all functions of a State. Nevertheless, the theoretical entity of a fully reconfigured State by a group with unified interests serves as benchmark to determine when some States have been more deeply affected by StC & CStR processes.

Therefore, in this chapter it is proposed a methodology for the diagnosis of the existence of a CStR process and the institutional scope of such a process, which consists on using Social Network Analysis (SNA) as a tool for Institutional Diagnosis (SNAID). In doing so, answers to the following questions will be provided:

- (D.) When may a criminal situation be defined as (i) a traditional corruption scenario, (ii) a StC scenario, or (iii) a CStR scenario?

- (E.) What is the institutional scope of an identified CStR scenario?  
This question can be paraphrased as follows: To what extent a CStR process has affected the institutional context of a State?

In order to set the epistemological structure of the SNAID, a conceptual protocol is proposed below. Some of these concepts, such as the concept of *agent*, were already explained in previous chapters. Nevertheless, other concepts must be clarified in order to apply the SNAID to the social networks analyzed herein. The underlying conceptual principles of the SNAID are the following:

1. A social situation is a set of agents with functional/organizational and functional/institutional roles.
2. Agents, bearing in mind their moral agency description, are interpreted as moral agents. This means that it is possible to identify a collective purpose in a group, and that purpose can be morally evaluated according to any moral system.
3. The functional/organizational role of an agent is defined as any action performed in function of his/her belongingness to an organization -for instance, a civil, criminal, judicial, or any other organization, either governmental or private.
4. The functional/institutional role of an agent is defined with reference to any action aiming to the promotion or obstruction of some formal or informal institutions, either lawful or unlawful. Those formal and informal institutions can be socially beneficial or socially perverse; therefore, the functional/institutional role can be morally and socially evaluated according to the social benefits generated.
5. An agent may intervene in a social network playing a lawful functional/organizational role, and at the same time, playing an unlawful functional/institutional role. Therefore, the analysis cannot be restrained to the functional/organizational role of an agent. For instance, the following situations may be found:
  - a. An agent with the functional/organizational role of “traffic officer” that in his functional/institutional role promotes traffic law enforcement.



- b. An agent with the functional/organizational role of “traffic officer” that in his functional/institutional role obstructs traffic law enforcement — for instance, accepting bribes.
6. The analysis of the functional/organizational and functional/institutional roles allows a classification as follows: lawful agent (*bright*), unlawful agent (*dark*) or undefined (*grey*), as follows:
  - a. *The lawful agent (bright)* is that agent who belongs to a lawful organization and plays a lawful functional/institutional role.
  - b. *The unlawful agent (dark)* is that agent who belongs to an unlawful organization and plays an unlawful functional/institutional role. This agent not only obstructs compliance with the lawful functional/institutional role or openly promotes its non-compliance, but also contributes to compliance with the unlawful functional/institutional role.
  - c. *The undefined agent (grey)* is the agent whose exercised functions do not fall under either situation 6.a) or 6.b). An example of undefined agent (*grey*) is the “traffic officer” who, while belonging to a lawful organization, obstructs compliance with traffic laws.
7. Lawful (*bright*), unlawful (*dark*), or undefined (*grey*) agents establish social relationships.
8. Social relationships result in actions that may be interpreted as aiming to transmit psychosocial information in the wide sense of the term. This transmission of information occurs by virtue of the execution of neurological and psychological mechanisms within a social context.
9. Some actions aimed at transmission of information are approved within the institutional context and others are not. The former are considered lawful actions and the latter unlawful actions. For instance:
  - a. If agent X murdered agent Y as a result of socio-psychological disapproval of Y’s behavior, in most institutional contexts, X performed an unlawful action.

- b. If X communicated verbally to Y in order to express the same disapproval, in most institutional contexts, X performed a lawful action.
10. Actions defining social relationships can be analyzed in quantitative and qualitative terms:
  - a. Actions developed within the context of social relationships may be morally evaluated by virtue of its lawfulness or unlawfulness.
  - b. Also, actions developed within the context of social relationships may be categorized, classified, and quantified in neutral quantitative and qualitative terms.
11. With principles 1 to 10 it is possible to define a social situation as: A set of lawful, unlawful, or undefined agents that establish social relationships, which may be characterized, classified, and empirically analyzed.
  - a. A social situation is defined in terms of social relationships.
  - b. A social relationship is defined in terms of actions.
  - c. Actions defining social relationships:
    - i. Are oriented towards the communication of psychosocial information.
    - ii. Can be classified as lawful or unlawful in a specific institutional context.
  - d. In this sense, the institutional and psychological dynamics of social reality are interconnected.
12. The set of agents and social relationships set forth in 11 is a “state of things” of social reality, it is, an ontological arrangement of things, with epistemological interpretation at the symbolical and institutional level. This ontological arrangement with epistemological interpretation defines social reality (Searle, 1995) that is analyzed as a discrete event, although it is a continuous one consisting on a socio-cultural evolution process.
13. The selection of observable variables —actions, in this case— that defines a social situation, is the result of an arbitrary decision of the analyst-observer (De León-Beltrán & Salcedo-Albarán, 2003).

14. Each social relationship, or at least the emission or reception of psychological information that flows in the transmission process of the relationship, occurs in a spatial ambit and a temporal ambit that is theoretically discrete.
15. Therefore, the social situation, configured by a set of social relationships, also has a spatial and temporal dimension that can be theoretically delimited.
16. Since it is possible to delimit a temporal and spatial context for a social situation (with temporal and spatial dimensions), it is also possible to identify the specific institutional context in which that situation occurs.
17. Bearing in mind all principles 1 to 16, but mainly principle 9, the empirical analysis of a social relationship or social situation allows inferring information about the institutional context in which the set of social relations—or the social situation—is developed.

Based on these principles, the SNAID methodology allows diagnosing a social situation within (i) an institutional context, (ii) a temporal context and (iii) a spatial ambit that usually has as benchmark a geo-administrative unit, whether it is local, regional or national. The diagnosis is the result of the qualitative and quantitative analysis of a social situation. The diagnosis serves to give an answer to questions A and B proposed at the beginning of the present chapter.

Lastly, the social situations that capture the attention of this analysis include unlawful agents and/or social relationships. In this sense, a social network may be: (i) lawful if it is configured only by *bright* agents, (ii) unlawful if it is configured only by *dark* agents and (iii) undefined if it is configured by a combination of *dark* and *bright* agents, or by *grey* agents. It can be therefore expected that StC and CStR situations are examples of *grey* networks.

## CHAPTER 4

# **What to Observe and What to Measure in StC and CStR processes: Determining the Existence of StC and CStR analyzing Agents and Social Relationships**

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

In order to illustrate the conceptual and analytical power of the SNAID methodology, two observable and measurable elements in the traditional corruption, the StC or the SCtR scenarios, are assessed: social relationships and the agents involved. As stated in Chapter 3, the SNAID was based in two main questions that must be answered in order to develop an institutional diagnosis: (A) when should a criminal situation with corruption elements be defined as a traditional corruption scenario, a StC scenario, or a CStR scenario? And (B) to what extent a CStR process affected the institutional context of a given State?

To know whether or not a social situation may be defined as StC or CStR, it is useful to identify, classify, weigh, and analyze the relationships configuring a social network. By following this process it is possible to specify what the predominant and determinant interactions of a given social situation are, as well as determining whether or not a given social situation is analytically closer to either traditional corruption, StC or CStR. For instance, a process boosted only through bribery or intimidation

and not through political or electoral agreements classified within the conceptual category of ICPP, may be interpreted as a situation closer to the StC than to a CStR. In contrast, a social situation boosted mainly through Instrumental Institutional Capture (IIC) and Instrumental Capture of Political Parties (ICPP) is theoretically closer to CStR than StC, and thus than a situation of traditional corruption.

However, it is difficult to make a diagnosis of the scope of each of these situations based only on the social relationships, thus it is necessary to analyze the concentration of agents participating in each situation. Additionally, this concentration can be used to identify the branch of the public administration that is being affected either by the corruption process, the StC or the CStR.

Specific theoretical criteria are proposed in order to classify each particular network as corruption, StC or CStR. When determining whether a Social Situation is Corruption, StC or CStR throughout the Analysis of Concentration of Types of Social Relationships, after (i) tagging, (ii) categorizing and (iii) quantifying the social relationships, the following theoretical criteria were applied: (i) The “*prominent*” concentration of social relationships consisting of bribery reflects a social situation of traditional corruption, (ii) the combination of bribery and political and administrative agreements, reflects a social situation of StC and (iii) the prominent amount of social relationships consisting in political or administrative agreements, almost substituting bribery, reflects a sophisticated unlawful scenario of CStR in which, for example, physical movement of money and short-term monetary agreements are substituted by long-term political and administrative agreements that are difficult to track and punish.

Furthermore, it must be stated that no discrete or parametric results are obtained. In this sense, results cannot be classified by a discrete scale but by a relative, comparative continuum between analyzed networks. Results only allow locating each network as *closer* to the StC or the CStR benchmark.

On the other hand, when determining whether a Social Situation is Corruption, StC or CStR throughout the analysis of concentration of types of agents, the following theoretical criteria are applied: (i) in a small scale Corruption process, there are neither long-lasting effects over formal institutions nor Instrumental Institutional Capture (IIC); (ii) in a

StC process there are long-lasting effects over formal institutions but not IIC, and (iii) in a CStR process, there are long-lasting effects over formal institutional and also IIC. These criteria may be stated as follows (Figure 1):

**Figure 1. Institutional Scope in classic corruption, StC and CStR**

Corruption $IE=0$ $IIC=0$	StC $IE>0$ $IIC\geq 0$	CStR $IE>0$ $IIC>0$
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Where:

- $IE=$ Institutional Effects =  $f(ml, md, mr, \dots)$ 
  - o ml=modified laws.
  - o md=modified decrees.
  - o mr=modified regulations.
- $IIC=$ Instrumental Institutional Capture =  $f(ICPP, ICCS, ICM, \dots)$ 
  - o ICPP=Instrumental Capture of Political Parties.
  - o ICCS=Instrumental Capture of Civil Society.
  - o ICM=Instrumental Capture of Media.

The scope and development of the StC and CStR processes are of great concern in terms of their implications for the consolidation of the Rule of Law. This is even more worrisome when the CStR affects the legislative, executive, and judicial branches, sometimes at the highest levels of national government. This scenario occurs when technical and administrative weaknesses at local and regional levels coincide with the presence of unlawful groups of high criminal power. Both factors foster the reproduction of perverse interests through procedures of ICPP, leading to the infiltration and co-optation of the central body of the legislative activity in favor of both criminal and lawful but perverse interests.

An advanced level of CStR is a matter of grave concern because its effects over formal and informal institutions tend to be structural and permanent. As a result, the CStR could acquire a long-term endemic character that affects the operation of democratic institutions due to the manipulation of the rules of the game, distorting the fundamental pillar of any modern State: the Rule of Law. If the CStR affects lawmaking, laws may consequently lose their social legitimacy, the basis for the Rule of Law, and in general, the basic notion of any modern Democratic State.

Additionally, these perverse situations may be aggravated in weak States that are carrying out idealistic or naïve decentralization processes. It can be easily found several weak States adopting decentralization models that do not fit their particular reality. Some States with administrative and technical weaknesses undertake naïve decentralization processes without duly considering: (i) flaws in the institutional and administrative capacity of territorial entities, (ii) weakness of the State in the exercise of inalienable functions such as security provision and enforcement of the Rule of Law, (iii) the fragility of democracy and lack of representativeness of political parties and social movements and (iv) the presence and activity of powerful unlawful groups. All of these factors may influence the configuration, reorientation and/or weakening of formal and informal institutions. When this occurs, lawful and unlawful groups may perversely affect the consolidation of States (Elias, 1994).

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## PART II

# COLOMBIA: NARCO- PARAMILITARY AGENTS RECONFIGURING THE NATIONAL STATE

*The establishment of close relationships between public officials at the national level with commanders of the United Self-Defenses Forces of Colombia exemplifies the structure of cooperation that allowed candidates, public officials, and members of the Paramilitary groups to set the goal of “Re-fund the Colombian State”.*

– Luis Jorge Garay Salamanca,  
Eduardo Salcedo-Albarán & Natalia Duarte

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## Narco-paramilitaries at the local level: The administrative tragedy in the municipality of Soledad, Atlántico

*By Luis Jorge Garay Salamanca, Eduardo  
Salcedo-Albarán & Natalia Duarte*

Budget mismatches, inadequate waste dumps, victims from heavy rains, road system in terrible condition, precarious health services and deficient school infrastructure—these are just some of the common situations, year after year, in the municipality of Soledad, Atlántico, which forms part of the metropolitan area of Barranquilla, an important city on the Colombian Caribbean coast. “*Why is Soledad prey of all the criminal organizations in the country?*” asked in 2006 Armando Benedetti in his column in *El Tiempo* Newspaper, referring to the corruption crisis Soledad was suffering (El Tiempo, 2006a). “*Today the name of Soledad is not always reason of pride for its children: It is mentioned nationwide as stereotype of corruption and inefficiencies*”, remarked the Protransparencia Foundation in its report about the municipality (Fundación Protransparencia, 2006).

Just like these declarations, there are many others illustrating the criminal and corrupt situation persisting in the municipality of Soledad since outlaw groups infiltrated the regional politics in the Department of Atlántico — infiltration that has worsened the already precarious endemic situation in the municipality. The information regarding Soledad, however,

only illustrates the situation of similar municipalities in Colombia, Mexico and Guatemala; situations in which a massive cooptation and corruption is carried out by different types of lawful and unlawful agents.

According to the municipal development plan for the 2008-2011 period, this town's population has been influenced by migration from the Barranquilla metropolitan area and from the departments of the Caribbean Coast, and is one of the most affected towns by the families displaced by force because of the violence (internally displaced persons-IDPs). In relation to its economy, the municipality depended basically on agriculture, fishing and cattle, but upon industrialization and public service activities —and considering its closeness to Barranquilla — many industries and large enterprises moved to its territory.

According to the National Administrative Department of Statistics<sup>6</sup> the unemployment rate for the Department of Atlántico was 13.1% in 2005, higher than the national rate for that same year; the underemployment rate was 29%. This situation especially affected professionals and youths without opportunities to access the higher education, and this *“does not allow them to obtain the necessary and sufficient income to satisfy the basic needs, specially food, health and education”* (Alcaldía de Soledad, 2008). In many of the municipalities of Atlántico, the only formal source of employment comes from the Government —this forces part of the population to work on informal jobs, such as the motorcycle taxis or in small businesses like renting cell phone services by the minute.

The development of the primary sector is incipient in the municipality of Soledad; agriculture concentrates on the riversides of the Magdalena River and the *Ciénaga de Soledad* Swamp, and the produce is sold to intermediaries and wholesalers. In the rural zones and the *Cabicá* Island, farmers cultivate corn, vegetables (chives, cabbage, hot radish, hot pepper, and coriander), yucca, and plantain. Despite the agricultural activity being reduced, it also supplies Soledad and Barranquilla markets.

Regarding the secondary sector, Soledad is characterized by an important industrial activity from nearby companies. This industrial activity focuses on wood exploitation, pharmaceutical activities, poultry

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<sup>6</sup> *Departamento Administrativo Nacional de Estadísticas, DANE.*

products, food and energy sectors.<sup>7</sup> On another side, “*the tertiary sector is constituted by commerce, industrial and household equipment repairs, restaurants, hotels, transportation, storage, communications, and government services*” (Alcaldía de Soledad, 2008). However, a high percentage of the population survives thanks to the salary they receive from their mostly informal jobs in Barranquilla.

According to the Municipality Development Plan of Soledad, the lack of regulation regarding the drafting of the road system, and the disorganized and unplanned urban growth “*(...) have caused a disarticulation in the mobility processes inside and out of Soledad, directing the town towards disintegration of the physical space and territory (sidewalks, ways, curbs and general urban equipment)*” (Alcaldía de Soledad, 2008). It is necessary to add that automotive transit has increased rapidly—generating large traffic jams, deteriorating streets and sidewalks, and resulting in a loss of public space.

There is also poor quality of residential public services like water and sewage due to a deficit of coverage and quality. In fact, the town of Soledad has serious problems regarding basic health care indicators associated with low and deficient service coverage due to obsolete urban networks in some places, and the total absence of networks in other zones. According to the Soledad Development Plan, there are two main basic health problems: (i) Deficient quality in the transportation and distribution of potable water in 24% of the urban area, from lack of planning and invasion from the forced displaced population; non-existence of networks and collection systems of waters in 41% of the urban area, which generates an inefficient disposal of untreated served waters on streets, brooks and other water bodies. “*This situation is so much delicate because of the high contamination rate in the aforementioned water bodies, which provide a water source for the potable water systems*” (Alcaldía de Soledad, 2008). For 2008, the sewage network coverage was 73% and potable water 84%.

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<sup>7</sup> These are some of the industries in town: *Rohm an has* (chemical products); *Ingral* (agricultural and livestock products); *Arrocera Olímpica* (Rice Packing); *Papeles del Norte* (Paper and cardboard production); *Nalco de Colombia* (water treatment); *Mercapollo and Pimpollo* (poultry processing); *Nutridías* (livestock food); *Saab* (textiles); *Gamma* (metallic structures); *Cartonaje* (cardboard); *Láminas del Caribe* (wood laminate); *Bayer* (pharmaceutical products); *Tebsa* (energy).

In 2008 Soledad also had a disturbing situation concerning education. Out of the total population of 130.340 children and teenagers of school age (between 5 and 17 years old), 20.158 children were outside the educational system. Likewise, this municipality lacked enough classrooms with the quality needed to accommodate the population registered in the urban area: *“The exclusive classroom deficit is approximately 8,200 m2, and the total deficit of pedagogic environments is calculated in 11,700 m2 of built area for the school population”* (Alcaldía de Soledad, 2008). As it will be shown later on, education is one of the most affected sectors by the corruption situations configured by the armed illegal groups and political actors in the region —in some cases with the cooperation of members from civilian society. Even more disturbing, the illiteracy rate is 5.53%. Finally it must be pointed out that one of the main problems regarding education is overcrowding, because *“(...) as a consequence of increase on the school population there is an insufficiency of classrooms to hold the totality of children coming into the system”* (Alcaldía de Soledad, 2008).

The 2008 development plan for Soledad also states that the Municipality has undergone a large population growth because it has become a receptor of families displaced by violence and insecurity from the Caribbean Coast, generating a low coverage indicator of subscription to the subsidized health system. The percentage of people affiliated with the subsidized health plan in 2008 was 61%, whilst 22.4% belonged to the contributive plan: *“(...) According to the population data there are 64,921 inhabitants with unsatisfied basic needs outside the General Social Security System in health.”* (Alcaldía de Soledad, 2008). Additionally, there is evidence that illustrates the lack of sufficient health service for the municipality population. Due to the heavy rains afflicting this town, the floods have caused proliferation of diseases like leptospirosis, tuberculosis and dengue fever, among others. The diseases that most affect the children population are respiratory infection, and acute diarrhea — due to the environment, poor food handling, inadequate handling of residual waste and contamination from city dumpsters.

The entire described situation is strongly related to corruption. Provinces and municipalities in Colombia receive petroleum royalties both directly and indirectly when domestic or foreign companies exploit petroleum reserves in their respective territories. Direct and indirect royalties are an important economic source for several provinces and

municipalities in Colombia. Even though Soledad is not the municipality receiving the highest amount of royalties, it receives indirect royalties for different projects of infrastructure and for expanding education coverage.

Soledad's reputation of administrative problems, crime and corruption is not unjustified. Numerous irregularities have occurred in this municipality since 2001, due to actions of public employees and narco-paramilitary groups, especially the "United Self-Defenses Forces of Colombia" (AUC).<sup>8</sup> Even though there were some low-repercussion events stemming from corruption before, it was only in 2006 when the nation started unveiling the para-politics gear in the Colombian Atlantic coast and, therefore, the complex scenario of politicians, narco-paramilitary agents and public servants plundering public administrations across many regions in Colombia.

### **The Self Defense United Forces of Colombia (AUC)**

Since mid-90s, even though the expansion of paramilitary groups occurred in several departments of Colombia Atlantic coast, departments such as Córdoba and Sucre were not only the epicenter of such an expansion, but many times either the center of the operations or the AUC central command headquarters. Now, in order to understand the paramilitary groups' penetration process into the politics of Sucre, it is necessary to call to mind some issues about the origin of AUC. For example, Vicente, Fidel and Carlos Castaño, who during 90s became the commanders of AUC, initiated with a criminal organization during 80s<sup>9</sup>. Fidel Castaño created

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<sup>8</sup> *Autodefensas Unidas de Colombia, AUC.*

<sup>9</sup> Fidel Castaño was born in Amalfi, Department of Antioquia, in 1951, and due to the bad relationships with his father, he went away when he was a teenager. Fidel joined Pablo Escobar in the activity of drug trafficking. Later on, however, Fidel led the organization "The Pursued by Pablo Escobar" (*Perseguidos por Pablos Escobar, PEPES*) which, according to some reports in the mass media, worked with the Colombian government when government pursued Pablo Escobar to curb narco-terrorism led by Escobar Verdad Abierta. (26 de Oct. de 2010). "*Rambo*", *Fidel Castaño Gil*. Retrieved 11 de Jan. de 2011 from Verdad Abierta: <http://www.verdadabierta.com/victimarios/los-jefes/694-perfil-de-fidel-castano-gil-alias-rambo..>

the so-called “Self-defense Peasants of Cordoba and Uraba”<sup>10</sup> in 1987, which is the most relevant operative background of the AUC. This criminal group was born as a result of their father’s assassination by FARC,<sup>11</sup> the reason why Fidel decided to take his brother with him in this adventure and “(...) supported by some officials of the National Army, they began to sow the terror and commit the most abominable crimes in [the region of] Urabá Antioqueño and Cordoba supposedly under the pretext of keeping away guerrillas, and indeed to take over the territory” (Verdad Abierta, 2010b).

Carlos Castaño was born in Amalfi, Antioquia on May 15, 1965, and since an early age acted as a hired assassin and informant under the orders of Pablo Escobar in Medellín. Once he was recruited for ACCU, Carlos was sent to Medellín to consolidate the new Self-defense groups. Later on, Fidel disappeared. Some rumors attempt to explain his disappearance: Firstly, that he died during a combat with guerrillas; others state that one of his subordinates killed him, or even that his own brother Carlos murdered him to become the head of the ACCU, or due to an affair with a woman (Semana, 2010a).

After Fidel Castaño’s death in 1984, Carlos became the leader of the ACCU supported by his older brother, Vicente<sup>12</sup>. Early in 1997, supported by some military officials, Carlos created the AUC, an organization that, as stated in the first chapter of this section, gathered and recruited all paramilitary groups existing in the country (Verdad Abierta, 2010b).

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<sup>10</sup> *Autodefensas Campesinas de Córdoba y Urabá*, ACCU.

<sup>11</sup> *Fuerzas Armadas Revolucionarias de Colombia*, FARC.

<sup>12</sup> Vicente Castaño was born in Amalfi, Antioquia, on July 2, 1957. He was responsible for the dissemination of paramilitary groups throughout the country. Fidel called and gathered all those leading paramilitary groups, among which, Salvatore Mancuso, to create a school of paramilitary training of young people; such school was managed by a.k.a. “Rodrigo”, a former Captain of the Army, who was responsible, jointly with Mancuso for the training and expansion of paramilitary groups throughout the Atlantic Coast region even reaching the limits with Venezuela. At present, Vicente Castaño whereabouts are unknown, even though some former paramilitary people state that Vicente Castaño, a.k.a. “El Profe” was assassinated [Verdad Abierta. (Oct. de 2010c). “*El Profe*”, *Vicente Castaño Gil*. Retrieved 11 de Jan. de 2011 from Verdad Abierta: <http://www.verdadabierta.com/victimarios/los-jefes/693-perfil-de-vicente-castano-alias-el-profe->]



By the end of 2002, Carlos Castaño turned into the strongest defender of the demobilization process proposed by President Alvaro Uribe Vélez, then in office. Nevertheless, his decision was not well received by other paramilitary heads, and therefore, he began to lose power and influence. As a result, he was removed from the position as commander of the AUC. When he was requested for extradition to the United States, the General Staff of the AUC, which had then assumed the command of the AUC, lost confidence in him, since he was supposed to cooperate with US justice. It seems that on April 16, 2004, his own brother, Vicente Castaño, murdered Carlos Castaño: Paramilitary heads “(...) said to his brother Vicente if failed to kill Carlos, they will kill both two of them” (Verdad Abierta, 2010b).

### **The AUC in the Colombian Atlantic Coast: The way towards national agreements between paramilitary groups and public servants**

The AUC were not only present in the Colombian Caribbean coast. In fact, the paramilitary groups came to this zone of the country in the late 90s, in part, led by Rodrigo Tovar Pupo a.k.a. “Jorge 40” (El Tiempo, 2007).

At that time, the paramilitary activity expanded all over the Colombian north coast, throughout the Atlantic Coast provinces. According to testimonies and criminal investigations, it has been found that in Colombia, the AUC infiltrated both the executive branch at the local and regional level, and the legislative branch at the national level. The establishment of relationships between paramilitary agents, candidates and public officials, was known in Colombia as “para-politics”—which implied the final purpose of creating a parallel National State that would replace the current political regime through illegitimate, yet still “legal”, democratic procedures. How these pacts were established will be explained. At this point, it is enough to emphasize that as a result of the “para-politic” process, paramilitary agents also infiltrated investigative bodies of the judicial branch—such as the Attorney General’s Office—and even so far as the State Intelligence Agency (DAS)<sup>13</sup> at the national level. There are

<sup>13</sup> *Departamento Administrativo de Seguridad, DAS.*

also reports of infiltration of administrative control bodies at the regional level as well.

The arrival of the AUC to the Colombian Atlantic Coast to start the *de facto* domination and infiltration into public administration was not peaceful. There was already an existing delinquent band in the coast dominating the people of Barranquilla, a nearby city to the municipality of Soledad, whose leader was Dino Meza. When the men from AUC's "Jorge 40" came to that zone, they invited Meza to a meeting so he would join the AUC, and during that meeting, Meza was killed instead. This event started the terror wave of "Jorge 40" and his men in the coast. They supposedly asked for cash payments in exchange for providing security to Barranquilla inhabitants, "protecting" them from the crimes committed by the same AUC; however, many of those who refused to make that payment were assassinated (El Tiempo, 2007i).

The year 2006 is the key for investigations regarding para-politics. On one hand, the commander of the North Front of the AUC, "Jorge 40", demobilized on March 9<sup>th</sup> of that year with several of his men; on the other hand, Edgar Ignacio Fierro a.k.a. "Don Antonio", the finance chief and second in command of the same front (also demobilized on March 9<sup>th</sup>), was captured on March 12<sup>th</sup> in Santa Marta (Department of Magdalena), for non compliance with one of the conditions of the Law of Justice and Peace<sup>14</sup>: which states demobilized paramilitaries should remain confined in the municipality of *Santa Fe del Ralito* while they were being judged. Additionally, the Human Rights Unit of the Attorney General of Colombia charged "Don Antonio" with aggravated homicide and extortion. Even more important than capturing "Don Antonio", were the artifacts found with him: 104 million Colombian pesos in cash, two cars, three

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<sup>14</sup> The Law of Justice and Peace is a special Jurisdiction, created with two formal objectives: First, to facilitate the peace processes and reincorporate to the civilian life members of armed groups outside the law; second, to guarantee the rights of the victims to the truth, justice and restitution. In its text, the law tries to conciliate the interests of all parts involved in the process: Regulates under a special procedure the investigation, the legal penalty and the assignment of legal benefits to the demobilized that are sentenced for heinous crimes (giving them an alternative penalty no more than 8 years), and on the other hand, to include the transitional justice elements protecting the victim's rights. (<http://www.verdadabierta.com/la-historia/periodo4/justicia-y-paz>).

guns, and the most strategic—two computers belonging to “Jorge 20”, two USB drives, several CDs and a large amount of hand-written documents with information that proves the AUC’s illegal activities and confirms the relationship between narco-paramilitaries and politicians from the Colombian Atlantic Coast (El Tiempo, 2006).

“Don Antonio” was a Lieutenant from the Colombian National Army, destitute by the Attorney General’s office because of omission of his military duties; he later joined the North Block of the Paramilitary groups in the Atlantic Coast of Colombia. In a report discovered in “Jorge 40”’s computer, authorities found the strategy to submit to the Peace and Justice Law: “Jorge 40” ordered his men to recruit civilians and prepare them for the demobilization day. These people were prepared to march, sing the AUC’s anthem and answer the questions from the Attorney General.

The computer captured also had information about how the AUC legalized their money, specifically purchasing payrolls and accounts receivable from public entities: *“The tactic consists in purchasing the salaries from the employees for 70% of their price and, in exchange, pay before the biweekly payday. Furthermore, the late accounts receivable are collected in the name of the paramilitary commanders”* (El Tiempo, 2006g). In the files found, there are numerous documents reporting the relationship between politicians from the Caribbean Coast and the paramilitary, and how they have looted different municipalities in that zone.

In the documents confiscated from “Don Antonio”, there is also mention of another paramilitary who participated in the heist in the municipality of Soledad: Carlos Mario Garcia a.k.a. “Gonzalo” or “*El Doctor*”. This person was the political counselor to the North Block of the AUC and who handled the electoral strategy for several congressmen from the Coast. Furthermore, García *“(…) is a professional Doctor (…)* his duty was basically to contact “Don Antonio”, military and finance chief, with the political and public administration sectors. But the most important duty assigned by “Jorge 40” was traveling to Bogota on early 2005 to try to lobby with congressmen debating the Peace and Justice Law. “Gonzalo” acknowledged he met with several of them and achieved that they approve the article recognizing paramilitaries as political delinquents” (Semana, 2006).

## **The municipality of Soledad in the computer of “Jorge 40”**

There are two main events causing rattling among the political class in the municipality of Soledad, Atlántico. The first one refers to the Mayor Alfredo Arraut, who governed the municipality from 2000-2003. In the computer confiscated to “Don Antonio”, there are documents mentioning this former Mayor as supposedly responsible for diverting more than 9 billion Colombian Pesos to the paramilitary of the North Block commanded by “Jorge 40”. He is also accused of receiving a commission of 150 million Colombian Pesos from the AUC because he facilitated the assignation of a contract to improve the infrastructure of classrooms in Soledad.

For this reason, Arraut was imprisoned in 2007 in the District Jail “El Bosque” in Barranquilla, by order of the Third Attorney General from the Unit against Public Administration Crime, in Bogotá. In this process, several witnesses were called, among them Alexander Villar—former Director of the State “*Hospital Materno Infantil*” of Soledad, who had to resign due to alleged pressure from paramilitaries— and member of the House of Representatives and brother of the accused, Yesid Arraut (El Tiempo, 2007)

These are not, however, the only instances of corruption related to Alfredo Arraut. Without being formally accused, when running for the office of the Mayor of Soledad in 2000, Enrique Cumplido, his political counterpart, accused Arraut for giving out raw land construction lots without public services in exchange for votes. Cumplido also denounced Arraut as being unfit to aspire to the office of the Mayor of Soledad. During the campaign, he brought to public light information about Arraut that, according to Cumplido, was related to corruption (El Tiempo, 2000).

In that same year, “Popular Movement”, a political party in the Atlantic Coast, directed by the Senator and businessman Fuad Char Abdala, adhered to Arraut’s campaign despite having agreed to join Cumplido’s candidacy. It is necessary to remember that Char has been accused of impropriety several times: in 1994 was denounced for violation to the interest conflict regime, and in 2002 was accused by the Congressional Candidate at the time, Gustavo Petro, of receiving, together with other candidates, 100

billion Colombian Pesos from the Co-financing Fund for Rural Research (DRI), that were apparently diverted for political proselytism.

The Protransparencia foundation holds that Fuad Char is the local political leader that has given the most endorsements to local election winners in the municipality of Soledad: Rodrigo Martinez, 1992-1994; Raimundo Barrios, 1995-1997; Alfredo Arraut, 2000-2003 and Rosa Stella Ibanez Alonso, 2004-2006. For this reason, leaders of social organizations complained to Char for “*not establishing controls on the people whose election he promoted, all of them ending outside his political leadership after being elected or ending their periods (...) the leaders of Voluntad Popular, headed by Senator Char, are the major responsible of the crisis, because they not only elected those Mayors without verifying their qualifications for the position, but never pronounced against the bad governments that came later*”, stated Boanerges Montero, president of Focsol at the time (Fundación Protransparencia, 2006).

On the other hand, in 2002, when Arraut was in Office, his home was raided in the investigative operations against Carlos Alberto García Araujo, and was captured by the DAS<sup>15</sup> and the Army for being one of the alleged weapon suppliers for FARC. In these raids, 426 million Pesos cash and two checks for 140 million Colombian Pesos were found, and despite Arraut living in that place as a tenant, he was never captured or charged. On May 2003, “*(...) the Provincial Office of Political Control raised charges against the Mayor of Soledad (Atlántico), Alfredo Arraut Valero, for alleged participation on politics. According to the disciplinary investigation, the Mayor would had made changes on his administration’s payroll to favor his relative Jaime Cervantes, who was aspiring to the House of Representatives (...)*” (El Tiempo, 2003).

In 2006, Protransparencia Foundation declared to *El Tiempo* Newspaper that in the last three administrations of the municipality of Soledad, Mayors and Treasurers opened accounts without reporting it to anyone, in order to evade embargos. They managed these accounts secretively, in order to prevent bank statements from reaching the official buildings. At that time, Soledad’s Comptroller, Juan Carlos de Lima, held that the municipality had 193 bank accounts, but in the books there were

<sup>15</sup> *Departamento Administrativo de Seguridad, DAS, which is the National Agency of Intelligence in Colombia.*

only 28 savings accounts, 7 checking accounts and one special account. The other 157 accounts did not appear anywhere in the accounting books (98 saving accounts, 59 checking accounts with a total balance of 1,110 million Colombian Pesos): “*The explanation for this situation has signs of illegality*” (Fundación Protransparencia, 2006). The media has covered other scandals, such as gifts involving councilmen and officers of the executive branch of the municipality (El Heraldo, 2006).

On February 22<sup>nd</sup>, 2010, Judge Josefina Congote de Llanos sentenced Alfredo Arraut to seven years and five months in prison, accused of peculation and concerting to commit a crime. Based on the evidence collected in “Jorge 40”s computer, and the testimonies from Arraut and “Don Antonio”, the judge determined that even though Arraut was at some point declared a military objective by the AUC<sup>16</sup>, when he finished his period as Mayor he met with the political chief of the AUC Carlos Mario García, a.k.a. “El Doctor” or “Gonzalo”, and they agreed the payment of \$120 million Colombian Pesos in order for Arraut to get in good standing with that organization. Arraut is currently being investigated in 32 processes related to crimes committed in Soledad, such as prevaricate, contracting without fulfilling the legal requirements, misappropriation, and unlawful interest in assigning contracts (Verdad Abierta, 2010h).

The second fact that was uncovered thanks to “Jorge 40”s computer about the municipality of Soledad was the business agreement between the front, “Jose Pablo Díaz”, of the North Block of the AUC and the Mayor Rosa Stella Ibáñez, elected for the 2004-2007 period. Ibáñez never had any type of campaign for this office; who did have a campaign was her husband Jose Luis Castillo Bolívar, from the “Voluntad Popular” party (directed by Senator Fuad Char). However, two unknown subjects assassinated him on September 2003 outside his home. Even though is uncertain who the authors of the homicide were, it is suspected they were paramilitaries, since Castillo previously belonged to the M-19 guerrilla (El Tiempo, 2003).

At that time Ibáñez decided to retake her husband’s political campaign. Even though she was not able to register her candidacy, she had a majority of the votes in Soledad. However, she governed this municipality only between 2004 and June 2006, because the State Council ratified the

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<sup>16</sup> According to evidence on File 1791, apparently the ex-Mayor financed the FARC, specifically helping ‘Cuzi Garcia’, who worked for ‘Negro Acacio’.

nullity of her election when it was determined that the votes obtained in the elections were for her late husband, not for her. Despite her short period in the Mayor's Office, during the time she governed Soledad, Ibáñez was accused of numerous crimes. In 2004, she was investigated for illegal contracting: according to the Attorney General's Office, Atlántico's Power Supply Company owed money to the Mayor's Office, and despite the National Royalties Commission authorized the payment, it seems Ibáñez hired three lawyers to collect the money for her, about for \$1.2 billion Colombia Pesos (El Tiempo, 2004).

The "El Heraldó" newspaper (2007) published the summary of four contracts handled by Rosa Stella Ibáñez during her period in the Soledad Mayor's Office. The amount of these contracts, not including auditing, came to \$9.718 million Colombian Pesos. The first contract refers to the construction, repairing and patching of the street infrastructure of Soledad for an amount of \$599 million Colombian Pesos. These works had a deadline of six months, beginning on May 4<sup>th</sup>, 2006 and finishing on November 4<sup>th</sup> of the same year. However, there were many unfinished works and those that *were* finished, were in bad shape (El Heraldó, 2007).

The second contract was the building of the Education Institute "La Central", for \$1.775 million Colombian Pesos, plus an addition of \$400 million Colombian Pesos. The deadline was six months. The start of the construction was scheduled for February 25<sup>th</sup>, 2005, and despite the contractor having received 85% of the value of the construction, it had not been finished by 2007. The third contract related to improvements of the infrastructure on educational institutions for \$2.960 million Colombian Pesos. The deadline was six months and should have started on May 22<sup>nd</sup>, 2006, but the schools remained in bad shape.

The last contract was signed to guarantee the expansion of the infrastructure and improve the coverage on several educational institutions, for \$3.497 million Colombian Pesos plus an additional \$505 million Pesos. The deadline was 6 months and was scheduled to start on June 20<sup>th</sup>, 2005. However, when the contract ended, the constructions were defective and unfinished. "(...) *the contracts were assigned through bids which, curiously, were favored companies from the interior of the country that ended up subcontracting the works*", says the editorial of *El Heraldó* Newspaper (2007).



Specifically, the former Mayor of Soledad was accused in 2007 because of the contract intended to build the school in “La Central” neighborhood. Despite the amount destined for that construction, *“children study in a school lying on the floor, suffering the heat, without restrooms or water (...) the classrooms are faulty or have been deteriorating. Everyone lacks power supply (...) the students have to relieve themselves in the bathroom floor, where there are not toilet bowls nor sinks (...) the school dining room does not have stucco nor a roof (...)”* (Granados, 2007).

Gustavo Medrano, ex-Secretary of public works during the period in which Ibáñez governed, Maria Angela Vence (ex-treasurer), Alfredo Nova Zabaleta (ex-Secretary of Education) and Jaime Amadeo Sánchez (contractor) were also involved in this apparent fraud (El Tiempo, 2007a).

The Direction of Criminal Investigation of the National Police of Colombia (DIJIN) and the Attorney General’s office also collected testimonial and documental evidence which shows that the public contracts for \$6.600 million Colombian Pesos not only presented irregularities, but ended up in “Don Antonio”’s bank accounts. *El Tiempo* newspaper reported that according to an official report from the operation and based on a search centered in the contracts subscribed between 2004 and 2006, *“it was observed that the fulfillment percentage was minimum considering the deadlines and prices established, besides the lack of documents on the pre-contractual stage on which only appeared an offering contractor to whom the contracts were assigned with an advance of 50%”* (El Tiempo, 2007f).

The files in “Jorge 40”’s computer revealed that the most affected municipality was Soledad, Atlántico. According to the Attorney General, the *Materno Infantil* Hospital was some kind of petty cash box for the front “Jose Pablo Diaz” of the AUC, which never showed up in the demobilizations under the Justice and Peace law. This front took hold of ten percent of every contract made by and through the Hospital: *“At least for 2004 the AUC had the absolute control over the Materno Infantil Hospital of Soledad, and in that criminal network participated directly “Don Antonio”’s sister, Lorena Fierro Florez, (...) she was in charge of looking over everything related to the contracts in the hospital, so there was not a single business done without the supervision of the ‘paras’”* (El Tiempo, 2006a). Furthermore, the reports sent from “Don Antonio” to “Jorge 40” specified that between January and September 2005, at the time of the peace processes, 30



million Colombian Pesos were diverted from a health provider institution in Soledad. "(...) *In seven months of 2004 the racketing to the estate, between other sources of income, left \$3,200 million Colombian Pesos to the front "Jose Pablo Diaz"* (El Tiempo, 2006a).

Additionally, when "Don Antonio" was captured in Santa Marta, he was with another person demobilized from the AUC. This individual "(...) *had an ID identifying him as an escort to Congressman Pedro Peñalosa. This politician was second line between 2002 and 2006 of the representative for Magdalena Jorge Caballero, one of the "purged" ones by Cambio Radical Party. Furthermore, on that occasion Peñalosa gave the campaign \$30 million pesos (...) the big coincidence found by the investigation is that in the recordings from the paramilitaries is said that Pedro Peñalosa owes \$30 million Pesos and the debt is already accruing \$41'570.000 Pesos*"(Semana, 2006a).

According to "Don Antonio", Pedro Peñalosa, a former member of the House of Representatives, lent him his armored official vehicle and gave him an identification pass in order to let his men pass as security escorts to the congressman (Semana, 2007). "*Peñalosa (...) was the safe-conduct used by "Don Antonio" to pass military checkpoints, as the armored vehicle presence guaranteed "immunity" to uncomfortable questions or inspections. The representative [Peñalosa] also acted as a driver to physician Carlos Mario García Avila, a.k.a. 'Gonzalo', chief of the front 'Jose Pablo Diaz' from the AUC (Autodefensas Unidas de Colombia), who was the link between this group and the municipality of Soledad (Atlántico) administration.*"(El Tiempo, 2007d).

According to "Don Antonio", four months before the 'North Block' was demobilized, Peñalosa requested to be part of the group he was commandeering. He was assigned as the "Social Front for Peace" political chief—groups which the AUC were creating in Bolivar and Sucre regions: "*Peñalosa was been paid one and a half million pesos a month, told Fierro whom also added that the ex congressman facilitated his Santa Marta's apartment for gatherings were the millionaire assault to the municipality of Soledad finance arcs was forged.*" (El Tiempo, 2007d).

Apparently, the ex-congressman's apartment, located in *El Rodadero* in Santa Marta City, was one of many places where "Don Antonio" scheduled meetings with Rosa Stella Ibanez to discuss the commissions from Soledad's municipality contracts. At this gathering "Gonzalo", "Don

Antonio” and Ms. Ibáñez sentimental partner and consultant, Edgar Riveros Rey (Former Mayor of the municipality of Fosca, Cundinamarca and member of the House of Representatives for the same Region) assisted. In November of 2003, “Another gathering was held at the Congress of the Republic (...) were present the former Secretary of Education Alfredo Noya (detained), Rosa Stella Ibáñez (detained), a.k.a ‘don Ramon’ (r.i.p.) and a.k.a. ‘Gonzalo’. At this meeting was decided that 20 percent of the total of contracts of the municipality of Soledad was to be divided in four parts: 5% to the AUC, 5% to the municipality of Soledad administration, 5% to the councilmen and 5% to Rosa Stella in order to pay a 30 million [Colombian] pesos debt to former Soledad’s mayor Alfredo Arraut (2000-2003)” (Semana, 2007a). The summary of this covenant was written in “Don Antonio’s” handbook with the heading “Contract Soledad – classrooms for \$3.497.180.571.”

On these notes, the various taxes and policies were specified, and in a sub-total said: “Mayor’s Office \$320.000.000, Alfredo Arraut \$150.000.000, tax for The Company (thus were called the AUC) \$175.000.000” (Verdad Abierta, 2010h).

According Don Antonio’s testimony, Riveros Rey handled the strings behind Ibáñez’s contracts and he succeeded evading the AUC; he was the person who would have stolen the most, collecting 5% of all contracts with destination to the AUC, but never gave the money to that organization (El Tiempo, 2007). The robbery committed by Riveros Rey to the municipality of Soledad was calculated by the Attorney General’s office to be more than \$9.000 million Colombian Pesos. Former employees of the Mayor’s Office declared that in order to get an appointment with the Mayor people should first address Riveros, so any decision was taken first by his hand. Riveros was also identified as the one taking a network of cooperatives to Soledad through which he made the embezzlement (El Tiempo, 2007h).

In Riveros’ deposition to the Attorney General of the Nation about a meeting in *El Rodadero*, he mentioned several individuals involved in the heist to Soledad. Riveros Rey stated that “Don Antonio” told him that Ibáñez was not helping him to sustain the paramilitary troops, to which Riveros answered that there was nowhere to get money from, because the municipality was in debt and the contracts were already underway. Right after this, “Gonzalo” showed him a document and asked him about the cooperative “Coonalde”, and Riveros answered that the assignment

of works for that cooperative had been made through the contractor Tarcisio Gómez, and its manager was Otilia Ortiz (Semana, 2007a). At the same time, according to Otilia Ortiz, *“Coonalde gets together a group of 200 professionals in several areas, and more than 20 companies subscribed to import well recognized brands of heavy machinery, to perform works such as the building, remodeling and improvements of health centers (...)”* (El Tiempo, 2007c). However, Ibanez favored the cooperative Conalde in the bidding, whose manager Liliana Ortiz was identified as having ties with the AUC and irregularities in contracts with the municipality of Tunja, in the interior of the country (El Tiempo, 2007b). Apparently there were contracts with this institution and some other commercial companies and cooperatives, which had *“a different corporate purpose from the job they were hired for, but since they were ‘friends’ or ‘close’ to the paramilitaries, they guaranteed the payment of the established commissions”* (Verdad Abierta, 2010h).

On these crimes were involved *“(..) the Secretaries of Education and Public Works, Alfredo Nova Zabaleta and Gustavo Medrano, as well as Ibáñez’ personal assistant, Lawyer Edgar Riveros Rey, and the contractor Juan Carlos Méndez Gutierrez (...) these people were accused by the Attorney General for the crimes of conspire to commit a crime, contracting without legal requirements, and peculate to favor a third party (...)”* (Verdad Abierta, 2010h). Ex Mayor Ibáñez and the other employees involved gave a good portion of the contracts from public works, school supplies, and health centers to people with a direct relationship with “Don Antonio” and “Jorge 40” (El Tiempo, 2007a).

Precisely one of the first positions of the Municipality that the AUC negotiated with the ex Mayor of Soledad was the office of the Secretary of Education, who was Alfredo Alberto Noya Zabaleta. The magazine *Cambio* published part of Noya’s confession before the National Unit of Crimes against the public administration: *“Noya explained that his appointment as Secretary was ordered by ‘Don Ramon’ (Jesus Vergara), the dangerous paramilitary that for more than two years pulled the strings of the power in Atlántico (...). Added that in several occasions he received visits and phone calls from ‘Don Ramon’ and ‘Tinina’, whom reminded him in a vulgar and cursing tone that the Secretary belonged to ‘The Company’, the AUC (...)”* (Cambio, 2007). Further proof of the influence of the paramilitary

in Soledad's administration was offered by Noya, who stated that several weeks after the assignment of the contract, the AUC summoned Jose Lora, Private Secretary of the Mayor, and Gilberto Marimón, Secretary of Finances, to an apartment in Barranquilla, and demanded additional contracts for the AUC (Cambio, 2007).

On February 22<sup>nd</sup>, 2010, Judge Josefina Congote de Llanos sentenced Rosa Stella Ibáñez, Alfredo Noya Zabaleta and Edgar Riveros Rey to 114 months in prison, for the crimes of contracting without fulfilling legal requirements, peculate by appropriation, and association to commit a crime. The contractor Juan Carlos Méndez Gutiérrez was sentenced to 8 years in prison (Verdad Abierta, 2010h). Additionally, *"Gustavo Medrano was sentenced to 4 years prison for contracting without fulfilling requirements, and was absolved of peculate. Conditional freedom was granted for having 36 months and ten days in prison, in which case the law grants that benefit when the sentenced has served at least 28.8 months"* (El Tiempo, 2010).

### **The Structure of the para-military network in Soledad, Atlántico**

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

The history of the last five decades of Colombia has been characterized by violent confrontations between guerrillas, paramilitaries, narcotraffickers and narco-paramilitary groups. All these groups have affected democratic institutions in Colombia — sometimes confronting those institutions, other times looting them through intimidation, or even with the cooperation of public officials and politicians. Despite the violent actions of the guerrilla groups during the second half of the past century, affecting the mobility of people in several regions of the country and affecting the normal functions of municipalities and departments, the narco-paramilitary groups may have been the ones with the largest capability to infiltrate democratic institutions, modify them, and put them to work for their criminal purposes.

As it has been pointed out, the paramilitary groups in Colombia have executed StC and CStR processes at both the local, regional and even national level. Now it will be introduced the characteristics of the structure that developed the CStR process already described —which was oriented to bend administrative, politic and judicial decisions of Soledad, an important Municipality in the Atlantic Coast. Later it will be show how, starting with the infrastructure configured in the Municipality of

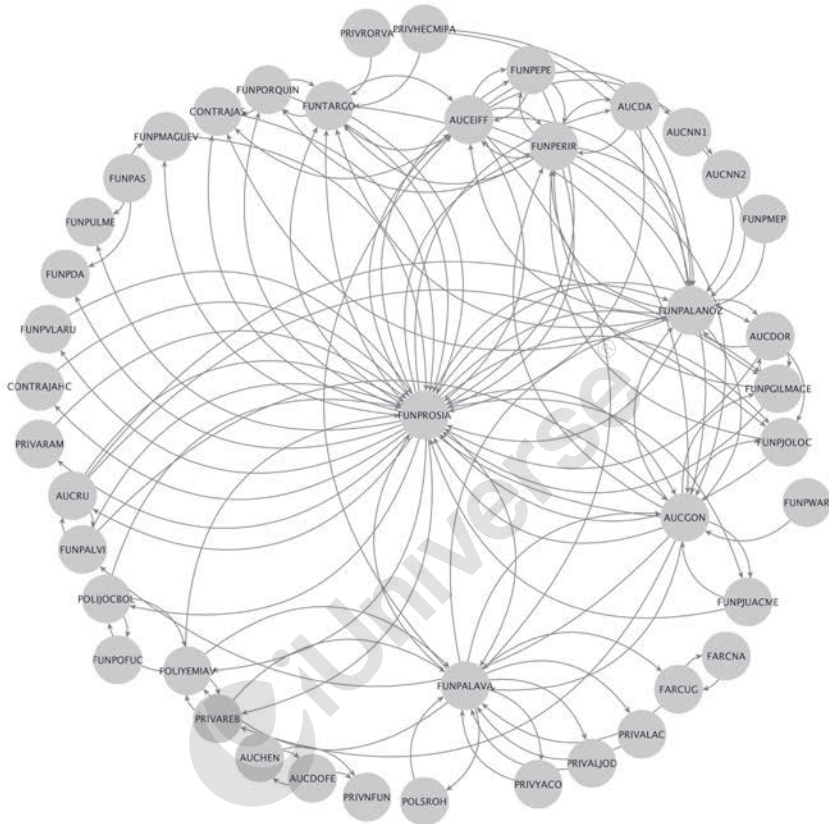
Soledad, there were co-opting processes that reached institutions, even on a national level—like the Congress and the Security Agency of Colombia.

After analyzing the judicial information available about the investigations in the Municipality of Soledad, Atlántico, a model of a social network with 43 nodes/agents and 65 social relations established between them will be analyzed.

### **The Hub**

After calculating the Direct Centrality indicator, it was found that FUNPROSIA is the agent-node with the largest amount of established social relationships. This agent/node is a public official, specifically the Mayor of Soledad at that time, Rosa Stella Ibáñez, whom inherited her late husband's political capital when he was assassinated. FUNPROSIA concentrates 17% of the total social relationships established directly in the network. In the Graph 4 it can be observed this agent located in the nucleus of the network, and relatively distanced from the rest of nodes/agents.

**Graph 4. Uniform radial distribution. Location reflects the centrality degree indicator (concentration of social relations). Soledad network.**



Based on the high indicator of direct social relationships registered by FUNPROSIA, who appears to be the *hub* of the network, the remaining agents/nodes register a relative homogeneously distributed social relationships indicator; this means, decreases starting at the second core node. The first ten core nodes registering the highest direct centrality indicators are presented below:

- *Core node 1* or *hub* with the highest indicator of direct centrality: FUNPROSIA, code used to identify the node/agent that worked as Mayor of the Municipality of Soledad, Rosa Stella Ibáñez. This



node/agent has the largest amount of direct social interactions, accounting for 17% of the total social relationships established in the network. As already mentioned, she was convicted to 114 months in prison, for contracting without fulfilling legal requirements, peculate by appropriation, and association to commit a crime.

- *Core node 2:* FUNPALAVA, code used to identify the node/agent Alfredo Arraut Varelo, who was the former Mayor of the Municipality between 2000 and 2003 period, and in 2007 was accused of receiving a commission of \$150 million Colombian Pesos from the AUC to favor them with millionaire contracts. This agent/node has an indicator of 7.4%, which is consistent with the fact that he acted as political protector of candidates to popular election positions in the region.
- *Core Node 3:* AUCGON, code used to reference the paramilitary identified as “Gonzalo” or “The Doctor”, registering an indicator of 7%. The main function of this node/agent was to coordinate the political strategy of the North Block of the AUC through electoral campaigns for the candidates. Additionally, one of the most important activities performed by this agent was to lobby before congressmen trying that members of the AUC were recognized as political delinquents and not as regular criminals (Semana, 2006). This agent acted as an important link between FUNPALAVA and the structure of the AUC.
- *Core Node 4:* FUNNPALANOZ, code used to identify the then Secretary of Education of the Municipality of Soledad, Alfredo Alberto Noya Zabaleta, with a direct centrality indicator of 6.7%. This indicator is justified by the relevance of this node/agent in the establishment of the agreements between members of the paramilitary group and public offices. For example, as it was already discussed, the Secretary of Education of the Municipality of Soledad was one of the first offices to be affected by the interests of the AUC. Alfredo Alberto Noya Zabaleta, FUNPALANOZ, stated that his tasks were ordered by the narco-paramilitary “Don Ramón”, and thus belonged to “The Company”, meaning, to the structure of the AUC with direct influence on the Municipality.



In this sense, FUNPALANOZ was sentenced together with the mayor FUNPROSIA and with Edgar Eduardo Riveros, who appears later on as the sixth core node with the largest direct centrality indicator. Like the former Mayor Rosa Stella Ibáñez, FUNNPALANOZ was convicted to 114 months in prison.

- *Core Node 5:* AUCEIFF, code used to identify the paramilitary chief “Don Antonio”. Edgar Ignacio Fierro, Chief of finances and second in command of the North Block of the AUC, who registers a direct social relations indicator of 6%.
- *Core Node 6:* FUNPERIR, code used to identify Edgar Edmundo Riveros Rey, mentioned above as a congressman Representative of the Department of Cundinamarca, and who was political advisor of the hub Rosa Stella Ibáñez. FUNPERIR was accused of receiving money for “commissions” to process contracts in the Municipality of Soledad. The direct social relations indicator of this node/agent is 5.9%. This agent was sentenced to 114 months in prison for the crimes of executing contracts without fulfilling legal requirements, for peculate by appropriation, and for conspiring to commit a crime (Verdad Abierta, 2010h).
- *Core Node 7:* FUNTARGO, code used to reference Tarcisio Gómez, a private sector contractor who received a contract to expand the facilities of a school in the Municipality of Soledad, as a result of the illegitimate agreements between the Mayor Ibáñez, the advisor Rivera, and the Secretary of Education of the Municipality. This agent has a direct social relation indicator of 4.4%.
- *Core Node 8:* POLIYEMIAV, code used to reference the political leader Yesid Misael Arraut Varelo, who appears as a candidate running for the Assembly of the Department of Atlántico. This node/agent is the brother of Alfredo Arraut Varelo, FUNPALAVA, who appears as the second core node in this network and is also a political leader in the region. The node/agent POLIYEMIAV registers a direct social relation indicator of 3%.
- *Core Node 9:* AUCDOR, code used to reference the paramilitary node/agent a.k.a. “Don Ramon”. This node/agent has an indicator of 2.6%, which can be explained because he was in charge of establishing some agreements with the Mayor Rosa Stella Ibáñez,

and verifying the fulfillment of agreements according to which the AUC received contracts, mostly conceded by the Secretary of Health of Soledad.

- *Core Node 10*: FUNPGILMACE, referring to the Secretary of Finances of the Municipality of Soledad, Gilberto Marimón Cervantes, with an indicator of 2%.

Despite the relevance of the preceding node/agents in terms of the structure of the network, this group of ten core nodes cannot be characterized as the stabilizing module of the network. This can be observed in the Graph 4, in which it is shown that the node/agents surrounding the nucleus are located relatively far from it, but close between them in the peripheral radial circles. This means that the structure of the network is mainly the result of the articulating work of the *hub*, the female mayor who without the close intervention of other nodes/agents cooperated in the stabilization process of the network. Remember that this mayor was able to establish directly 17% of all the interactions of the network.

Despite the fact that the ten preceding core nodes cannot be characterized as stabilizing modules, it is interesting to notice the type of agents conforming the list. Note that the *hub*, hence the best known and connected agent in the network, is a public official who intervenes and facilitates several perverse agreements established around the contracts in the municipality of Soledad, to the point of not only exceeding a great scale case of systematic corruption, but materializing an advance process of StC and CStR—in the sense that the illegal group AUC was able to intervene on key decisions of the Executive branch of the Municipality. In this sense, it can be inferred that the AUC, with the collaboration of various public servants, established a scenario of Instrumental Institutional Capture (IIC), not only at the maximum executive office on the local/municipal level but also at other offices from the executive branch of the Municipality.

Additionally, the same list of the first ten core nodes allows assuming that many agreements that facilitated the process of StC and CStR were established around the management of contracts and manipulating administrative processes. In fact, it is possible to verify administrative problems—specifically related with the unlawful assignment of contracts

and anomalies on its execution. This situation coincides with the facts described above regarding the problems and administrative scandals covered by the media about the management of the Education sector in the municipality of Soledad, which has been manifested, for example, in the lack of the minimum infrastructure necessary to provide the service. The education sector seems particularly strategic in the process of StC and CStR, given that a secretary and a former secretary of Education of the Municipality appear in the network as the fourth and seventh core nodes, respectively.

In this same sense, the judicial files that were processed and analyzed contain evidence about situations of corruption, StC and CStR. For example, in the judicial information available related to the interactions established between FUNPROSIA, Mayor of the Municipality of Soledad, and FUNPALANOZ, the fourth core node and Secretary of Education of the Municipality, it is established that several officials from the Mayor's office, including FUNPROSIA, *"agreed with the outlawed groups that a percentage of the contracts assigned by the Municipality were going to be given to these groups and, on those meetings that were set for that goal, agreement that took them to the Capital City of Bogotá, on the facilities of Congress of the Republic, when the Mayor FUNPROSIA, the Secretary of Education FUNPALANOZ, and members of the AUC agreed how they were going to share the money coming from those contracts!"*<sup>17</sup>

## **The structural bridge**

When analyzing the structure of the network in terms of the capacity of its nodes/agents to manage information, FUNPROSIA, the hub, is also found to have the highest indicator of *betweenness*, which illustrates not only that she is the most connected and known node/agent in the network, but also that she is the one with the highest capacity to arbitrate information between modules (sub-networks) and other agents. In this sense, the chief of the Executive Branch of the Municipality of Soledad operated as the structural bridge between the legal and illegal nodes/agents, allowing the flow of information and arbitrating the information

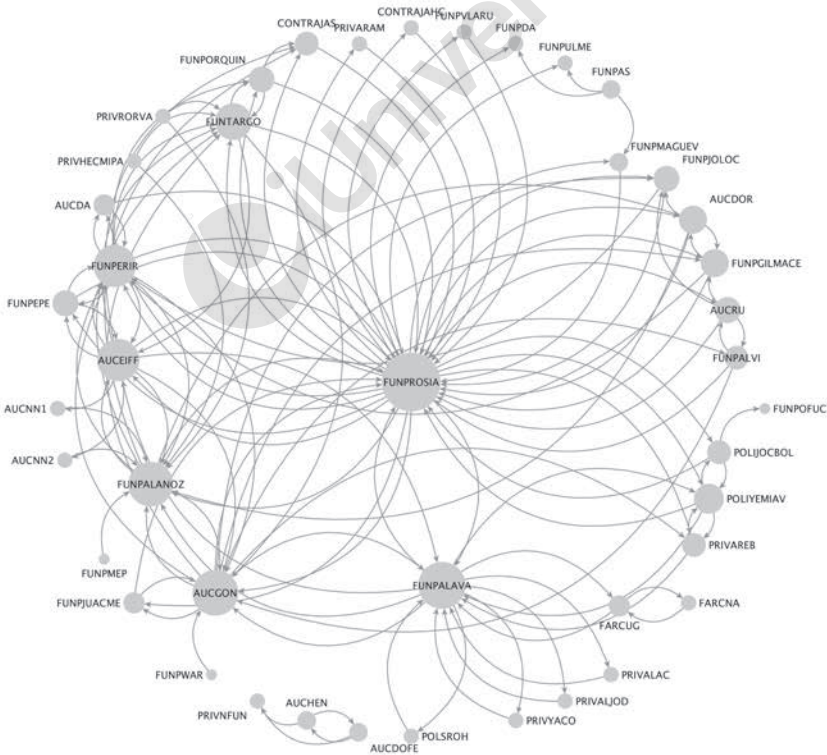
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<sup>17</sup> Court Record 1791, Colombia.

between the members of the AUC, public officials and private nodes/agents with public functions such as the contractors—and also with members of the civilian society that, in exchange for verifying the fulfillment of the civil works, received bribes for not denouncing the breach on the execution of contracts.

The Graph 5 illustrates the results of the centrality degree and *betweenness* indicators. The location, which illustrates the *betweenness* indicator, locates the structural bridge in the nucleus. Additionally, the size of the nodes illustrates the centrality degree indicator, according to the results explained above.

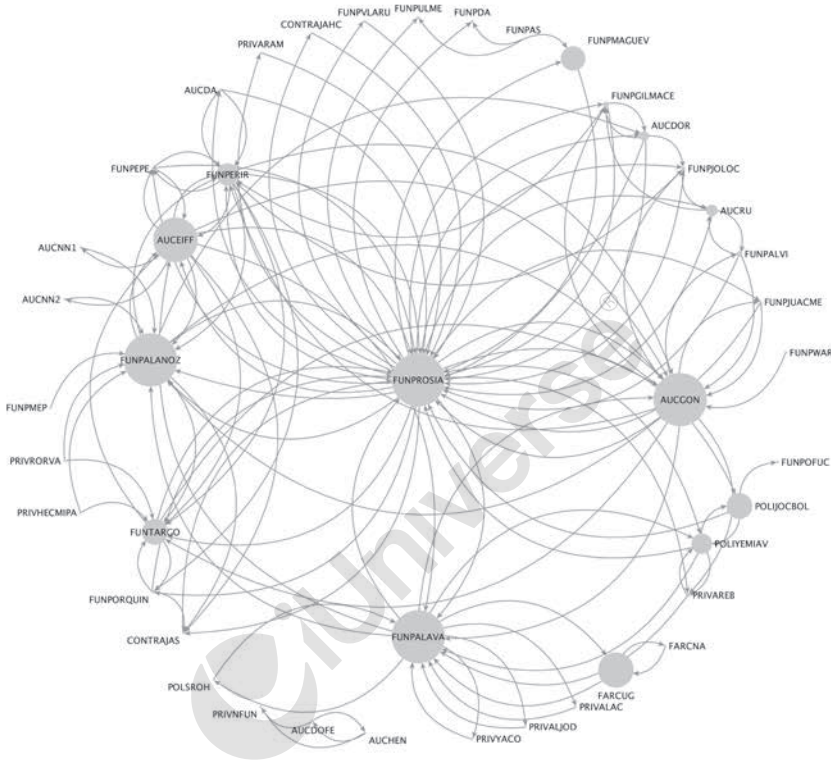
**Graph 5. Uniform radial distribution. Location reflects the *betweenness* indicator (capacity to arbitrate information) and size reflects the centrality degree indicator (concentration of social relations). Soledad Network.**



As it can be observed in the Graph 5, the structure of the network — when illustrating the *betweenness* indicator— is similar to the structure of the network when illustrating the centrality degree indicator (Graph 4). For example, agents/nodes with the first and second levels of *betweenness* indicator coincide with those with the two highest results of the centrality degree indicator. The node/agent operating as structural bridge and *hub*, FUNPROSIA, has a 42% *betweenness* indicator, which means that this node/agent “gets into” 42% of all the geodesic routes chartered in the network. This also implies an elevated judicial exposure, because FUNPROSIA’s high capacity to intervene in the information flow comes together with a high number of directly and visibly established social relations, as it was verified on the analysis of the results of the direct centrality indicator. In this sense, it calls the attention the fact that a Mayor intervened in almost half of the total flows of information in a network that includes narco-paramilitary nodes/agents.

The high *betweenness* indicator of the node/agent FUNPROSIA, who is characterized as a structural bridge, implies a high concentration of power to arbitrate information. This can be observed in the Graph 6, which combines the distribution in function of the direct centrality indicator with a node size representing the results of the *betweenness* indicator. In this sense, it can be observed a few nodes of important size and a great amount of nodes with an almost minute size.

**Graph 6. Uniform radial distribution. Location illustrates the centrality degree indicator (concentration of social relations) and the size illustrates the *betweenness* indicator (capacity to arbitrate information). Soledad Network.**



In the second level of *betweenness*, with almost 20-percentage points distance from the structural bridge, appears the second core node with an indicator of 22.5%. This core node 2, identified as FUNPALAVA, refers to Alfredo Arraut Varelo —whom, as it has been explained before, influenced decisively in the political dynamic of Soledad, and established direct interactions with the AUC. The high concentration of capacity to manage information, appearing as a characteristic of the network as a whole, also reflects in the fact that only 15 node/agents register some indicator of *betweenness* different from zero, and from these fifteen, only 11 node/agents register an indicator higher than one (Table 1).

**Table 1. The 11 node/agents with a  
betweenness indicator higher than 1%**

Core Node	Code	Betweenness %
1	FUNPROSIA	42,1
2	FUNPALAVA	22,5
3	FUNPALANOZ	8,7
4	AUCGON	7,2
5	AUCEIFF	6,1
6	FARCUG	3,8
7	POLIJOBOL	2,0
8	FUNPMAGUEV	1,8
9	FUNPERIR	1,5
10	FUNTARGO	2,0
11	POLIYEMIAV	1,3

When analyzing the composition of these 11 nodes/agents with some capacity to arbitrate the information in the network, it is interesting that the first three are public officials, and only the fourth and fifth are members of the AUC. In this sense, it can be inferred a relevant participation of several public officials and political leaders in the configuration of the network.

### **Participation of public officials and advance towards Co-opted State Reconfiguration**

A great part of the illegitimate agreements established between members of the AUC and public officials were oriented to favor the economic interests of the AUC through the illegitimate and unlawfully assignment of contracts. In this sense, it could be inferred that this network established a scenario of major scale systematic corruption, with the purpose of favoring the economic interests of the AUC. However, there is also evidence of



the Instrumental Institutional Capture of democratic institutions<sup>18</sup> such as the Mayor's Office of the municipality of Soledad, and some other instances of the Executive branch at the local level, such as the Secretary of Education, and the Secretary of Finances of the Municipality. In this sense, the participation of Public Officials that not only profit unlawfully from economic benefits, but also establish medium and long-term agreements with illegal nodes/agents, allows arguing that this situation not only consists on systematic corruption. Additionally, in the present network it is observed the instrumental capture of other democratic institutions, such as the electoral processes that are used in such a way that by complying with formal requirements, allow achieving the election of specific candidates whose main objective is to favor the interests of the AUC. This can be observed in the case of the establishment, coordination and supervision of the electoral strategy performed by the paramilitary known as "the Doctor" or "Gonzalo", who together with "Jorge 40", decided what kind of support to give, so as to progressively configure the electoral map that would work as a political base for the AUC.

The Instrumental Institutional Capture (IIC) configures, therefore, a scenario of Advanced State Capture (AStC). However, the network analyzed in the present Chapter is framed in a process of long term Co-opted State Reconfiguration (CStR) at least at a local and regional basis, performed by the AUC, which will be explained and analyzed in the next chapter. For now, there is evidence in this network, for example, of the capacity of the paramilitary "El Doctor" to negotiate with congressmen at the national level, making legislative decisions like the recognition as "Political delinquents" of members of the AUC; a fact that has been mentioned as being framed in a process of national reach.

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<sup>18</sup> When talking about Instrumental Capture it does not mean that the actions of the Mayor Rosa Stella Ibáñez, oriented towards allowing the establishment of collaboration agreements between Public Officials and members of the AUC were only the result of external manipulation of the paramilitary group. In fact, there is a high probability that those agreements have been established in a mutual willingness. However, with the judicial information available is not possible to state yet which were the benefits obtained by the Mayor Rosa Stella Ibáñez when establishing agreements with the AUC.



In this sense, it can be assured that the present network, by itself, configures a situation of Advanced State Capture (AStC). However, when this same network is analyzed in a wider space-time context, as it will be seen in the next chapter, it constitutes in part of a stage towards a national process of CStR.



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## CHAPTER 7

# Narco-paramilitary agents in the Congress of the Republic of Colombia

*By Luis Jorge Garay Salamanca, Eduardo Salcedo-Albarán & Natalia Duarte*

Where is para-politics going? Did the Colombian politicians who established agreements with paramilitary agents plan the extent of infiltration reached into Colombian State? Were the paramilitary leaders the sole architects for infiltrating the Colombian State? As explained below, the connections of self-defense groups with the Colombian political elite, mainly in Sucre and Córdoba Departments, influenced different national political instances. As will be explained later, cases such as the network analyzed in the previous Chapter and the network analyzed in the present Chapter, are examples of co-optation networks —sometimes unidirectional and others bidirectional between illegal and legal agents— that impacted Colombian institutions at the national level. In this sense, even though social relationships supported on the networks analyzed related to Colombia reached national dimensions, they originated and developed in a different manner at the municipal and departmental level where these connections occurred.

## **Links with para-politics in the Province of Sucre**

Thanks to the declarations given by Jairo Castillo a.k.a. “El Pitirri”<sup>19</sup>, the files found in the computer seized from paramilitary head “Jorge 40” and the free declarations given by Salvatore Mancuso, Colombian justice has determined the long standing alliance between politicians from Sucre and paramilitary organizations (Verdad Abierta, 2009). The AUC arrived to Sucre Department in 1997, when a group of local businessmen and politicians made the decision, jointly with Castaño brothers (Vicente and Carlos) and Salvatore Mancuso, to create a protection group in the region as a defense against guerrillas: FARC and ELN. The so-called “Heroes of Mary Mount Block” [*Bloque Heroes de los Montes de María*] was gradually supported by regional and local political elite, and involved in drug-trafficking activities. According to the Supreme Court of Justice of Colombia, the goal of these politicians was “*the establishment of a political and military structure and permeate and control all the public administrative organizations of the Department and Municipalities. This goal was successfully obtained by implementing horrible and criminal actions and committing the most abominable crimes (...)*” (El Tiempo, 2006d).

The group of businessmen and politicians assembled in 1997 was led by the former Senator Alvaro García Romero —now convicted and in jail— together with the also-convicted former ambassador of Chile, Salvador Arana, the former Mayor of a Sucre Municipality Angel Daniel Villarreal Barragán, and a cattle farmer Joaquín García:

*“The main commanders of paramilitary groups were Edwar Cobos Tellez, alias “Diego Vecino”, Huber Enrique Banquez Martínez, alias “Juancho Duque”, Rodrigo Antonio Mercado Pelufo, alias*

<sup>19</sup> Jairo Castillo, “Pitirri”, was an illiterate peasant. He operated an oil station, which went to bankruptcy due to guerrilla extortions. In 1997 Pitirri incorporated to paramilitary groups as the escort of a cattle farmer of the organization (Joaquín García) and as informant of the regular army. “Pitirri” managed the wealth of paramilitary groups in Sucre and in 2000 they attempted his assassination, and for such reason, he decided to cooperate with the Prosecutor Office [Verdad Abierta. (18 de Nov. de 2006). *Jairo Castillo, alias “Pitirri”, testigo clave de la Parapolítica*. Retrieved 11 de Jan. de 2011 from Verdad Abierta: <http://www.verdadabierta.com/parapolitica/467-jairo-castillo-alias-qpitirriq-testigo-clave-de-la-parapolitica>].

*“Rodrigo Cadena”, alias “Román Zabala” and Marco Tulio Pérez, alias “El Oso”. The group received huge contributions from the major landowners and drug-traffickers living in the region”* (Verdad Abierta, 2010d).

The former Senator Álvaro García held all the positions gained by election in *Sucre*: he was councilor of *Sincelejo* Municipality, Mayor of *Ovejas* Municipality, Deputy of *Sucre*, and House Representative during three consecutive legislatures, and lastly, Senator of the Republic of Colombia. In October 2000, the magazine SEMANA released recordings of telephone conversations in which former Senator García and Joaquín García spoke about the need to obtain support from *Sucre* Governor in order to move an armed group to the sites named “*El Aguacate*” and “*Pajonalito*”: “*In the conversation it was suggested an armed action which in fact occurred after 10 days, when occurred the massacre in Macapeyo, where 15 peasants were murdered and 200 families displaced as a result of the armed raid*” (Verdad Abierta, 2009).

García is also responsible for the assassination of Georgina Narváez, a female rural teacher of *Sucre* Municipality, who worked as electoral witness to elect the Governor for the period 1997-2000, and who denounced an electoral fraud. This criminal action occurred as part of a fraud promoted in favor of the former congressman Eric Morris, who was competing for *Sucre* Governor Office with Edgar Martínez<sup>20</sup>. Later on, it was known that Álvaro García and his brother, the cattle farmer Joaquín García, “*bribed the employees of the Registry Office in order to arrange electoral results in favor of Morris, the candidate imposed by García Romero, and after the denounce filed by Georgina Narváez, the prima facie witness of the fraud, they ordered her assassination*” (Sevillano, 2008).

The electoral fraud planned by brothers García, along with other events, evidence the bonds between politicians and narco-paramilitary groups in *Sucre* Department, revealed by Jairo Castillo, a.k.a. “Pitirri”.

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<sup>20</sup> Mass communication media informed that the trend of electoral results were favorable to Edgar Martínez after the count of 85% of the votes. Eric Morris was convicted and sentenced to 6-year imprisonment charged with agreement to commit crimes and promote illegal armed groups. (Process 26118. Dec. 19, 2007).

Castillo worked as an escort of Joaquín García and driver of Salvador Arana. In 2001, Pitirri was advised that his life was in danger and began to reveal information to the Investigation Technical Body (CTI)<sup>21</sup> about paramilitary activities in Sucre: “Castillo revealed in detail that Senator García and Governor Arana, in spite that Castillo is an illiterate individual, who worked as washer of cars, awarded him a contract for 32 million Colombian pesos for a civil work made by a front man, of which Col \$17.281.293 pesos from Sucre Municipality were deviated and given to paramilitary groups” (Semana, 2006b).

Thanks to the confessions given by paramilitary Commander Salvatore Mancuso, it is possible as well to unveil narco-parapolitics structure in Sucre. Mancuso was a successful cattle farmer in Córdoba who became one of the most terrible and bloodthirsty paramilitary heads who commanded the groups *Frontera*, *Córdoba* and “North Block of AUC” [*Bloque Norte of AUC*]. Following Carlos Castaño’s death, Mancuso became the political head of the AUC. During 90s, Fidel Castaño had assigned to Mancuso the military wing of the AUC, the control of *Catatumbo* zone in the frontier of Venezuela, and the conquest of *Nudo de Paramillo* and the South of Bolívar, territories controlled by ELN guerrillas.

Mancuso assumed the leadership of drug trafficking in Córdoba starting in 1996, and in 2004 reached 1,300 tons production. He demobilized on December 10, 2004, and stayed within the parameters of compliance with the Act of Justice and Peace, and began a series of confessions of his crimes and relationships with Colombian politicians. In 2008, however, he was extradited to the United States, to be prosecuted as drug trafficker. Later, in February 2010, he continued his participation in the hearing of charges imputation, before Colombian justice (Verdad Abierta, 2010g).

During declarations before Colombian courts, Mancuso denounced a great number of Mayors that benefited from paramilitary groups’ support in the elections, among them: Jorge Blanco, of *San Onofre* Municipality; Miguel Carrascal, of *Tolúviejo* Municipality; Mario Contreras, of *Tolú* Municipality; Oliverio Oliver, of *Sincé* Municipality; Mario Prasca, of *Corozal* Municipality; Juan Carlos Casado, of *San Andrés de Sotavento (Córdoba)* Municipality, and Deisy Díaz, of *San Antonio de Palmito*

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<sup>21</sup> *Cuerpo Técnico de Investigación, CTI.*

Municipality. *“In this list was included as well the Deputy Edgar Benito-Rebollo (...) who was summoned by the Prosecutor for him to explain influence of the paramilitary group led by Rodrigo Mercado Peluffo, the terrible ‘Cadena’, in the electoral campaigns”* (Verdad Abierta, 2009).

Edgar Benito Rebollo, Deputy and Mayor elected in 2007, was identified on September 2006 by

*“(...) the Movement of victims against State Crimes, as beneficiary of a new agreement with paramilitary groups. In a crowded public meeting in San Onofre, the defender of human rights Iván Cepeda stated that the agreement was entered on June 2006 in the house of Muriel Benito’s mother, attended by the former paramilitary head Diego Vecino and the former Senator Álvaro “El Gordo” García, also in prison due to his connections with paramilitary groups”* (Semana, 2007b).

Other evidence relevant to determine the degree of narco-paramilitary organization influence in Sucre Department, were the recordings found in the computer of “Jorge 40”. According to the evidence, a meeting with four Deputies of Sucre, some heads of North Block of AUC [*Bloque Norte of AUC*] and other politicians of the region, was held: *“Those recordings evidenced the electoral strategy used by the group led by Jorge 40 to control Sucre region and defraud public resources by means of fictitious contracts”* (Verdad Abierta, 2009).

The conversations heard in the computer of “Jorge 40” showed that the paramilitary a.k.a “Diego Vecino” supported the politicians that were other times loyal to Rodrigo Peluffo, alias “Cadena”. The four Deputies attending this meeting were Ángel Villarreal Barragán, Johny Villa, Nelson Stamp Berrío and Walberto Estrada. Angel Villarreal held the presidency of the Assembly on behalf of *Movimiento Nacional Progresista*, a political movement supported by the former Governor Salvador Arana, who after his appointment as ambassador of Colombia, was arrested because of his bonds with paramilitary groups. Nelson Stamp Berrío is a lawyer from San Onofre, a legal defender of people linked with self-defense and paramilitary groups. Stamp Berrío was also elected Deputy with a significant number

of votes. Estrada and Villa made part of the coalition supporting Senator García (Semana, 2006C).

On the other hand, the murder of El Roble Mayor, Eudaldo Díaz, was also used as an evidence of the relationships between politicians and paramilitary organizations. On February 2003, the Mayor at the time, Eudaldo Díaz, stated before a TV audience, that his life was at risk. The former President Alvaro Uribe Vélez was informed during a public community council about this situation —that a paramilitary organization was about to make an attempt against the Mayor's life because of his denouncements about human rights violations. In fact, a few days later, his corpse was found tortured, but he had advised his family of the potential assassin, i.e., Salvador Arana (Semana, 2006d).

Several paramilitary individuals stated that Arana provided the economic resources to “Cadena” for him to commit the crime against Diaz<sup>22</sup>. The Criminal Room of the Supreme Court of Justice proved the Governor's participation in the assassination of Diaz and determined permanent bonds with the paramilitary group commanded by “Cadena”; “(...) *in an attempt to maintain governance and thus contributing to the consolidation of the operative capacity of an illegal armed group, Salvador Arana was declared responsible by the Criminal Room*” (El Espectador, 2010).

“Cadena” was also involved in one of the most violent events in Sucre, the massacre in the Farm *El Palmar*, where judicial investigators determined that assassins commanded by “Cadena” killed 27 persons who were beaten to death with sticks and stones. The investigation of this massacre cost the life of the prosecutor Yolanda Paternina Negrete, on August 2001, who was assassinated by hired assassins just as she arrived to her home in Sincelejo.

It is necessary to point out that one of the reasons that led the Supreme Court of Justice of Colombia to investigate para-politics in Sucre was the coincidence observed in the political relief in the elections of 2006:

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<sup>22</sup> The Supreme Court of Justice of Colombia issued against Salvador Arana the highest sentence for his bonds with paramilitary groups, 40-year in jail as instigator of the crimes of forced disappearance, and aggravated homicide and promotion of illegal armed groups [Verdad Abierta. (03 de Dec. de 2009a). *Corte Suprema condena a 40 años a Salvador Arana*. Retrieved 11 de Jan. de 2011 from Verdad Abierta: <http://www.verdadabierta.com/parapolitica/1973-corte-suprema-condena-a-salvador-arana>].

individuals who had not made incursions into the political scenario ended up getting elected, and there was a boom of paramilitary groups. This phenomenon was observed in different Departments of Colombia (Corporación Nuevo Arco Iris, 2007). Among others, the former Senator Jairo Enrique Merlano and Benito Rebollo family, “a group that by mid of the last decade set aside from the political scenario traditional local political bosses such as Julio Cesar Guerra Tulena and Carlos Martinez Simhan” (El Tiempo, 2006e).

These suppositions were confirmed when documents and recordings were found in the computer of “Jorge 40” who was kept by Edgar Ignacio Fierro Flórez a.k.a. “Don Antonio”<sup>23</sup>:

*“(..) in such computer was found a conversation maintained in January 2006 (...). The recording of the meeting held in January evidenced also that “Jorge 40” needed to keep the political and military control in Sucre and Bolivar Departments and his spearhead was the elections of March (...). The idea was to expand the empire of “Jorge 40”, taking the votes of “Diego Vecino” candidate to the Senate: Muriel Benito Rebollo, former House Representative” (Semana, 2006b).*

Muriel Benito Rebollo was a conservative leader in the Sucre Department. She worked in the public sector in Cartagena; in 2001 she began her electoral campaign in Sucre and between 2000 and 2006 she gained a seat in the House of Representatives with a high number of votes. Notwithstanding, when she attempted a new election during 2006, Senator Gustavo Petro revealed her ties with paramilitary Edward Covo Téllez, alias “Diego Vecino”:

*“(..) The leader from Sucre failed to keep her seat in the House of Representatives and later on her name appeared in the computer of “Jorge 40”, where she was named as a political share of former paramilitary “Diego Vecino”. An especial prosecutor for Human*

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<sup>23</sup> This is the same person often mentioned in the Soledad Network.



*Rights ordered her arrest on November 2006 (...)* (Semana, 2007c).

Benito Rebollo stated that she made the acquaintance of “Diego Vecino” when he was a cattle farmer and did not belong to paramilitary groups. According to Benito Rebollo, this particular paramilitary was known as a promoter of auctions in *Sucre*—she met with him in Bogotá, to deal with political topics in Sucre (Semana, 2007c). Nevertheless, “Diego Vecino” in an interview that took place on July 20, 2010, stated that one of the greatest achievements obtained from his political Project was the assumption of five Mayoralties in the *Golfo de Morrosquillo* Region in the elections held in 2003, and among the lot of politicians named by him was Muriel Benito Rebollo (Verdad Abierta, 2010e). ©

Other evidence of connections between Benito Rebollo and paramilitary groups were released in *El Tiempo* newspaper. According to several testimonies collected by this newspaper, Rodrigo Mercado Pelufo, a.k.a. “Cadena”, sent trucks to those police stations and rural areas from *San Onofre (Sucre)*, to pick up people:

*“Hundreds of rural people were transported to the station Plan Parejo for them to see the face of candidates they had to give the vote in the election of congressmen: Jairo Merlano to the Senate and Muriel Benito Rebollo to the House of Representatives (...). “Cadena” introduced in a bag the names of all councilors and said: I will kill both two candidates and other persons randomly selected if Muriel is not elected”, said a peasant of that region. The menace was effective at all, because each candidate obtained 40 thousand votes in Sucre”* (El Tiempo, 2006e).

Jairo Enrique Merlano was accused of being the promoter of the paramilitary structure headed by Eduardo Cobo Téllez, “Diego Vecino” and Rodrigo Mercado Peluffo, “Cadena”. It was also indicated that his adherence to the paramilitary organization would assure his election to the Senate (Semana, 2006b). Merlano became one of the most important politicians of Sucre; he was Mayor, then his brother (Jaime Merlano) held the same position. Merlano was Senator of the Republic of Colombia for

two legislatures and on September 25, 2006 he became a fugitive of justice when was accused by the Supreme Court of Justice. Notwithstanding, on November 17, 2006, he made the decision to surrender himself to be prosecuted by not just by the Supreme Court of Justice, but the General Prosecutor of the Nation, and for these reasons, resigned his Senatorial position and gave himself up to the General Prosecutor (Semana, 2007c).

The Third Specialized Judge of Bogotá absolved Merlano, on June 2008. According to the Judge, the General Attorney of the Nation started a judicial process against Merlano based on groundless conjectures and assumptions. Notwithstanding, the Fiscal delegated before the Supreme Court of Justice of Colombia, Eudoro Echeverri, issued the sentence arguing that the verdict failed to take into account the evidences gathered and that fundamental testimonies were disregarded —such testimonies proving the connection of Merlano with paramilitary groups (El Espectador, 2008).

The former demobilized paramilitary Libardo Duarte, alias “BamBam”, who claimed to be collaborator of Carlos Castaño, provided one of the most important testimonies in the prosecution against Merlano:

*“According to “BamBam”, Salvatore Mancuso sent alias Diego Vecino for him to share the command of Heroes of Mary Mount Block [Bloque Héroes de los Montes de María] with Rodrigo Mercado Peluffo, alias Cadena. Duarte stated as well that Cadena said him Jairo Merlano to finance the paramilitary organization”* (El Espectador, 2008).

The General Prosecutor of Colombia accepted the testimony given by alias “Bam Bam”, because he narrated in detail the political Project of self-defense groups in Sucre Department. Additionally, “BamBam” pointed out the former Governor of Sucre Salvador Arana, and he accused former Senator Álvaro García Romero of liaisons with paramilitary groups with the former congressmen Eric Morris and Muriel Benito Rebollo. Information made by other former-paramilitaries which were not taken into account, indicated a meeting held in *Plamparejo*, which was summoned by paramilitary head from San Onofre Municipality, “El Oso” (“The Bear”), where the order was given to support Muriel Benito Rebollo and Jairo Merlano.

The delegate prosecutor Echeverri also pointed out that Salvatore Mancuso recognized that Muriel Benito Rebollo provided political collaboration to AUC

*“(...) and that she was the politician of Merlano as House Representatives. This way, in the interrogation procedure Merlano recognized that Benito Rebollo stated that he held several encounters with ‘para’ head Diego Vecino and that the plenty of voting obtained in 2002 in San Onofre was in favor of Muriel” (El Espectador, 2008).*

The public prosecutor added that other important evidences were (i) the recordings seized from *Sucre* paramilitaries, (ii) files in the computer of “Jorge 40” and (iii) the testimony by “Diego Vecino”, about the power of AUC in diverse political instances in the region:

*“(...) a previous agreement was made between AUC and the Candidates to the Congress to allow for them to do political proselytism in those zones, and mainly, to compulsorily give the vote for them (...). There exist reports where Jairo Merlano appears in listing of the so-called “vaccines” of AUC, contributing with one million five hundred thousand Colombian pesos on two occasions and his brother, three million pesos” (El Espectador, 2008).*

An inconsistency found in the absolutory sentence issued by Merchán, is that one of the key witnesses of the scandal, Marco Tulio Pérez, “El Oso”, was not summoned to hear his testimony. According to a report issued by Armed Forces,

*“in towns such as La Libertad, Marco Tulio Pérez is remembered by the inhabitants because he displaced by force lot of families, menacing people if they would refrain from voting for some given political candidates, divested people from their property and systematically violated women jointly with other paramilitaries under his command. In this same zone, “El Oso” and his criminal*

*followers, buried more than 70 persons in potter's fields” (Verdad Abierta, 2010f).*

## **Involved and convicted**

“El Oso” demobilized on July 14, 2005. He was responsible for the forced disappearance of Benito Ricardo Julio, a farmer of *San Onofre, Sucre*, and two agents of the Technical Investigation Body (CTI)<sup>24</sup>. In addition, in the Information System of Justice and Peace<sup>25</sup> of Nation General Prosecutor Office, the Group commanded by Marco Tulio Pérez appears as being responsible for 6.686 victims: “*On January 2007 the specialized criminal court from Sincelejo, convicted him to 25 years in prison for such crimes as forced disappearance, forced displacement, qualified theft, personal falsehood, and accord to commit crimes. Currently he is in the jail of Cóbbita*” (Verdad Abierta, 2010f).

According to testimonies by Victor Berrío Fernández, Vicente Julio Blanco, Evelio Francisco Blanco Julio and Luis Mariano Guerrero Julio, inhabitants of *Sucre*, given on May 24, 2006, before public prosecutor commissioner by order the Supreme Court of Justice of Colombia, “El Oso” controlled the entire *San Onofre* territory and was the organizer of a meeting from the inhabitants of *Sucre* rural zones, to be held in *Pamplarejo* station. Once the summoned people were present, “El Oso” introduced to the attendants the candidates for election with the ineludible obligation to give vote for the candidates, namely Muriel and Merlano.

On the other hand, Edgar Cobos, a.k.a. “Diego Vecino”, was the political head of AUC in *Sucre*, and he exercised authority by means of Rodrigo Mercado Peluffo, alias “Cadena”. The authorities identified him as the controller of cocaine routes in the region “*Montes de María*” (“Mary Mounts”), El Dique Channel and Morrosquillo Gulf (Semana, 2007c): “*Diego Vecino belonged to the North Block of the Self-Defenses. Diego Vecino is a peasant near to Salvatore Mancuso and was the founder of Autodefensas Campesinas de Córdoba y Urabá (ACCU), operating in San Onofre and María la Baja*” (El Tiempo, 2006f). Diego Vecino demobilized

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<sup>24</sup> *Cuerpo Técnico de Investigación, CTI.*

<sup>25</sup> *Sistema de Información Justicia y Paz, SIJYP.*

on July 14, 2005, and by July 2010, the Supreme Court of Justice of Colombia denied his extradition to the United States because he had to confess his crimes in Colombia (Verdad Abierta, 2010e).

“Diego Vecino” was in charge of leading the infiltration of paramilitaries in the Government for the purpose of obtaining political and economic benefits.

*“(...) The strategy implemented by Diego Vecino was organizing the communities for people to “pick up” their leaders and rulers, both in the elections for administrative positions and bodies of election such as Senate and House of Representatives (...) one of the objectives this strategy included was to fight the ‘caciquismo’ and political pressure groups”* (Verdad Abierta, 2010e). ©

“Cadena” became the military head of Heroes of Mary Mount Block [*Bloque Héroes of Montes de María*], controlling the Morrosquillo Gulf, from *San Onofre, Sucre, to San Bernardo del Viento, Córdoba*. Cadena established bonds with several politicians from Sucre; among those were Senator Álvaro “el Gordo” García, who as mentioned earlier, was convicted to 40-year prison sentence as an accomplice in the massacre that occurred in Macayepo, Bolivar Department. Other individuals currently convicted are: former governor “*Salvador Arana, convicted to 40 year in prison as participant in the homicide of Eudaldo Díaz; Jorge Eliécer Anaya, former governor convicted to seven year in prison for parapolitics; Eric Morris, former governor and former congressman convicted to 6 year in prison*” (Semana, 2006a)

## **Rocío Arias and parapolitics**

Rocío Arias is a journalist born in Medellín; she worked as correspondent in Antioquia to several Bogotá TV chains, who “*in March 2002 became a surprise to the country because she turned out to be elected as House Representative without any prior political activity and experience, and thanks to a significant number of votes only in Cauca, her homeland*” (Semana, 2007d). The unexpected election success of Arias called some attention and a legal investigation was made mainly for two reasons: Firstly, because

without any political activity and practice she obtained a high number of votes, and secondly, because by the beginning of 2007 Arias was shown in a video engaged in political proselytism in the *Magdalena Medio* region, in favor of candidates imposed by paramilitary Iván Roberto Duque, a.k.a. “Ernesto Báez” and other paramilitaries of the zone.

Rocío Arias never denied her connections with and sympathy to paramilitary organizations. She proudly spoke about her friendly connection with Diego Fernando Murillo Bejarano, a.k.a. “Don Berna”, and with Carlos Mario Jiménez a.k.a. “Macaco”, who was another nacoparamilitary head. She referred to them as “peace men” and, jointly with Congresswoman Eleonora Pineda, she organized the visit and introduction of Salvatore Mancuso, “Ernesto Báez” and Ramón Isaza to the Congress of the Republic of Colombia (Semana, 2007d). After her speech some congressmen applauded the paramilitaries invited to the National Congress.

Arias was one of the most staunch defenders and promoters of the Bill to enact the Act of Justice and Peace, the Frame Act for demobilization agreed upon with paramilitary heads in the Administration of Alvaro Uribe Vélez, and was used as a communication bridge between paramilitaries and national government after authorizing Ralito zone<sup>26</sup>: “*Her legislative contribution included the file of a bill for constitutional reform to prohibit the extradition of Colombian people, such bill frankly in favor of drug traffickers and paramilitaries requested by the justice of the United States*” (Semana, 2008).

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<sup>26</sup> *Santa Fé de Ralito* is a police station of *Tierralta* Municipality (*Córdoba* Department) where an agreement was executed in 2001 between Colombia government and AUC. Later on, in 2002, it was publicly known that behind government’s back a clandestine meeting was held in the zone, between political leaders from *Córdoba*, *Sucre*, *Cesar* and other departments with paramilitary heads, and in such meeting an agreement was executed currently known as the “Agreement of Ralito”, where they “*sealed a pact to carry on with a favorable law of Justice and Peace, to pave ways to elude extradition; create a political movement supported by paramilitary groups, the most important, take over Colombian Congress in 2002 elections.*” [Semana. (28 de Nov. de 2006h). *La Exitosa Estrategia Política de Ralito*. Retrieved 26 de Dec. de 2010 from Semana: <http://www.semana.com/noticias-on-line/exitosa-estrategia-politica-ralito/98587.aspx>]

Rocío Arias acknowledged that she belonged to AUC political wing (Semana, 2008a). On July 2008 it was reported that the First Specialized Court of Medellín condemned Rocío Arias, former House Representative for Antioquia *Convergencia Popular Cívica* party, to 45-month sentence in prison for agreement to commit criminal activities (Semana, 2008). Arias admitted that she knew and was favored by some paramilitary heads, and one of those heads was Salvatore Mancuso. She denounced as well that several politicians benefited from the connections with paramilitary groups, such as her alternate to the Senate of the Republic, Carlos Arturo Clavijo. On October 2009, Arias, after completing three fifths of his term, was released from prison (Semana, 2010).

It is important to call to mind that on April 2001, paramilitary “Central Bolívar Block” [*Bloque Central Bolívar*] summoned Mayors and Councilors from *Bajo Cauca* region to instruct people about the candidate they were intended to support in the election, i.e.: Rocío Arias. According to different testimonies, several collective buses picked up inhabitants of the zone at 10:00 a.m. and carried them to *Manizales de Cáceres* police station where the elections were held: “*Arias had no any political experience as yet, and nevertheless in 2002 she obtained 23.877 votes, of which 12.000 were given in Bajo Cauca and Magdalena Medio, two zones controlled by paramilitary groups. The alternate in Senate of Arias in the name of political movement Convergencia Popular Cívica, Carlos Arturo Clavijo, was mentioned as one of the candidates supported and approved by ‘Macaco’ and ‘Cuco’. Notwithstanding that this was his first incursion in the politics, obtained 55.774 votes*” (El Tiempo, 2007j).

On June 2007, the political party *Polo Democrático Alternativo* revealed a video of the former paramilitary head “Ernesto Baez in a meeting held in Barrancabermeja, appearing to invite voting for Arturo Clavijo. *El Tiempo* newspaper also released a portion of the speech given by “Báez” in that meeting: “*Leaders of Barranca: this cannot thus continue. Therefore, with the leadership of the United Self-Defenses Forces of Colombia [AUC] we are proposing a single list to the Senate of the Republic representing Magdalena Medio. This list is headed by Doctor Carlos Clavijo and Doctor Carlos Higuera*” (El Tiempo, 2007k). Clavijo was elected Senator for the legislative period 2002-2006. He was one of the promoters of the movement “Not to the Clearance”, opposed to the demilitarization of a zone in South of Bolívar



Department in order to negotiate with Guerrillas National Liberation Army [*Ejército de Liberación Nacional, ELN*]. In October of 2008, Clavijo was convicted and sentenced to a 45-month sentence in prison for agreement to commit crimes (El Tiempo, 2008). These links and mutual co-optation between narco-paramilitary organization and politicians have been clearly laid out and proven once and again.

Iván Roberto Duque, alias “Ernesto Báez”, was one of the members of a group materializing the project of the AUC, which was consolidated in 1997. “Baez” was under the command of Carlos Castaño for two years; he then moved to Bloque Metro, and in 2000 entered “Central Bolivar Block” [*Bloque Central Bolívar*] as the political head. In 2004, jointly with Salvatore Mancuso and Ramón Isaza, he arrived to the Congress of the Republic invited by congresswomen Rocío Arias and Eleonora Pineda, to explain the political project of the AUC. “Báez” left the arms on December 12, 2005, although he has been reluctant to confess his participation in a great number of crimes, and has confessed almost nothing regarding his connections with politicians (El Espectador, 2009). In June 2010, the High Court of Bogotá, decided to expel him from the Justice and Peace Program, as it was clear he continued as an active member of paramilitary groups (El Espectador, 2010a).

## **Concerns about a constant and potential rearming**

The *Sucre* Department has especially attracted the interest of paramilitary organizations due, among other strategic reasons, to the great amount of resources derived from oil royalties annually received by Coveñas Municipality. For this reason, the General Prosecutor Office focused his attention about the manner whereby the Mayor of Coveñas, Jorge Rafael García, managed the budget, considering that Caño Limon Pipeline pass through Coveñas: “*The former Municipality Mayor is mentioned in the computer of “Jorge 40” and according to the declaration given by Mancuso, he was supported by “paras”, as it occurred with Pedro Patrón Luna, who held the same position during the times when ‘Cadena’ controlled the municipality*” (Sevillano, 2008).

In spite of the condemnations and the calls of Colombian justice to regional and national politicians, individuals such as former senator



García and others continue to exercise influence and power on those regions, continue to use their political influence in their own way, even from the jail where they are confined. For this reason, according to a report by NGO New Rainbow Corporation [*Corporación Nuevo Arcoiris*], a second generation of paramilitary groups is currently organizing in *Sucre*. Emergent gangs exist, implying the risk of rearming, and para-politics continue to be rampant in public entities of the *Sucre* Department, making a favorable condition for rearming, and StC and CStR to be materialized (Sevillano, 2008).



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## CHAPTER 8

# **The structure of the Narco-paramilitary network in the Department of Sucre: Progress towards the Co-Opted Reconfiguration of the National State**

*By Luis Jorge Garay Salamanca, Eduardo Salcedo-Albarán & Natalia Duarte*

As it has been discussed in the present part, narco-paramilitary agents carried out a strategy for infiltrating institutions on the national level of public administration. However, this strategy originated in local paramilitary expressions, and its scope in public institutions has broadened progressively.

Several paramilitary groups in Colombia lined up under the unified command of the “United Self-Defenses Forces of Colombia” (AUC)<sup>27</sup> during the second half of the 90s, specifically, under the unified command of Carlos Castaño. In some cases, local isolated expressions were able to infiltrate and manipulate public institutions at the Departmental level on their own. When almost all local paramilitary initiatives had a national scope, infiltrating the local public institutions, they grouped around the AUC. This way, when extending the time and space scale for the analysis about how the paramilitary groups have affected the Colombian public

<sup>27</sup> *Autodefensas Unidas de Colombia, AUC.*

institutions, it is found that that the coordinated work of those paramilitary and narco-paramilitary local expressions allowed the AUC to configure a bottom-up strategy through which they were able to manipulate,<sup>28</sup> for example, the National Intelligence Agency of the Colombian State as well as the Congress of the Republic of Colombia. In this sense, (i) the contributions to political campaigns, (ii) the manipulation of electoral processes, (iii) the intimidation and agreements with candidates who belonged to traditional political parties and movements, (iv) the threats, bribes and agreements with public officials and (v) the intimidation and threats to voters, among other illegitimate processes, allowed them to use and take advantage of formal democratic processes to promote and achieve criminal interests.

Processes of Advanced State Capture (AStC) and Co-Opted State Reconfiguration (CStR) at the Municipal and Departmental/Provincial level, like the ones observed in the Casanare Department (Garay, Salcedo-Albarán, & De León-Beltrán, 2010c) and such as the one analyzed in the case of the *Soledad* Municipality, can thus be understood under the logic of a process reaching beyond local institutions. Some of this impact is evident when modeling and analyzing the illicit narco-paramilitary network configured in the Atlantic Coast of Colombia. In this region, which included the departments Córdoba, Sucre, Magdalena, Atlántico and Guajira Departments, paramilitary and narco-paramilitary groups appeared, like the ACCU and then the AUC. For this reason, it is discussed below another local network, in Casanare Department, and under a broader scope, the network that agglomerated the narco-paramilitaries of the Colombian Atlantic Coast. After presenting those two networks, in the present chapter it will be introduced the model and analysis of a social network configured specifically in the *Sucre* Department, which forms part of the Colombian Atlantic Coast. In the *Sucre* Network, there are 31 nodes/agents who established 43 interactions.

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<sup>28</sup> This manipulation was carried out by capturing, intimidating, establishing mutual agreements or co-opting legal agents/institutions.

## The *Hub* in the Sucre Department

After calculating the indicator of direct centrality, to determine the concentration of interactions, it is found that the node/agent with the highest percentage is FPSRJEM, with 15.1%. This means that FPSJEM, Senator of the Republic of Colombia, Jairo Enrique Merlano, concentrated 15.1% of the total interactions established in the *Sucre* network. Additionally, the *Sucre* network contrasts with network analyzed for the Soledad *Municipality*, because in the *Sucre* network there is not a significant distance between the first and second node/agent with the highest centrality indicators. In the network analyzed in the Soledad municipality, it was registered a distance of 10% between the *hub* and the second core node; however, in the *Sucre* network there is a distance of approximately 6 percentage points.

It is interesting that, in terms of the direct centrality indicator, there is not a module of nodes that articulates the network. This fact may be due to the reduced size of the network in terms of the amount of agents that configure it. In any case, the establishment of direct social relationships is distributed homogeneously in the network. This is illustrated in the Graph 7, which represents the structure of the network with a uniform radial distribution as a function of the direct centrality indicator results.

Starting with the third radius it is possible to find nodes/agents in all the concentric radii up until the last one, thus showing a relatively homogeneous distribution in terms of the establishment of direct social relationships. The node/agent that can be defined as the *hub* — registering the highest direct centrality indicator — is also a public official, like happened in the case of the networks of Soledad and Casanare. The noticeable difference between the networks of Sucre, Soledad and Casanare, is that in the *Sucre* Network the *hub* is a Senator of the Republic of Colombia. This fact illustrates the scope that the narco-paramilitary network conformed by the AUC had in the legislative institution at the national level, and the institutionalization of a paradox of Co-opted Reconfiguration of the State.

The second agent with the highest direct centrality indicator in the *Sucre* network is PCPMTPEO, which refers to the paramilitary known as “El Oso”. According to journalistic sources, in 1997 “El Oso” had a meeting with political leaders in the region to establish a paramilitary

group with “Diego Vecino”, “Juancho Dique”, “Rodrigo Cadena” and “Roman Zabala”. “El Oso” registers a direct centrality indicator of 9.3%, and as it can be observed in the Graph 7, has a bi-directional and direct social relationship with the Senator FPSRJEM. Likewise, “El Oso” is directly related with a sub-network that can be seen in the upper area of the Graph 7, and is configured by the node/agents PBRJ, PLMGJ, PEFBJ, PVB y PVBF, codes used to identify a group of agents with a “private” institutional role.

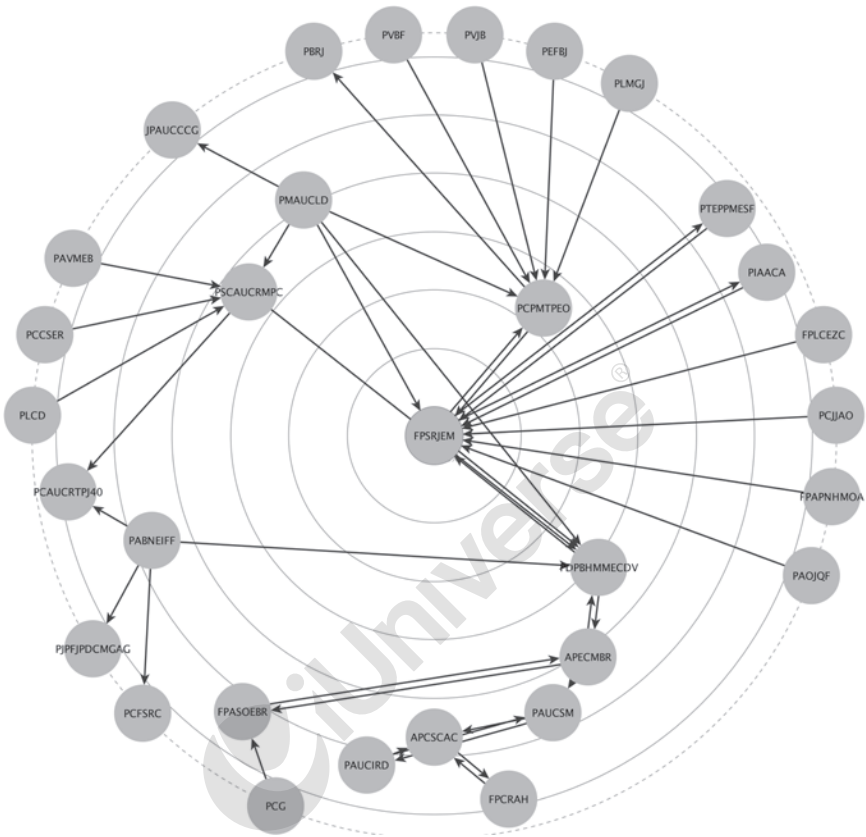
The third agent with the highest direct centrality indicator is the paramilitary Edgar Cobos, a.k.a. “Diego Vecino”, identified with the code PDPBHMMECDV. This node/agent, who has been described as a leader of the paramilitary group “Heroes of the Mary Mount” [*Héroes de los Montes de María*], has a direct centrality indicator of 8.1% and also has bi-directional interactions with the Senator FPSRJEM.

The fourth and fifth core nodes, respectively, correspond to the codes PSCAUCRMPC and PMAUCLD. The code PSCAUCRMPC identifies the paramilitary Rodrigo Mercado Pelufo, “Cadena”, with a direct centrality indicator of 7%. On the other hand, PMAUCLD identifies also the paramilitary agent known as Libardo Duarte, with a direct centrality indicator of 5.8%.

The results of the direct centrality indicator for the first five nodes/agents prove the establishment of social interactions between political leaders in the region and criminal agents that accomplished the manipulation of the Legislative Branch of the Colombian State. This is also sustained by the fact that in the Graph 7 not only the direct social interactions between the Senator FPSRJEM and the core node 2, “El Oso”, are highlighted, but also there are direct interactions between the same Senator FPSRJEM and the paramilitaries with the third and fifth largest direct centrality indicators. Only in the case of the fourth core node, PSCAUCRMPC there is no direct interaction with the Senator FPSRJEM, but instead through the fifth core node, PMAUCLD. This means that the Senator FPSRJEM, who appears as the *hub* of the network, established direct social relationships with 3 out of the 4 core nodes of the network, which were all high rank paramilitary officials in the illegal AUC.

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**Graph 7. Uniform radial distribution. Location illustrates the centrality degree indicator (concentration of social relations). Sucre Network.**



### Structural bridge

When calculating the *betweenness* indicator, it was found that PDPBHMECDV, which identifies the paramilitary agent “Diego Vecino”, is the node/agent with the highest capacity to arbitrate information in the network. PDPBHMECDV registers a *betweenness* indicator of 24%.

There is only a distance of 0.2 percent points between the structural bridge PDPBHMECDV and the second core node, FPSRJEM, in terms

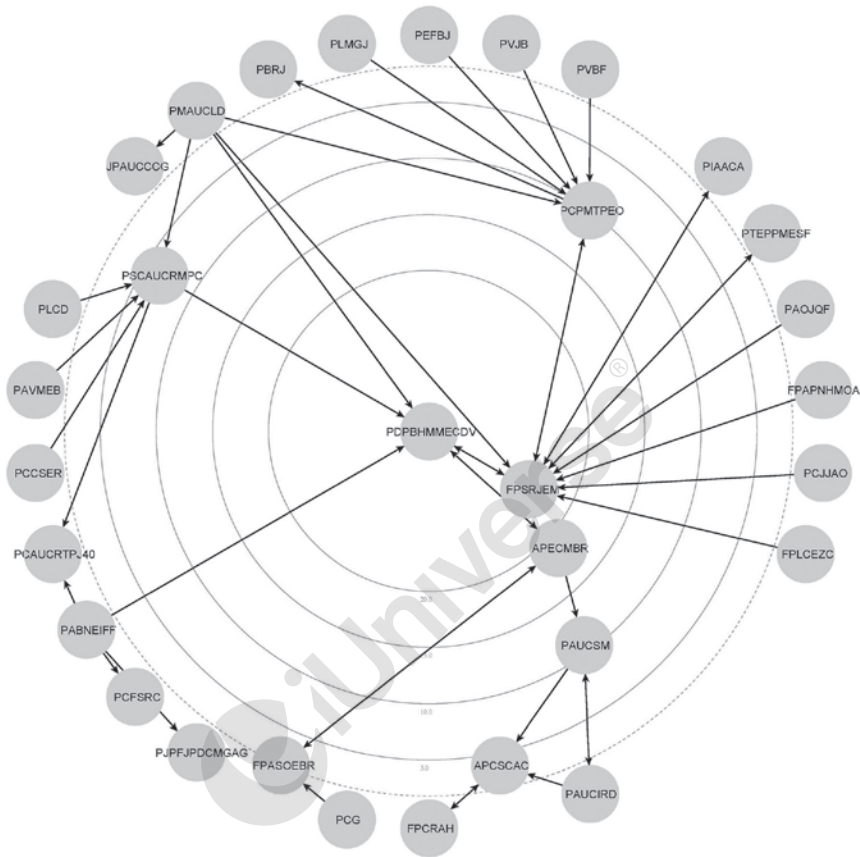
of the *betweenness* indicator (Graph 8). Therefore, it can be pointed out that the node/agent that appears as a *hub* with the highest direct centrality indicator appears now as the second core node.

Considering the Graph 8, only 8 node/agents register some degree of *betweenness* indicator, and therefore, only 8 nodes/agents have some capacity to intervene in the flows of information of the network. These 8 node/agents are located in any place different from the external radius. Below, on the Table 2 it is presented the structure of this module of 8 node/agents with any degree of *betweenness*.

**Table 2. Module (sub-network) of agents with different levels of the *betweenness* indicator**

<b>Id</b>	<b><i>Betweenness</i></b>	<b>Core node</b>	<b>Agent</b>
PDPBHMMECDV	24,2	1	Paramilitary "Diego Vecino"
FPSRJEM	24	2	Senator Jairo Enrique Merlano
APECMBR	18,8	3	Ex-congressman Muriel Benito Rebollo
PAUCSM	10,8	4	Paramilitary, Commander of AUC, Salvatore Mancuso
PCPMTPEO	10	5	Paramilitary Marco Tulio Pérez AKA "El Oso"
PSCAUCRMPC	6,5	6	Paramilitary, 2 <sup>nd</sup> Commander of AUC, Rodrigo Mercado Pelufó - "Cadena"
APCSCAC	3,9	7	Candidate to Senate of the Republic Carlos Arturo Clavijo
FPASOEBR	1,8	8	Mayor of Municipality of San Onofre Edgar Benito Rebollo

**Graph 8. Uniform radial distribution. Location illustrates the *betweenness* indicator (capacity to arbitrate information). Sucre Network.**



As it was observed in the analysis of the direct centrality indicator, the composition of the module of agents with capacity to arbitrate information evidences the interactions between public officials at the local and national level with paramilitary agents. It can especially be observed the power of the paramilitary agents to manipulate relevant decisions, since it is precisely a paramilitary agent who has the highest capacity to arbitrate information. This, however, does not mean that specifically those paramilitary agents started the process of CStR. As it was already discussed in the first section of this book, it is always possible for nodes/agents outside the State or inside the State to start the process.



The participation of Public Officials is an important characteristic in the *Sucre* Network, especially when considering the administrative level they belong. The participation of a Senator of the Republic of Colombia, establishing direct interactions with paramilitary agents, allows inferring the beginning of a process of Advanced State Capture (AStC) like the one observed in the case of *Soledad* municipality, and also an advance of the CStR process with National scope.

Further down it will be applied SNAID (Social Network Analysis for Institutional Diagnosis) to determine the institutional scope of the illegal network analyzed in this chapter. However, at this point it can be concluded that the network for the Sucre Department exemplifies a CStR process developed in the frame of the so-called para-politics in Colombia. The establishment of close relationships between public officials at the national level with commanders of the AUC exemplifies the cooperation structure that allowed candidates, public officials, and members of the AUC to set the goal of “Re-fund the Colombian State”.

### **The networks in the Casanare Department, and the Soledad Municipality, another example of local CStR<sup>29</sup>**

The Casanare Department, on the border with Venezuela, already had local paramilitary initiatives at the time when the central command of the AUC was consolidated. In fact, during the second half of the 90s, two paramilitary groups confronted each other in order to dominate the territory and the budget of the Casanare Department: The “Peasants Self-Defense corps of Casanare” [*Autodefensas Campesinas del Casanare*, ACC], commanded by “Martin Llanos”, and the “Centaurus Block” [*Bloque Centauros*, BC] commanded by Miguel Arroyave, who had been successful controlling *Meta*, a bordering Department that, just like Casanare, received important oil royalties.

As pointed out in the case of *Soledad* municipality, provinces and municipalities in Colombia receive petroleum royalties both directly and indirectly when domestic or foreign companies exploit petroleum reserves.

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<sup>29</sup> This section is based in Garay *et al.* (2010), Garay *et al.* (2010b) and Garay *et al.* (2010c).

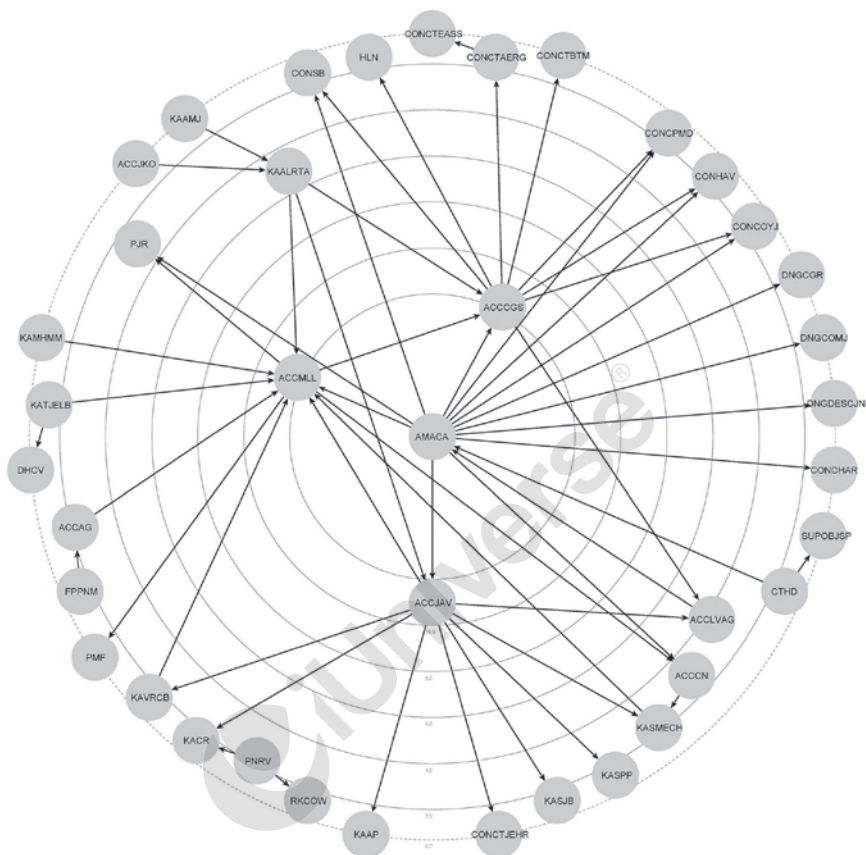
Direct royalties are an important economic source for several provinces and municipalities in Colombia, especially in the Casanare Department, which receives the highest amount of royalties since the 90s (Hernández, 2004). Between 2000 and 2002, royalties paid by the Colombian government were concentrated in few Departments: (i) Casanare accounting for 42.7%; (ii) Arauca accounting for 15%; (iii) Meta accounting for 11.1%; and (iv) Huila accounting for 10.2%.

The rising of production levels of petroleum and the resulting royalties are key factors explaining, at least in the *Casanare* Department, why BC was operating in the *Meta* Department and then tried to operate in *Casanare*. Economic factors are useful to explain the motivation of paramilitary groups to take control of public institutions and administrative decisions at local and regional levels. Nevertheless, another circumstance must be considered in this case. The entire *Casanare* Department is also used for drug trafficking towards the European market because it is located in the eastern area of Colombia. Therefore, dominating the Casanare's lawful and unlawful structures is strategic for drug trafficking interests.

In Casanare, several agreements between lawful and unlawful agents and groups were established between 1998 and 2007. These agreements were also observed in other provinces and municipalities in Colombia during the same period (Corporación Nuevo Arco Iris, 2007). For instance, characteristics of the situation observed in Casanare coincide with those observed in the *Soledad* Municipality, in the Atlántico Department. In *Casanare*, almost all of the unlawful agents participating in the network belonged to the ACC, while the lawful agents were basically mayors and legislators at the local administrative level.

Given that the purposes of the *Casanare* Network were mainly illegal—like those observed also in the *Soledad Municipality*— at least in principle it could be expected that an unlawful agent acted as the *hub*. It calls the attentions, nonetheless, that the *hub* of the *Casanare* Network is a node/agent operating from a lawful and legitimate institutional position, such as mayor of the *Monterrey* Municipality, a small town located in *Casanare*. This coincides with the fact that in the town of *Soledad* the *hub* was the mayor, surrounded by unlawful agents who were members of the AUC, as happened in *Casanare* (Graph 9).

**Graph 9. Uniform radial distribution. Location illustrates the centrality indicator (concentration of social relations). Casanare Network.**

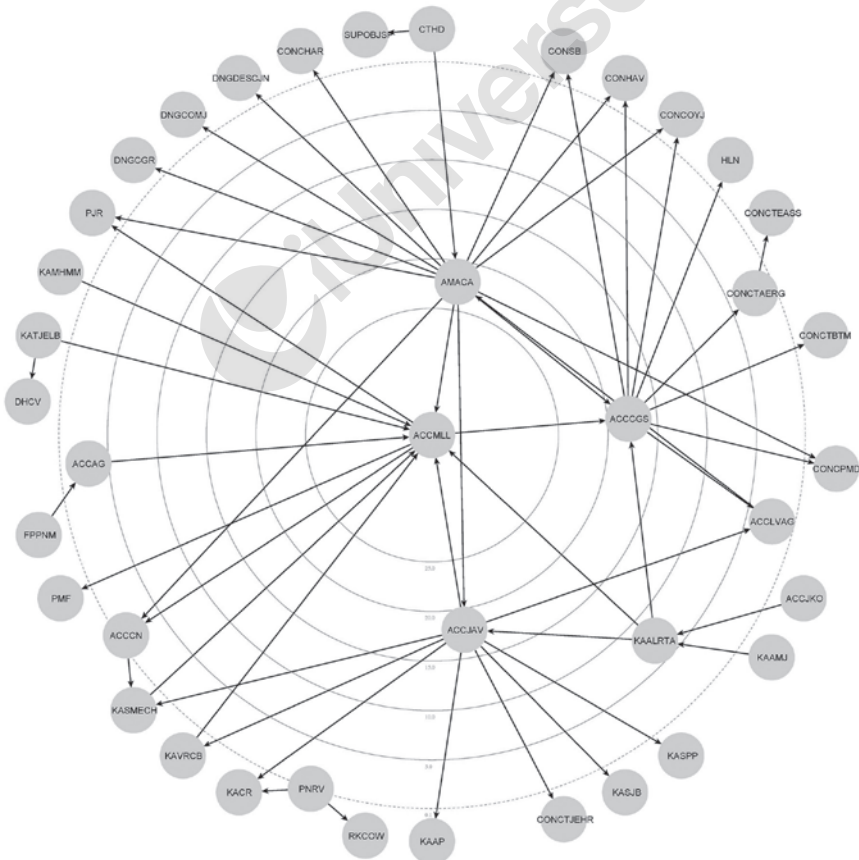


Additionally, it was found that the structural bridge of the Casanare Network was “Martín Llanos,” the commander of the paramilitary group know as ACC, despite not being the *hub* (Garay, Salcedo-Albarán, & De León-Beltrán, 2010). Although the *hub* identified with the code AMACA, which is the mayor of the Municipality of Monterrey, is the most connected agent, the chief of the ACC is the agent with the highest *betweenness* indicator. Therefore, ACCMILL is the most important arbitrator of information, which locates him in the nucleus of Graph 10. The relevant character of ACCMILL as arbitrator of information is also illustrated in

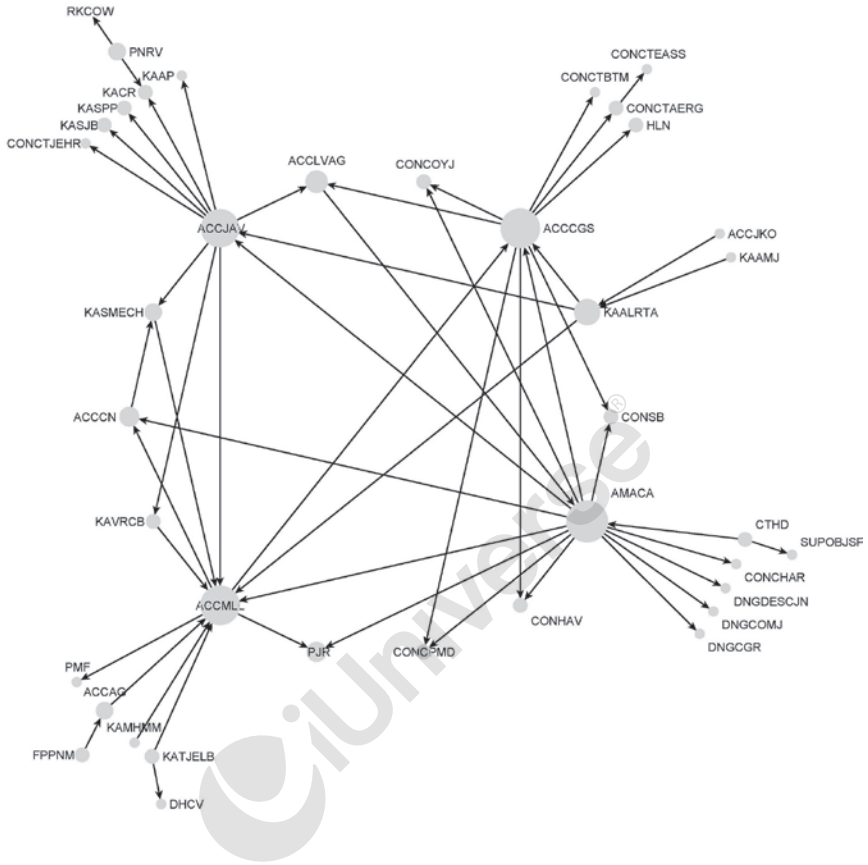
the same Graph 10, in which ACCMILL is connecting two sub-networks within the Casanare Network.

This can be explained because “Martín Llanos,” ACCMILL, arbitrated the information flow between lawful and unlawful sub-networks, or modules within the complete *Casanare* Network. Specifically, ACCMILL had direct influence upon the mayor of *Monterrey*, and because of that influence, he was able to influence agents acting on lawful institutions. Additionally, ACCMILL exercised his command upon agents acting in strictly unlawful sub-networks. This structure can be observed in the Graph 11.

**Graph 10. Uniform radial distribution. Location illustrates the *betweenness* indicator (capacity to arbitrate information). Casanare Network.**



**Graph 11. Casanare Network after applying a visualizing algorithm to separate the most important sub-networks.**



**The illicit network of the Atlantic Coast: Reconfiguring national institutions in Colombia<sup>30</sup>**

As previously stated, at the end of the 90s and at the beginning of this century, the paramilitary activity expanded through the Atlantic Coast Departments. Specifically, departments such as *Bolívar*, *Atlántico*, *Magdalena*, *Córdoba*, *Sucre* and *Guajira*, were the favorable scenarios for the political and operative expansion of the AUC, by deploying violent confrontation not only in search of lucrative interests, but also seeking to

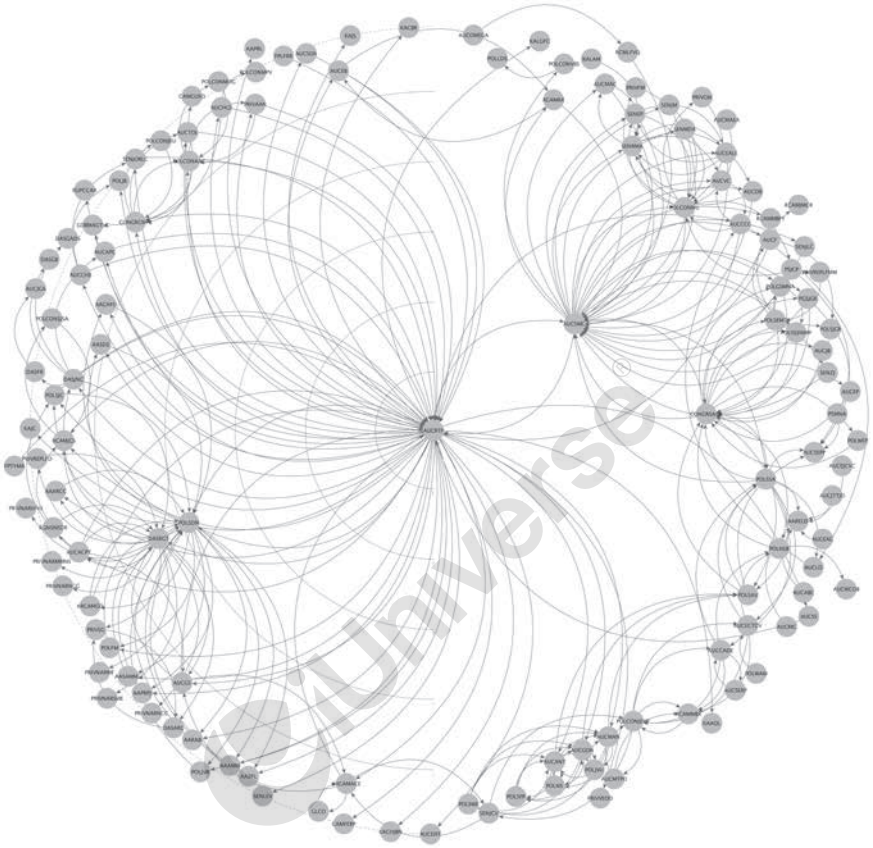
<sup>30</sup> This section is based on Garay *et al.* (2010) and Garay *et al.* (2010b).

accomplish StC and CStR at local and regional levels, with clear intentions of reaching the national level.

Based on the degree of direct centrality in the Atlantic Coast Network, grouping the departments mentioned above — unlike the *Casanare* network, the *Soledad* network and the *Sucre* network — the *hub* is an agent clearly identifiable as an active member of the AUC. This individual is Rodrigo Tovar Pupo, a.k.a “Jorge 40”, identified in the Graph 12 with the code AUCRTP. This agent concentrates 11.6% of the total interactions of the network. Since in the complete Atlantic Coast Network it was registered the participation of 131 node/agents, AUCRTP’s degree of centrality can be interpreted as high. Indeed, the degree of direct centrality for the *hub* is roughly twice the indicator of the second highest direct centrality indicator. Salvatore Mancuso Gómez, another member of the AUC who was identified with the code AUCSMG accounting for 6.6% of the interactions.

On the other hand, the calculation of the *betweenness* indicator, in order to identify the node with the highest capacity to arbitrate information, revealed that a.k.a “Jorge 40,” the *hub* identified with the code AUCRTP, is also the node with highest occurrences in the geodesic routes. The Graph 13 below allows identifying the relevance of the node with the largest *betweenness* indicator. At the same time, the commander Salvatore Mancuso is the second core node in terms of the *betweenness* indicator, with a great distance from the other nodes/agents. It can be therefore stated that those two commanders acted as the stabilizers nodes of the networks. However, this does not mean that public nodes/agents such as congressmen of Colombia between 2002 and 2006, governors, mayors and other public officials of the national level such as Jorge Noguera, who was the director of the national agency of intelligence of Colombia, were not important for articulating the network.

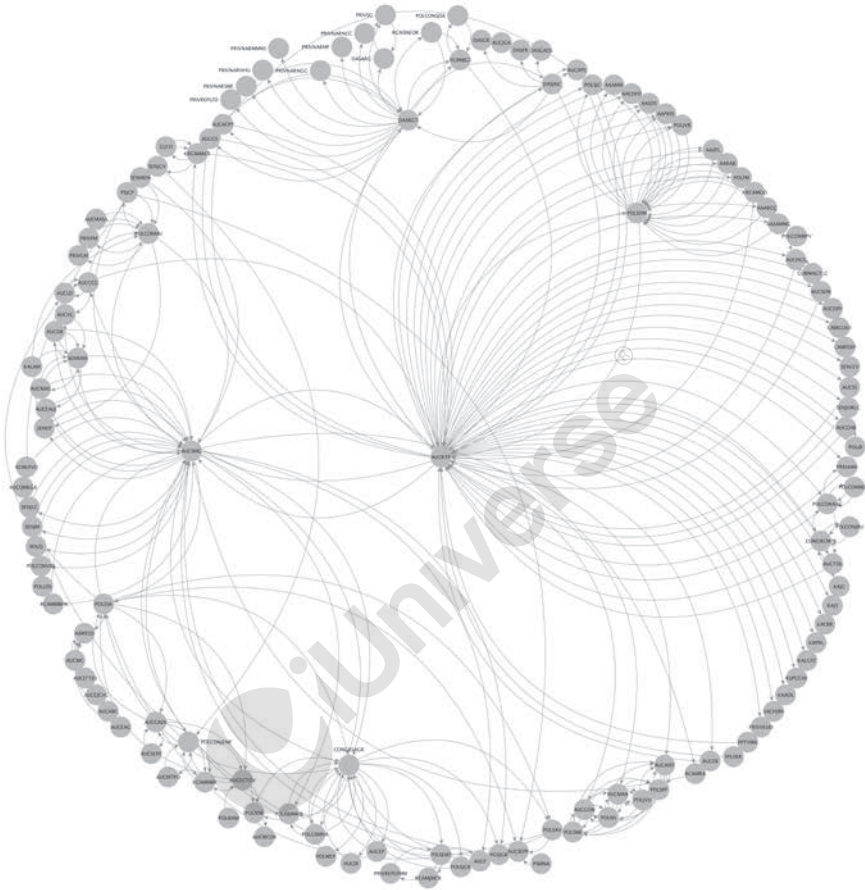
**Graph 12. Uniform radial distribution. Location illustrates the centrality indicator (concentration of social relations). Atlantic Coast Network.**



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**Graph 13. Uniform radial distribution. Location illustrates the *betweenness* indicator (capacity to arbitrate information). Atlantic Coast Network.**



The structure of the Atlantic Coast network reveals important characteristics of the strategy established by paramilitary and narco-paramilitary groups across Colombia. In its local expressions, local political agents allowing communication between lawful and unlawful agents and institutions mainly carried out a *bottom-up scheme*. Specifically, this task was carried out by political leaders who were able not only to facilitate this communication, but were also able to (i) manipulate decisional local instances, (ii) provide apparent legality in terms of formal democracy and (iii) affect also informal institutions, for instance, within civil society.



However, in its departmental/provincial and national expressions, as observed in the structure of the Atlantic Coast network, the hub and the structural bridge are not political leaders anymore, but an unlawful paramilitary node/agent. In this sense, the process requires the participation of political agents playing an organizational lawful role but at the same, an institutional unlawful role. In this sense, at least in Colombia, it can be expected that *grey* agents carry out CStR processes developed under the *bottom-up scheme*; specifically, *grey* agents operating under a few legal rules for electoral and political processes. However, at the end, a *dark* agent, promoting criminal interests coordinates the process.

The network of the Atlantic Coast of Colombia established a process towards the Co-opted State Reconfiguration (CStR), from the local to the national levels of public administration, under the coordination of narco-paramilitary commanders and with the participation of congressmen and high-ranking public servants, as well as private agents, with the final purpose of “re-founding” the Colombian Nation. At least 35% of the congressmen during the legislature 2002-2006 would have had political agreements with paramilitaries, as well as officials as, for example, the head of the national intelligence agency of Colombia at the national level. The institutional impact of this CStR narco-paramilitary process consisted on the phenomenon known in Colombia as “para-politics”, in which politicians, congressmen, high-ranking officials and paramilitary commanders were prosecuted by the Supreme Court (Garay, Salcedo-Albarán, & De León-Beltrán, 2010; Garay & Salcedo-Albarán, 2012).

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# PART III

## GUATEMALA: DRUG TRAFFICKING, MONEY LAUNDERING AND FAILED INSTITUTIONS

*“But the threat continues, and it will not stop until Guatemala decides to undertake the way of reconstruction of a truly democratic State, under both the individual and social values it implies.”*

– Edgar Gutiérrez

*“I never ever had studied in a university and I know nothing about banking”, were the words that, according to the Llord Quiteño’s testimony before American prosecutors he replied, when (...) one of the financial experts closest to Alfonso Portillo, offered Llord the directorship of the bank. “It does not matter that you know nothing, people under your command will be in charge of the daily work”, was the counter-answer, the witness said.*

– Claudia Méndez

*“In this network, the association with drug traffickers and other legal and illegal agents was facilitated from the highest spheres (...). All those agents were able to take advantage of the privileged information, decision capabilities, institutional/functional intervention and participation of high-level public servants to carry out illicit activities representing a high financial profitability, which favored criminal interests”*

– Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán.



# Guatemala Today: The co-opted Reconfiguration Regarding Unsuccessful Institutions

*By Edgar Gutiérrez*

Guatemala cannot be assimilated to a conventional case of corruption anymore. The State institutions neglected the internal organization, management, and control processes, failing to support the transition from the authoritarian period (1954-1985) towards the democracy and political peace (1986 to date), and failing to comply with its central mission of providing wellbeing and security. In addition, the first-generation reforms, carried out since the mid nineties within the framework of structural adjustment programs, failed as well and did not materialize in a more efficient system. Conversely, it has caused large functional distortions and administrative disorders that in turn, had a negative impact on the government spending quality and social efficiency —affecting the already insufficient social legitimacy of the Guatemalan State.

The transition's main failure falls on the security and justice institutions, since the physical and legal lack of security describes the general fragility of the State. During the routing course from the authoritarian regime to the democracy and political peace (1986-1996), the underground operations of the old structures of power corrupted the civil institutional system. This period coincided with the drug trafficking geopolitics formation in the

region, which identified Guatemala as a strategic link to reach the large drug markets in North America.

The burst in drug trafficking modified the conventional corruption relationships forever. The weak or fully non-existent controls to the financing process of the electoral campaigns, as well as the loss of tradition and party loyalty, opened the doors to the criminal influence in the democratic State. Such an institutional leak went beyond the security and justice bodies and spread to both the purchasing and the hiring systems of public administration. As the autonomy and financial base of the municipal governments grew stronger, it reinforced the local and regional economic and political power, where both leaders and drug traffickers exercise a much more direct control.

The other side of the coin was the ideological and media offensive launched by the traditional entrepreneurial sectors —organized as strong pressure groups— against both the idea of a public intervention to regulate the market, and the tax strengthening of the State. The effect of such hostility weakened the public service moral, and thus worsened the already traditionally distrustful relationship between society and the State. Therefore, it is very difficult that any aspiration of realization and professional prestige for the new Guatemalan generations who were born in democracy (two thirds out of the total population) to be channeled in the public system, and developed within a modern world of public primacy and citizen coexistence.

The contradiction of a State that has been burdened with formidable social tasks but in turn, had tax resources denied, remained in the Constitutional rule. After having benefitted from the promotion polices and incentives since the end of the 19<sup>th</sup> Century, the large corporations' direct interests moved from public expenditure, into market competition rules. Its influence over agents and intermediaries of the offices regulating trade liberalization, commercial competition and law making creates another complex corruption system, which has been called “State Capture” (StC), in the World Bank terminology.

Because of the above, the analysis of corruption as an organized activity through social networks has a huge explanatory power in Guatemala; in particular, it contributes to identify the corruption agents and its *modus operandi*. By approaching this issue of corruption, the more conventional

analysis on the traditional mechanisms by which it is reproduced (i.e. government procurement and discretionary public expenditure), is complemented by failures on the legal regulation and bureaucratic weakness in public administration.

This Chapter deals with the organized corruption with the agent's participation, and in some cases, illicit organizations. The analysis is based on judicial files, interviews and documented accusations. Evidence shows that corruption operates through informal and versatile networks, which in addition, possess an amazing regenerative and resilience ability. Although it is inevitable that its illicit activities leave any clues, the ability of these networks to co-opt—and in some cases to supplant operators—mislead the most perceptive observers.

## **Criminal activities**

Guatemala is a small nation suffering traditionally high levels of violence<sup>31</sup>, located south Mexico and north Central America. It owns a territorial area of 108,889 square kilometers and its coasts limit with both the Caribbean Sea and the Pacific Ocean. The common frontier with Mexico is stretched along 974 kilometers, out of which a large portion corresponds to the *petenera* jungle inhabited region, an ancient habitat of Maya civilization. In this frontier line, five border customs posts are officially established, but unofficially the authorities of both countries recognize the existence of one hundred “blind spots”. Everything passes through such spots. It includes hundreds of daily migrants from Central America, Ecuador and Peru, but also from so distant regions such as Pakistan, the Arabic countries and continental China. Guided by astute “*coyotes*”, migrants are led inside the Mexican territory and just one out of

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<sup>31</sup> The homicide rate is 48 per 100.000 inhabitants, one of the two highest in Latin America, although in Guatemala it soars up to 90. Many crimes are associated to the confrontations among drug trafficker groups through hired killers. Urban violence is associated to juvenile gangs, “*maras*”. These violence rates are not different from the observed ones—in some cases it surpasses the latter—during the harshest years of the 36-year internal armed confrontation that finished in 1996. But the more serious situation is that crime is not punished by the justice system. Impunity stands for 98% of the crimes against life.

three reaches its destination: the United States. Of the others, one will die in the attempt and the second one will be deported to its home country.

But not only people pass through such frontier surreptitiously. Other items include precious timbers, some relics taken from the Mayan temples or colonial churches, and of course, cocaine. Since the year 2007 when the Mexican authorities, being pressed by its USA counterparts, decided to raise a virtual aerial wall—the so called aerial interdiction—the hustle and bustle of drug trafficking by land (and to a lesser extent by sea) acquired a major importance. Mexico enacted a rule that no loading or passenger private planes could penetrate its aerial space without being submitted to an intense check at the south frontier airports. Any craft disobeying such instructions would be deemed as an aggressor.

This provision forced the drug cartels to secure the terrestrial roads, which had some implications. Firstly, it became more important for the cartels to either buy the protection of the National Civil Police, and its indifference (complicity), or get collaboration of the military.

The known case *USA vs. Castillo* (CR. 05-404) clearly illustrates this premise. It shows how a group of policemen—the head and two subheads of the Guatemalan antinarcotics unit— provided load protection in a Caribbean transversal sea route from Guatemalan to Mexico. “*How much are you going to charge me for protection?*—asked the DEA informant. “*We can protect you from Santo Tomas to Tecun Uman for about US\$300.000*” replied Adán Castillo, Head of the Service and Antinarcotics Analysis and Information (SAIA)<sup>32</sup>. The quote is from the transcription of a conversation intercepted between a DEA informant and Castillo, included in a memorandum that prosecutor Paul Leymon—USA Antinarcotics Section— sent to the Court of Columbia District in the trial against Adan Castillo, Jorge Aguilar and Rubilio Orlando Palacios. The dialog goes on when the head of SAIA told the supposed drug trafficker to send a vehicle with a police squad to accompany its load. In the same document, it is recorded that Castillo told the informant that not screening the container at the port would cost the drug trafficker US\$200.000, but escorting it until the frontier would cost an additional US\$300,000.

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<sup>32</sup> *Servicio de Análisis e Información Antinarcóticos, SAIA.*



With events like this, police corruption has been extended at incredible levels. Guatemalan police has been considered in the opinion polls from *Acción Ciudadana* (Guatemalan Chapter of International Transparency) during the last decade, as the most corrupt and least reliable institution to protect people. Many times, having something to do with a police agent arouses so much nervousness among the people that before a police post drivers speed up or take the return road to avoid it. People are afraid to be a victim of some type of extortion or something worse. The number of indigenous communities is growing in the Guatemalan high plateau where the fiery population massively burst by firing police stations to expel agents. I attended a meeting in 2007 at the *Quinche* province (Northern Province, with more than 80% of indigenous population), when the national Police director holds a meeting with the community leaders, where the former would show the latter about the success of its agents in decreasing crime. In a proud stance he projected its graphs, but one of the leaders offered him the relevant interpretation of the numbers: *"It is not that crime has decreased, it is that the people's complaints became silenced due to the fact that police officers are the criminals; so Mr. Director, if you want us to live in peace, take your agents away right now"*. But in the East regions of the country, where the drug trafficking barons have a *de facto* government, the civil population accepts it with resignation. Therein other rules operate and rebellion would be suicidal.

Secondly, the Mexican aerial virtual wall turned Guatemala into something more than a cocaine corridor. Now in addition, it's a huge warehouse. While the roads are being assured and frontier terrestrial spots are cleared, drugs remain in storage longer. This has forced the cartels' logistic infrastructure to change. They require a larger infrastructure in those influenced regions, stationary surveillance and a strict roads control. As a result, drug traffickers extended its corrupt networks beyond security forces, towards mayors, judges and prosecutors, while also cultivating a supportive social base.

For example, in a discussion group held in the offices of the Organization for the Advance of Social Sciences (AVANCSO)<sup>33</sup>, leaders of the country's East and North reported that drug traffickers have successfully and

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<sup>33</sup> *Asociación para el Avance de las Ciencias Sociales, AVANCSO.*

efficiently developed “Technological Packages”, consisting of providing peasants, who occupy its lands, with seeds and fertilizers in the so-called dry corridor of the country. “*It is its own nutritional policy*”, Omar Jerónimo said, of the Agrarian Platform. On the other hand, in the country’s West, Pastoral Social reported how peasants, due to its territory knowledge, become (during specific times, ranging from one week to several) car custodians loaded with drugs, for a payment of about US\$5.000.

But the drug traffickers’ influence does not always turn into free will cooperation on part of the civil population. As a matter of fact, violence has increased substantially due to the drug traffickers’ contribution: The daily average killing went from 8, six years ago, to 17 at present.

### **Drug trafficking organizations**

Drug trafficking groups appeared as a counterpart of the Colombian ones (particularly, Medellin and Cali), but they are now a reference of the Mexico cartels, mainly those of the Golfo and Sinaola. The relevant cartels are as follows:

- (i) Zapaca, led by brothers Lorenzana Cordon.
- (ii) Izabal, which has influence on Izabal and Peten, commanded by Mendozas
- (iii) Sayaxche, in south Peten and North Las Verapaces, associated with the late mayor of the town, Guillermo de Jesus Segura de la Cruz.
- (iv) Luciano, having influence on South Cost: Escuintla, Retalhueleu, Suchitepequez and Santa Rosa, led by Jaime Gonzalez Jerez.
- (v) Chamale, San Marcos.
- (vi) The Reyes Sosa brothers cartel, having influence on Boca Costa de San Marcos and ciudad Capital, commanded by brothers Marco and Enio Reyes Sosa.
- (vii) Gallito, having influence on ciudad Capital, whose command has been taken by zone 3 Maras after the death of its chief, Mario Gustavo Garcia Rodriguez “Marioco” in 2002.

(viii) Los Juanes”, with 16 high-command members of Juancho León including his brothers, who are in several zones including Izabal, Peten and Costa Sur.

Golfo, which was under dispute in Izabal, Sayaxche and Zapaca, and whose head was Otto Herrera Garcia, now captured and in the hands of the United States, as is also Jorge Mario “Gordo” Paredes, having influence on Progreso, Zapaca and Izabal, now alleged effective collaborators.

In addition to the above cartel list, “Los Zetas” has been added, which has been divided into two groups, with about 600 members whose headquarters are located in *Coban, Alta Verapaz*. For the traditional cartels, “Los Zetas” represents a true threat and that is why they have tried to persuade the security forces to concentrate their firing power against “Los Zetas”. There are already a handful of ringleaders, including its manager, Daniel Perez Rojas, “El Cachetes”, who were convicted and serving sentences. This situation has been so serious, that at the end of the year 2010, the conditions that had been consolidated for the armistice of the local drug traffickers group were broken. The bursting in of “Los Zetas”, who are looking for the control of the routes from Honduras to Mexico, has altered the territorial domain of the traditional drug traffickers. The impact of “Los Zetas” acting in Guatemalan territory has been so serious that the “Martial Law” has been declared and the National Army has been moved to *Alta Verapaz* state (El País, 2010).

Finally, there is an unofficial and *sui generis* cartel called “Los Tumbes”, consisting of drug theft, made up mainly of captains, officials and law enforcement services; its operations are part of the institutional volatility and fragmentation, described below.

## **Current state of Guatemalan institutions**

The crisis of effectiveness and the lack of control by the security and justice institutions, create the appropriate environment for drug trafficking. On the other hand, Guatemala is going through a chronic exacerbation of public lack of security. This picture is made up of three critical issues:

- a) The failure of the post-conflict reform of the security and justice apparatus.
- b) The progressive expansion of networks and operations of the transnational organized crime.
- c) The prosecution of politics and a consequent politicization of justice.

On the whole, such trends dramatically display the deficit of the Rule of Law and the risks of a “Weak State”. In addition to the institutional weakness of the State, huge contingents of population in precarious conditions of life (marginal urban areas and rural zones), the disorientation of the middle-high and high class youths, and the growing control of important zones of the national geography by the criminal networks are observed. These conditions turn out to be a key environment for the international drug trafficking, human trafficking, the illicit hustle and bustle of goods, and the proliferation of light armament.

A set of machineries legally governed, conforms what is called the security and justice sector. Their functions are distributed by bodies to wit: The Executive machinery, in general terms, is in charge of prevention and control issues; the Public Ministry is in charge of making investigations and organizing the criminal persecution, and the Judicial Body and the High Court of Justice are in charge of judgment and punishment for crimes. The Congress of the Republic establishes the framework—that is, the set of rules— whether it is by Decrees-Law or by ratifying treaties and multilateral and bilateral agreements. Below are presented those institutions which amid this porosity process and trends still away from the true configuration of a Rule of Law; all of these institutions have turned into a target for those above mentioned influences.

**CIVIL NATIONAL POLICE (PNC).**<sup>34</sup> The most important machine of public security is the Civil National Police, created in 1997 following the signature of the Peace Agreements. The original failure of PNC consisted in how its key commands were integrated in by former operators and counterinsurgency panels, which were carriers and reproducers of corrupt and repressive practices. The professionalization plans regarding criminal investigation, civil information and formation of middle commands, were permanently aborted. Now PNC is identified as a demoralized, without identity, repressive body with low efficiency, modest performance and high corruption (connection with drug trafficking). It has been associated with private groups, large operatives of social cleansing, and delinquency. Alvaro Colon's government (2008- 2012) promotes its reform, but such an attempt progressively leads authorities to an almost complete and total reengineering that is not completely supported.

**JAILS.** There is evidence that jails have been controlled by the organized delinquency. They became the centers to plan and lead kidnappings, assaults and extortions. They have also established a prosperous market of drug distribution controlled by mafia gangsters, former military convicted in high impact trials, and *maras* ringleaders. There are some cases that show certain prisoners discretionally leaving and entering the jail as well as enjoying many prerogatives. As a matter of fact, the access to the basic services and personal security in jails has been privatized. The overcrowding of those still awaiting trial make worst the material conditions of prison. Under the Oscar Berger government, the massive killing of prisoners was common; as part of a social cleansing systematic practice, but also within the disputes between local and foreign drug trafficker groups. Carlos Vielmann, former Government Minister, has been accused in Spain for having led these operations typified as crimes against humanity.

**MIGRATION.** The historic weakness regarding the control of illegal immigrants still persist at the General Directorate of Migration. Especially critical is the entrance of South American and Asian people through the international airport at Guatemala City. Terrestrial and maritime passing are also highly unreliable due to the drug trafficking risks, human

<sup>34</sup> *Policía Nacional Civil, PNC.*

trafficking and terrorism. The most recent official reports point out a shameful irregular documentation of foreign people with Guatemalan passports.

**CUSTOMS.** It is a Division depending on the Superintendence of Tax Administration (SAT)<sup>35</sup>, focusing in the treasury controls on the goods movement at frontier spots. SAT has much more broad duties linked to the tax collection and persecution of public fraud; notwithstanding certain large taxpayer follow-up units have been dismantled, by reproducing the old bias of influence peddling. In spite of reforms, customs irregularities have persisted through a combination of interests of former high officials of the army, former members of the extinct Presidential General Staff, officers and private corporations. The most powerful smuggling network in decades was partially dismantled in 1996, but equally criminal small networks, due to their links with arms, human and drug trafficking, supplanted it.

**DIVISION OF SPECIAL CHECKING (IVE).**<sup>36</sup> The basic function of the Division of Special Checking, an office being organized with the support of the United States, is to control any financial movements and to identify money laundering. It exchanges information with its counterparts all around the world, and at a local level it depends on the data provided by banks, meaning, it doesn't have its own means of information. Notwithstanding the IVE success in both detecting corruption and laundering chaos and its very good technical capacity, the main threat it has faced is to fall under the capture of private interests, and the fact that its financial information can be used with temporary political purposes—that is, its susceptibility to be subject of Institutional Instrumental Capture. Its control power has been increased during the last years, but its budget and staff is still limited.

**ARMY.** The winding transition of the armed force, as from the closure of the internal armed conflict, has caused a so-called mission crisis. The Army has learned the way to assimilate the troop's cuts, the re-deployment

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<sup>35</sup> *Superintendencia de Administración Tributaria, SAT.*

<sup>36</sup> *Intendencia de Verificación Especial, IVE.*

and the loss of premises, but the attempt to submit its finances under control rules —and in general, the progressive dispossession of several of its historic privileges— has turned out to be traumatic. The forces dislocation, equipment modernization, and institutional plans go slowly, as well as a new curriculum of military studies. On the other hand, combat against drug trafficking in certain geographical areas has been identified, as the contingent mission for certain elite forces trained by USA. Notwithstanding the fact that the subordination towards the legitimate civil power was accepted, the politicization shadow over military commands and its open identification with possible presidential candidates still persists; also notable is the influence of former military leaders with current interests in politics, business and alleged illicit activities.

**DIRECTORATE OF MILITARY INTELLIGENCE (D2).** In the last decade D2 lost the monopoly of the State intelligence. This didn't benefit the civil intelligence under legal supervision, but benefited private structures (lawful and unlawful) which comply with multiple functions, from business espionage and entrepreneurial elites, political officers and leaders espionage, to the capture of security and intelligence functions of sensitive bodies in Governance, SAT, IVE and the Presidency of the Republic. Although D2 became diminished in its capacities —resources and budget— no effort addressed to reform its operational codes and adjustment towards the imposition of democratic controls is observed.

**THE PUBLIC MINISTRY (MP).**<sup>37</sup> It has a central function within the security outline. MP must conduct any investigation in order to identify the responsible ones and to gather all evidence of its implications. Its reiterative failure in this function during the democratic period has led to an impunity regime. During the first years of the post-conflict period, MP was trapped by informal networks which, by assignment, disrupted “from inside” the criminal investigation, by hiding evidence, deviating the route of investigations, and even identifying key witnesses which then

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<sup>37</sup> *Ministerio Público, MP.*

were neutralized<sup>38</sup>. MP continues to be a poor-performance body without any independence regarding its strategic and operational directorship. It is vulnerable against the pressures of the corporate factual powers, mafias, and the Executive power. Notwithstanding, civil groups, giving publicity to the selection criteria and evaluation of the candidates, have closely observed the most recent General Prosecutor selection process.

In the judging and punishment function, which is the last link of the security chain, there is controversy around the Judicial Body. There are at least three factors contributing to it: a) The weakness of the investigation and preventive security links which make a guilty verdict difficult; b) an anachronistic<sup>39</sup> juridical set of rules offering lots of guarantees (abuse of the protection resource), and c) the existence of a dense power informal network acting on the courts by damaging the independence and effectiveness of judges.

From this point of view, it is modeled below an example of an illicit network that, thanks to the Instrumental Capture of Institutions in Guatemala, allowed the fulfillment of criminal objectives consisting of massive money laundering coming from drug trafficking.

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<sup>38</sup> In 1997 through journalistic investigations it was documented the existence of the so-called “Little Office”, which was resumed between 2004 and 2007. The “Little Office” *modus operandi* was proved in May, 2000, during the trial carried out for the kidnapping and killing of Edgar Alfredo Ordoñez Porta. Later, in the trial carried out for the crime of the Bishop Juan Gerardi (March to June, 2001), the practice of such a network was disclosed again during a judicial process. Three heads of sensitive prosecutor’s offices (Organized Crime and Crimes against Life) identified as part of such a network, were removed from the Public Ministry (MP). In a trial it was proved the way they supplanted the “makeshift” or invented theories to hide the responsible ones of impact crimes.

<sup>39</sup> The rules started changing since 2008 in the wake of reforms addressed against the organized crime, driven by the international Commission against Guatemalan impunity (CICIG), a body of United Nations.



## CHAPTER 10

# Structure and Information flows of a Network for Assets Laundering: The Llort Case

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

In this chapter it is presented the analysis of a network focused on laundering drug trafficking money. This illicit network was established thanks to the information flow among illegal agents —such as drug traffickers— with high-level public servants of the Guatemalan government who favored illicit activities. In spite of the fact that a good part of the illicit activities were performed mainly in Guatemala, the judicial information that was used as source for the present analysis comes from statements provided by a Guatemalan drug trafficker to the judicial authorities of the United States. In addition, rigorous journalistic information was used, not for elaborating the social network model, but for the reconstruction of some events. In the next two chapters it is explained in detail the profile of the nodes/agents who intervened in the network, as well as some relevant facts needed to understand their connections. However, the most important features of the network are briefly explained below to facilitate the understanding of the analysis.

## **A brief description of the network**

Jose Armando Llort is a Salvadoran and Guatemalan entrepreneur, son of an important coffee grower who faced financial problems and bankruptcy. Jose Armando Llort is a relevant node/agent in the articulation of this network because he had access to high decision-making levels in the public administration of Guatemala, specifically, at the level of the Executive branch. This access came from a close relationship established between Llort and Alfonso Portillo, president of Guatemala in office between 2000 and 2004. This relationship came to be thanks to the Llort participation in the Alfonso Portillo campaign. In addition, in the network it can be observed the presence of some agents operating as common friends of Llort and Portillo, enriching flows of information.

When Portillo was elected president of Guatemala, he appointed Llort, who was 30 years old by then, as President of Banco de Credito Hipotecario Nacional (CHN). This appointment was publicly questioned because Llort did not have the required experience to assume such a position. As a matter of fact, by that time, Llort had not yet completed his undergraduate studies. This supported the criticism that the Llort appointment was made due to personal commitments.

Following the appointment in CHN, Llort took advantage of both his discretionary power and the access to privileged information in order to authorize financial operations addressed to launder money. According to judicial evidence, the money came from drug trafficking activities. Llort's privileges also included the opportunity to handle the safety keys and codes of the Bank vaults, so he was able to deposit and withdraw large amounts of money. This allowed them to move money from the drug trafficking operations into the CHN vaults in order to be laundered through complex financial movements that included foreign currency operations. Then, this money was returned to their respective owners. In general, Llort used physical resources, privileged information and the CHN information system to authorize illegal movements, such as overdrafts for companies owned by his friends and relatives. Salomón Medina Girón, CHN's deputy

director, also was an accomplice and facilitated most of the frauds carried out by Llort.<sup>40</sup>

Llort was a friend of Jose Ricardo Rodas, who was the legal representative of several companies, one of which was a money exchange agency, used to make financial operations representing a high risk for CHN. Rodas had knowledge about the domestic and international markets of foreign currencies, plus the handling of physical and logistic resources of CHN, which was indispensable to materialize the assets laundering movements. Such knowledge, plus the possibility of the physical movement of money, allowed the laundering of very large amounts of money. As a matter of fact, testimonies pointed out that some members of the personal guard of president Portillo moved money that was deposited and withdrawn from CHN.

The main judicial input of the network analyzed in this part of the book, is the information provided by drug trafficker Byron Berganza, who involved Jose Armando Llort. According to Berganza, Llort knew and facilitated the money movement coming from drug trafficking. Berganza provided this information before a court in the United States after being captured and taken to the United States by DEA agents in El Salvador. By that time, Berganza was providing information and collaborating with DEA agents in Guatemala; however, he was captured in El Salvador for performing activities not reported to DEA agents in Guatemala.

Byron Berganza pointed out that Llort not only facilitated the money laundering, but also directly took part in drug trafficking activities. As a matter of fact, when DEA agents in El Salvador captured Berganza, he pointed out that he was going to meet Llort to discuss details regarding a drug trafficking operation. Although the judicial information to which we had access in this model does not confirm such a statement, it is possible to establish information flows between Llort and Berganza, since the latter provided DEA with important detailed information about Llort. Now, although president Portillo does not appear in the documents as

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<sup>40</sup> Jose Armando Llort also has been under investigation for making illegal financial operations with the Minister of Defense of Guatemala. In some of these operations about 30 million of quetzals, equivalent to approximately 10 million dollars, were compromised.

a direct participant in the drug trafficking, his closeness to Llorca has made him deserving of public accusations for facilitating and allowing assets laundering. Therefore, after being requested in extradition by the Prosecutor's Office of the New York District, Guatemala agreed to his move and trial in the United States, in the middle of threats against the judges in charge (López, 2010). Several family members of the former president Portillo also were investigated for money laundering (La Nación, 2010; El País, 2010).

Llorca fled way from Guatemala when he started getting investigated. He spent several years as a Guatemalan justice's fugitive, but in 2007 it was disclosed that Llorca was a protected witness of the USA justice. Further research made by investigation journalism found Llorca as a legal representative of some companies in the State of Florida, United States. It seems that one of these companies committed fraud against Latin people in Florida.

Given the above mentioned, this network is a structure of interactions among criminal or *dark* nodes/agents such as those directly and openly participating in drug trafficking activities, with public servants, political agents and agents participating in the domestic and international financial sector, that can be characterized as *grey* agents. This network is made up by 46 nodes/agents and by 85 established social relations.

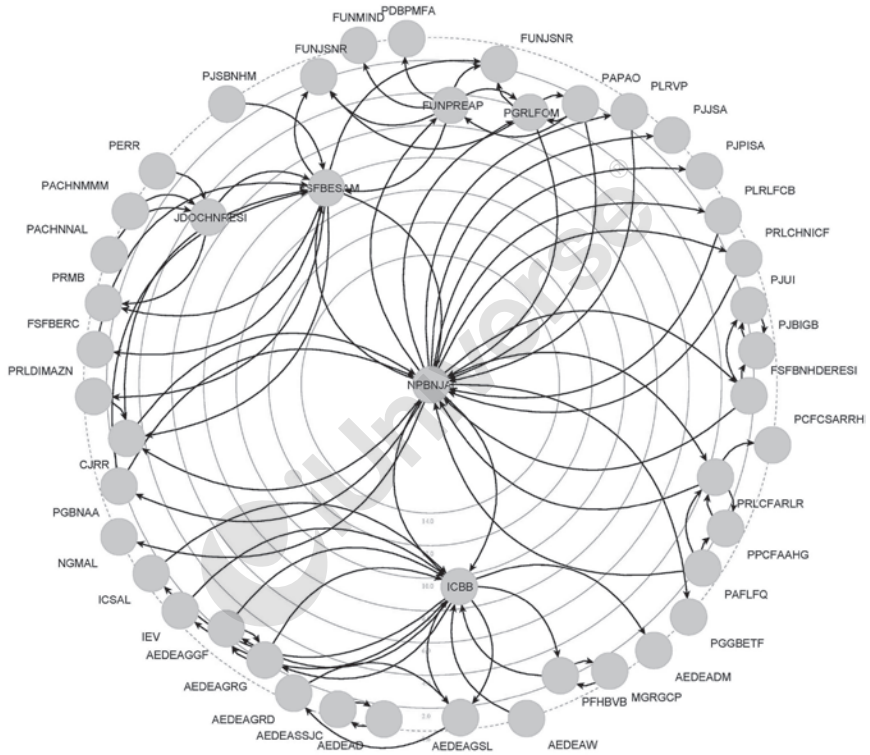
## **Concentration of direct social relationships**

As it has been explained, the SNA methodology allows identifying the node/agent concentrating the highest amount of direct interactions, defined as *hub*. Bearing this in mind, the Graph 14 consists of a uniform radial distribution in which location of nodes/agents illustrates the indicator of direct centrality, that is, the percentage of direct social relations established by each node/agent with respect to the total of social relations established in the network. The *hub* is located in the nucleus.

After calculating the direct centrality indicator, Jose Armando Llorca is registered as the node with the highest percentage of direct social interactions in the network. This node/agent, identified by code NPBNJAL, directly established 15.9% out of the total of social relations established in the network; that is, without the intermediation of other agents. In turn,

there is a significant distance between this node/agent, the *hub*, and the second *core node*, which is the second node with the highest indicator of direct centrality, registering a total of 9.4% of social relations established in the network.

**Graph 14. Uniform radial distribution. Location illustrates the direct centrality indicator (concentration of social relations). Guatemala/Llort Network.**



In addition to the location described above, the node's size also illustrates the direct centrality indicator. As from Graph 14, it is possible to identify three *core nodes* concentrating the highest percentage quantity of direct relations, represented as the three *core nodes* of largest size. The list of the main *core nodes* regarding centrality indicators is presented below. This distribution identifies how concentrated the nodes/agents around the

nucleus are, in order to verify the existence or nonexistence of a set of nodes stabilizing the network as a whole.

- *Hub or core node 1:* NPBNJAL, identifying Llord, with 15.9% out of the total interactions directly established in the network.
- *Core node 2:* ICBB, with 9.4% out of the total of the social relations established directly in the network. This code represents the drug trafficker Byron Berganza. This means that Berganza is the second agent with the highest percentage of social relations established in a direct way.
- *Core node 3:* FSFBESAM, with 8.2% out of the total of the interactions established in a direct way. This code represents Salomón Abraham Molina, who in the network operated as a Chief of International Division of Banco Empresarial S.A., by facilitating the execution of international financial movements.

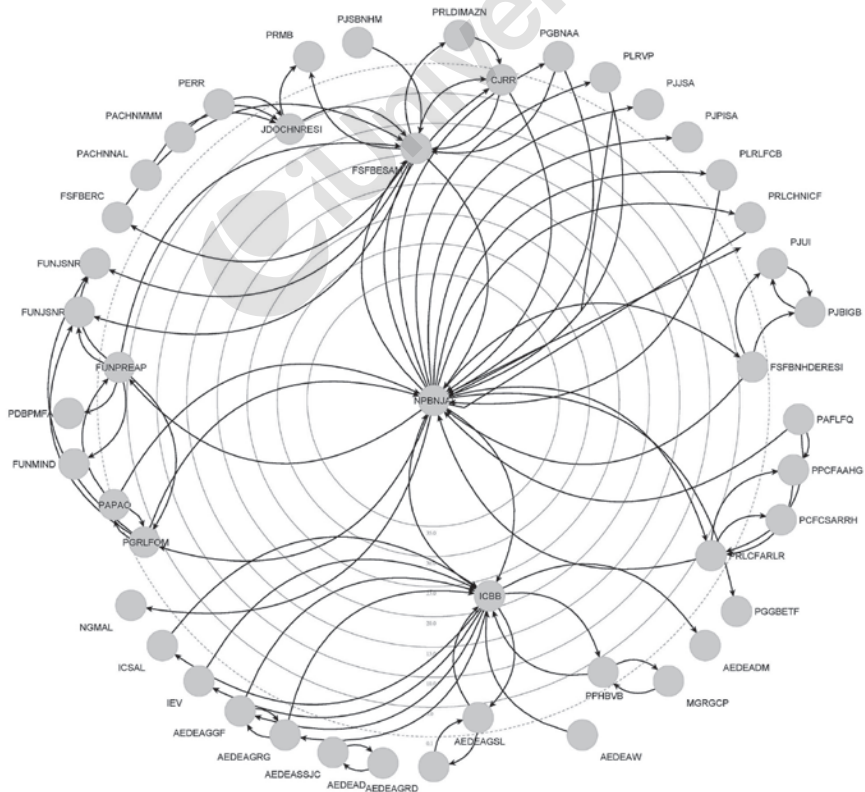
It calls the attention that these three nodes/agents concentrate one third of the total of established interactions, with 33.5%. This group of three nodes/agents is, therefore, interpreted as stabilizer of the network. Notwithstanding, a significant percentage distance is observed between the *hub* and the second *core node*, equivalent to 6,5 percentage points, which is the highest percent distance in terms of direct concentration of relations. For example, between the second *core node 2* and the third *core node*, there is just a 1.2 percentage points of distance, which place them in a quite similar centrality status. The percentage distance between the *hub* and the second *core node* implies a high capacity on part of the former to establish social relations in diverse fields, which is consistent with the fact that Llord would have known people in legal and illegal activities.

On the other hand, *core node 4*, represented with the code FUNPREAP, is relevant because it represents Alfonso Portillo, at that time he was president of the Republic of Guatemala, who concentrates 4.7% out of the total direct interactions. Below, the information flowing through president Portillo is analyzed. It is also analyzed how important those flows were in structuring the network.

## Arbitrating information

When calculating the *betweenness* indicator, it was found that NPBNJAL is the node/agent with the highest percentage of this indicator, with 38.8%. This means that Jose Armando Llord “gets in the way” in 38.8% out of the total routes of the network. In that sense, it can be assured that Jose Armando Llord acted as a structural bridge in the network and, therefore, he is the node/agent with the highest capacity to arbitrate the information flows. Graph 15 shows the nodes’ distribution according to the *betweenness* indicator. Remember that the node with the highest indicator of *betweenness* is located in the nucleus and such indicator decreases towards the concentric external orbits.

**Graph 15. Uniform radial distribution. Location illustrates the *betweenness* indicator (capacity to arbitrate information). Guatemala/Llord Network.**





In comparison to Graph 14, Graph 15 presents a relatively less “equitable” distribution of the indicator, that is: Capacity to arbitrate information was more concentrated in a few nodes than the establishment of interactions. The latter can be observed particularly in the high amount of small nodes appearing in Graph 15, in comparison to the size of nodes observed in Graph 14.

Regarding the *betweenness* indicator, notice that only 12 nodes/agents register any result. This means that only 12 agents get in the way in the routes of the network, and therefore, those 12 nodes/agents have some arbitration power of information. The other nodes/agents showing a *betweenness* indicator of 0 (zero), when failing to intervene in the routes, only receive or produce information and, therefore, they lack any capacity of arbitration. Below the list of the 3 *core nodes* with the highest *betweenness* indicators is presented.

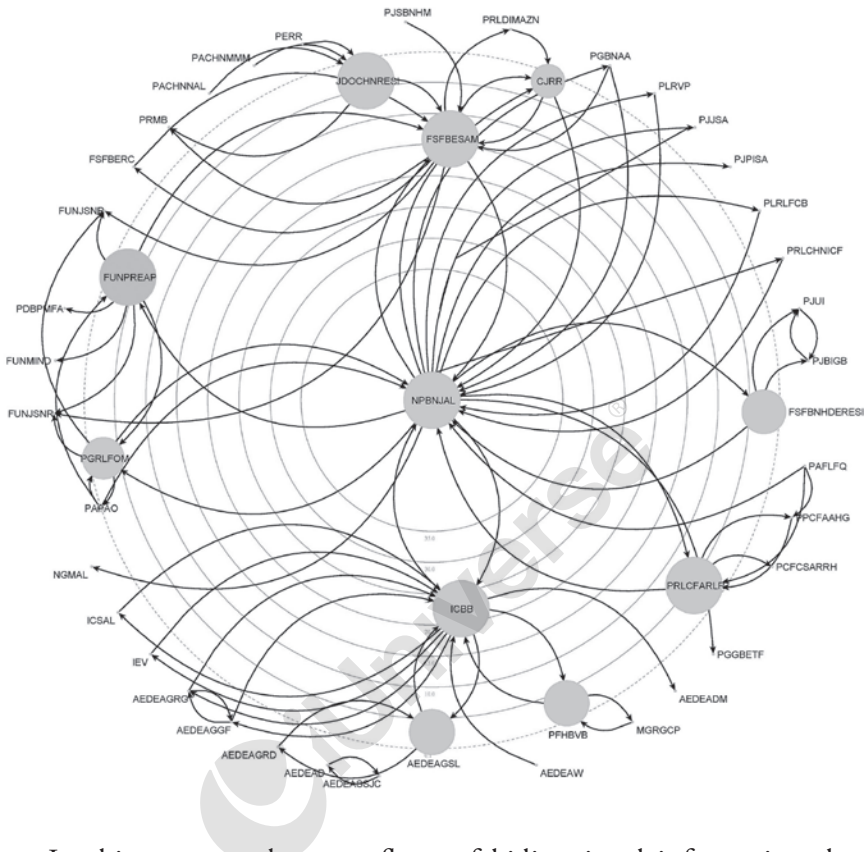
- Structural bridge, or *core node* 1: NPBJAL, identifying Jose Armando Llort, with a *betweenness* indicator of 38.8%.
- *Core node* 2: ICBB, identifying drug trafficker Byron Berganza, with a *betweenness* indicator of 22.3%.
- *Core node* 3: FSFBESAM, identifying Salomón Abraham Molina, Chief of the International Division of Banco Empresarial S.A., with a *betweenness* indicator of 14%.

This means that the structure of the first nodes/agents with the highest *betweenness* indicators is similar to the structure observed in the three first nodes with the highest percentages of the direct social relations.

Now, among the 12 *core nodes* registering any value different than 0 (zero) of *betweenness* indicator, it is found that president Portillo, identified with code FUNPREAP, is *the core node* 6, with a *betweenness* indicator of 3.4%. This means that president Portillo “gets in the way” in 3.4% of the total geodesic routes in the network. In Graph 17, the node/agent FUNPREAP is identified with darker color. Information flows established by this agent are also highlighted.



**Graph 16. Uniform radial distribution. Location and size illustrate the *betweenness* indicator.**

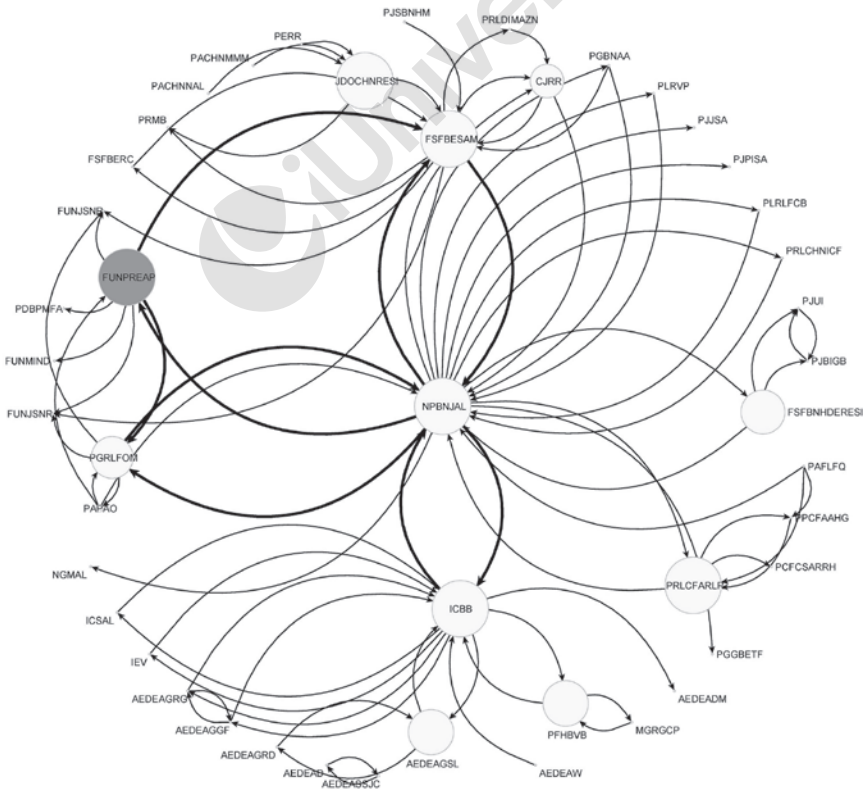


In this structure there are flows of bidirectional information that begin at the nucleus, Jose Armando Llord, and arrive to (i) the node/agent PGRLFOM, identifying the retired general Luis Francisco Ortega Menaldo, (ii) the node/agent ICBB, which identifies the drug trafficking Byron Berganza, and (iii) FSFBESAM, identifying the chief of the International Division of *Banco Empresarial S.A.* It calls the attention the fact that the former president Portillo had an unidirectional interaction flowing towards the former General Ortega Menaldo, who, at the same time, interacted in a bidirectional way with Llord. It is therefore interesting to identify the origin of this information flow: Llord, as shown in Graph 17.

Thanks to the actions of the structural bridge, the drug trafficker Byron Berganza was able to interact and co-opt some public servants, among them the former president, who was very well connected into

the network. Llorc received information originated in the node/agent ICBB; information that passed through the structural bridge (nucleus) and reached the president, who, in turn, sent information to nodes/agents specialized in the private financial sector of Guatemala. However, the information sent by the former president arrived to the structural bridge Llorc through the former General Ortega Menaldo. In this sense, it is possible that Llorc arbitrated Portillo's knowledge about the objectives and interests of the drug trafficker ICBB. Furthermore, while establishing bi-directional interactions, it is also possible that Llorc knew about the interests of those criminal or *dark* node/agents, such as Byron Berganz, and of those *grey* node/agents operating from lawful organizations, such as the Chief of the International Division of the *Banco Empresarial, S.A.*

**Graph 17. Uniform radial distribution. Location and size illustrate the betweenness indicator. Relevant interactions beginning in the nucleus are highlighted.**



## **State Capture and Co-opted State Reconfiguration in the Llorca Network**

This network has been structured to achieve criminal benefits by taking advantage of the institutional privileged position of several nodes/agents operating within the Guatemalan State. In this sense, direct and indirect social interactions were established among public servants with a broad decision-making power and agents openly delinquent such as drug traffickers and launderers of “black” capitals.

It would seem that in this network the association with drug traffickers and other legal and illegal agents was facilitated from the highest spheres of the Guatemalan Executive. All those nodes/agents were able to take advantage of the privileged information, decision capabilities, institutional/functional intervention and participation of high-level public servants to carry out illicit activities representing a high financial profitability, which favored criminal interests. In this sense, it can be inferred that this network fits the profile of a case of Advanced State Capture (AStC), achieved with the complicity and perhaps even by initiative of the Guatemalan Executive. Although it can be observed in the model that Llorca previously arbitrated the information that arrived to Portillo, it is not possible to determine the kind of information that eventually came to Portillo. Thanks to this situation, it was possible that “from inside” the State institutions, and with the active and interested participation of high public servants, illicit activities were carried out within the framework of an agreement with criminals and illicit agents for the economic benefit of the illicit network as a whole.

Now, it could be claimed that this is an advance towards the State Co-opted Reconfiguration (CStR), if it can be verified the eventual implantation of reforms and rules of public policies —both structural and in the long run— facilitating and institutionalizing the practices oriented towards the reproduction of that type of illegal modalities of public intervention.

## CHAPTER 11

### The Story

*By Claudia Méndez*

The following is a story extracted from judicial processes conducted in the United States and Guatemala: These processes are articulated from the convergence of people in some determined sites for the definition of a criminal network which operated from *Banco de Credito Hipotecario Nacional* (CHN) in Guatemala.

In the corrupt world, as will be illustrated below, nothing happens by chance — that is without a without a connection. It is like a mathematical equation: In so far as the underworld subject is connected, its business is almost assured. There is a more overwhelming variable than this old formula: When state agents make part of the connections, the business assets “double” and take off. There is nothing better for a criminal network than discovering that the State is not the *enemy*, but instead the *instrument*. This is a story of a Guatemalan organization: Politics and State institutions tied by strong knots, very difficult to disentangle.

## **The witness<sup>41</sup>**

The overwhelming testimony appeared in the folder of a New York City criminal lawyer. In the stack of papers, this lawyer kept the more relevant trial documents that the Antinarcotics Section of the United States Attorney's Office for the Southern District of New Yprk consolidated to an old drug Guatemalan trafficker: Byron Berganza.

It was March 2008 and the judge still had not announced a sentence when an intense dilemma arouse in the process. The very Byron Berganza insistently called the key witness, a guy protected under the system of witness protection, to the witness stand. This witness was Jose Armando Llort Quiteño, a young man and a clever man for certain transactions. His old partner in the drug trafficking business now dared Llort in a law court.

A quick negotiation between the United States Attorney's office and a second charged, Marco Antonio Lara Paiz, who looked as pale as paper, prevented Llort Quiteño from facing his partner, after five years of being kept in a prison whose building is hidden amid a handful of skyscrapers in Manhattan.

Lara Paiz was going to plead guilty before a Federal judge from New York, and in the system of repentant criminals in the United States, he was going to recover his freedom in return for agreeing to tell the story of a drug transaction from Guatemala and El Salvador. He would recognize his fault, cheatings and tricks, the names of the people involved in the business, transactions, etc. . . . and in exchange, the judge would give him a reduction in the conviction as well as the return trip ticket to his home country.

The revealing testimony, notwithstanding to be piled in the folder of that lawyer, made part of the investigations of the trial which in the American court system was called "United States *v.* Berganza." The statements of Llort Quiteño, kept in that dark-color folder carried by the criminal lawyer, were the dead letters that recovered the life of a forgotten story of crime and corruption.

The testimony provided before the American authorities by Llort Quiteño, now a protected witness, is the foundation for the construction of this chapter and the network modeled in the previous chapter. Along with

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<sup>41</sup> The information provided under this subhead is extracted from the events occurred during the trial against Byron Berganza in the United States Court for the Southern District of New York, Case 2003 CR 00987.

a series of evidences collected at the Prosecutor's Office against Corruption in Guatemala, it completes a puzzle that is still being constructed in the Guatemalan courts. But, how did this story, ending in a complex and tangled network, whose graphic appears to be more like an image extracted from a notebook of chemical formulas, start?

It all began like this: Eleven years before, in January or February 1999, Llorc Quiteño did not remember the exact date, but he was certain that the first encounter between him and Alfonso Portillo — at that time a candidate for the presidency of the Republic of Guatemala — happened in a coffee farm located in the Guatemala's south coast.

"*They became friends*", states the document containing these statements by Llorc Quiteño. And as the months passed, the boy, who years after was the key witness in the process against the former president of Guatemala, was mixed in the nearest circles of the candidate to the Presidency. His family provided on two occasions a plane for the presidential candidate to travel to Managua, Nicaragua. The pilot himself tells the witness that when returning, on one occasion, passengers boarded the craft with two suitcases carrying cash money.

Llorc Quiteño, as many others still unknown, lubricated the machinery of the favorite candidate in 1999: His tale affirms that in a first delivery he gave Alfonso Portillo 600.000 Quetzals, from the family finances. And later, through a collection among some friends and relatives, he could collect another 600.000 Quetzals. In total Q1.2 million, that at the rate of exchange in 1999, summed up approx. US\$154.000<sup>42</sup>. How did he thank

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<sup>42</sup> Electoral campaigns in Guatemala are the investments with a quickest high return —and perhaps surplus value. A source managing the direct financing for the 2007 campaign confirmed us that the cost of the winner candidate campaign was Q300.000.000. Because of lack of direct information, let's assume a low hypothesis of expense in 1999, and let's say that it was approx. Q100.000.000. This means that the real contribution from Llorc to Portillo was not significant; at least it does not match with the power assigned to the former. The judicial information does not provide any clues about the disproportionate origin of the Llorc's power in that Administration. But, as mentioned above, he had determinant connections with Alvarado MacDonald and later with Ortega Menaldo, which indicates that, his position within the network really was determined by those parsonages and because it was in favor of its interests, not much because for the significant of the campaign contribution. So the truly origin of the Llorc incidence over the Portillo decisions, still remains to be see.

for such assistance in that moment? “*There was no promises*”, Llort Quiteño said, “*but they offered him a position in exchange for the grant.*”

The document kept by the lawyer of New York in his folder in March 2008, was a “time bomb” that was to explode two years later in the Guatemalan courts. There is no evidence of the exact time when Llort Quiteño turned into a protected witness of the United States justice system, nor does a record exist of the time when he disclosed such details to the investigators.

Juan Luis Florido, former general prosecutor of Guatemala, said that while the Prosecutor’s office acted against the Guatemala Corruption regarding the case of fraud in *Banco de Credito Hipotecario Nacional* (CHN), Guatemalan investigators traveled to United States to interview Llort.

It is possible that his tale has been made at different times. And the lawyer’s folder that kept such testimony contained the precise information he had provided during the interviews. Years after, in January 2010, this testimony became the foundation of an accusation that the United States Court for the Southern District of New York pronounced against the former president of Guatemala, Alfonso Portillo. By the time this Book will be published, the extradition process will be ongoing.

## **The Marrow**

The CHN is a semi-state bank, as explained above. The soundness of CHN has been a subject matter of concern for the Superintendent of Banks of Guatemala, due to the extreme interference of political interests during its various administrations. As a matter of fact, the official reports in the year 2000 included it together with the Alvarado MacDonals’ banks as one of the five banks in the system with insolvency risks. The arrival of Llort Quiteño to the Board of Directors of this institution, at the beginning, appears to be as a fortuitous one. And, although it seems at first sight that it’s the reward for the favors granted during the electoral campaign (Q1.2 million of reasons for such appointment), the testimony of the Llort Quiteño himself reveals that putting him at the head of such bank is the result of a plan very carefully designed by an acute strategist.



*“I never ever had studied in a university and I know nothing about banking”,* were the words that, according to the Llorc Quiteño’s testimony before American prosecutors he replied, when Francisco Alvarado MacDonald, banker and one of the financial experts closest to Alfonso Portillo, offered Llorc the directorship of the bank. *“It does not matter that you know nothing, people under your command will be in charge of the daily work”,* was the counter-answer, the witness said. Therefore Llorc Quiteño was about to become a banker whose duties were none other than to take a seat and play the game. Would there be a more attractive proposal for a thirty-odd year old man?

In a matter of days, Llorc was appointed as President of the CHN Board of Directors, and soon experts who would help him to undertake key financial operations in such bank advised him. ☺

In the indictment by the United States Prosecutor’s Office against Alfonso Portillo.<sup>43</sup> the appointment is presented as the beginning of a plan through which a series of frauds were going to take place. The following is what the first background section says on this document: *“As President of Guatemala, Alfonso Portillo, the defendant, exercised [d]irect oversight over the country’s two national banks, one of which is Crédito Hipotecario Nacional (“CHN”). In that capacity, an[d] in order to maintain control over various financial transactions at CHN, on or about February 2, 2000, Portillo appointed a co-conspirator not named as a defendant herein (“CC-1”) as President of CHN. With the aid of CC-1 an[d] other co-conspirators... Portillo embezzled money from Guatemalan Government and made a number of fraudulent transactions through CHN.”*

In the following months after his appointment as president of CHN — according to both the statements of Llorc Quiteño and the accusation against former Guatemalan leader — the bank’s directors and conspirators were going to be immersed in a very complex network from which at least three schemes of money laundering were articulated.

Before of all this, Llorc’s luck smiled. The boy played soccer any day whatsoever with the most powerful politicians of the country — really, the most powerful ones. Soccer games appear in his testimony as the convergence spot where retired militaries along with the highest hierarchy

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<sup>43</sup> The trial for Money laundering against Alfonso Portillo, 09cr1142.



officers during President Portillo Administration got together. Therein, in the soccer field, Llorc also met the President of the Republic itself, said Llorc.

In his tale it was recorded that in a soccer match he knew retired General Francisco Ortega Menaldo, former director of intelligence and former head of EMP; colonel Jacobo Salan Sanchez and major Napoleon Rojas Mendez, now Joint Chiefs of Staff, elite unite of the Army in charge of the administrative and security services of the Presidency of the Republic. And from then on, there was a daily contact with General Ortega. It was he who was to provide both clear instructions about the operations that should be executed from inside of CHN, and the transactions to be made by the bank vault itself.

One first instruction consisted of deviating funds from the Social Security. *“Several transferences of several million of Quetzals would be made to CHN; they would come from an account of IGSS.<sup>44</sup> Eight (8) percent of the moneys transferred should be deposited in different accounts: Six (6) percent in Portillo’s and the remained two (2) percent should be distributed between Ortega Menaldo and Napoleon Rojas,<sup>45</sup>”* says the document summarizing the story of former president of CHN.

Llorc Quiteño added that among the recipients of such money, Juan Francisco Reyes Lopez, former vice-president, benefitted. According to his statement, out of the 6% addressed to the President of the Republic, 2% should be for the vice-president.

He claimed that such funds were later transferred to other banks in Guatemala, Panama, and United States. Among these accounts there was one on behalf of Patricia Arana de Ortega —the wife of General Ortega Menaldo — in Hamilton Bank. Although the document never attached any evidence or documents supporting this story, notes in the margin of the text or in brackets points out that the witness not only gave these facts, but also provided documental evidence of each one of his issues.

In the testimony, General Ortega Menaldo appears as the master who gives directions on how the orchestra will perform: One instruction at the end of the first government year was to take Q16 million from the

<sup>44</sup> *Instituto Guatemalteco de Seguridad Social*, (Guatemalan Institute of Social Security), IGSS.

<sup>45</sup> Prosecutor’s Office of Guatemala.

public funds. By that time, the guy had already defined the mechanisms to withdraw money, and the bank functioned as a sort of petty cash of the old military. *“Ortega Menaldo asked for assistance for a percentage of that quantity went to his personal funds,”* he said.

How could a bank operation be sustained with such practices? *“Very easy”*, Llort Quiteño said years after: *“The diverted funds were presented in the financial balance sheets under the item of operational expenses”*. The banker activated the invoice’s black market in order to justify such operational expenses.

The document containing his account also indicates that Llort Quiteño handed over copies of these invoices to the investigators. *“They extended invoices up to a maximum of Q900.000”*, claimed Llort Quiteño, *“and the accounts more used were the ones Guatel<sup>46</sup> and IGSS had in CHN.”*

It took between 6 to 8 weeks to get the Q16 million that Ortega Menaldo had asked for at the end of the year 2000. Part of the funds was used to buy equipment to listen in on telephone conversations; according to the testimony, a house served as headquarters to tap telephones of those persons to whom Ortega Menaldo wanted to listen to at that time, including: politicians, the President of the Republic itself, and journalists, among others.

Ortega Menaldo has denied in writing his participation in those activities that Llort Quiteño alleged he was involved in.

In the witness disclosures before the American justice system, it is not clear how much the President of the Republic was aware about what was happening. Notwithstanding, the indictment by the American Prosecutor’s Office against the former president depicts Alfonso Portillo as the person who ordered all transactions. The US Attorney’s Office turned the Llort Quiteño narrations into legal accusation, and under the title *“Misappropriated Funds of CHN,”* a money laundering scheme was revealed.

*“Portillo and his accomplices created overdrafts in CHN accounts which belonged both to real and fictitious companies (...)”*, the accusation says, *“overdrafts were funded by the CHN public reserves”*. The American prosecutor’s office claims that such overdrafts were also withdrawn and

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<sup>46</sup> *Empresa Guatemalteca de Telecomunicaciones (GUATEL), Guatemalan Enterprise of Communications.*

transferred to buy, among other objects, several for personal use. “*Expensive watches and cars, for example*” prosecutor Preet Bharar says.

What was the *modus operandi* regarding the transactions Llort Quiteño informed to authorities? Inside the bank, the CHN president counted on the collaboration of experts in banking, “minds experienced in the handling of numbers”. The fraud kitchen was the CHN financial sub-management. A testimony given to the Prosecutor’s Office against the Guatemala Corruption disclosed the nature of the operations. Salomón Abraham Molina Girón, who acted as CHN financial sub-manager, stated during the investigation process.

*“In the bank, Jose Armando Llort as president told me that there was a group of companies he trusted in and that he would be responsible for them,”* said the expert to Guatemalan investigators. A lot of corporations were used to generate fictitious transactions through a system to release reserves that were chronometrically executed until being closed as circles. The overdrafts were later endorsed with CHN’s funds.

The following was what Molina Girón told the investigators: *“The operations to release reserves in CHN were executed in the following way: 1. I received calls in a daily basis (partners of Llort Quiteño), they gave me the account numbers and the amount to be released from the different companies (...) 2. Previous authorization from Jose Armando Llort, I released the reserve. 3. The total amount of reserves released was between forty and fifty million of Quetzals a day, which were operated during an approx. term of one year”<sup>47</sup>.*

It is difficult to understand the formula this money was handled with. The key, according to the financial sub-manager testimony, consisted of depositing checks in agencies of a Guatemalan province (*Mazatengano*), releasing the reserve from those funds, while the check arrived from the city for compensation charge. Some days after the arrival of the check, the funds of the CHN itself were covered. This same practice was applied to the foreign currency transactions: *“The operations represented a high risk for the institution, since it can be run the nonpayment risk because of a rejection, such rejections effectively occurred continuously.”* Molina Girón said.

This happened for at least one year, but by February 2001 the Llort Quiteño days were unsustainable in CHN. The Board of Directors itself

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<sup>47</sup> Prosecutor’s Office of Guatemala.

denounced the series of transactions that generated shortages in the bank, and the press headlines already pursued the young banker.

One last order from General Ortega Menaldo was given before Llorc Quiteño left the CHN. In the following nights, large amounts of money would enter, which the bank should then translate into dollars for distribution in different accounts. A total of 3.9 million dollars were taken to the bank vault, whose recipients would count during the morning hours.

The petty officers, now assistants of president Portillo, Salán Sánchez and Rojas Méndez, according to Llorc Quiteño, were the ones who moved the money. The financial sub-manager itself was instructed on this: *“Llorc gave me instructions for the necessary movements in the bank to be done for the vehicles to be able to enter into the central vault, and in turn, to prepare the personnel in the vault area for the respective count and credit of the accounts.”*<sup>48</sup>

According to Molina Girón, it took three nights: *“In each one of such nights a total of 30 million Quetzals entered as follows: Mr. Jose Armando Llorc called me at his office by the time when the person who carried the money was in place, such person accompanied me to the cellar... the vehicle entered... the people who were in took the boxes down and then went away, I indicated that the vault shade were closed and the wad of notes started.”*<sup>49</sup>

Those wads of money came from the Ministry of Defense, according to what the investigations of the Prosecutor’s Office of Guatemala had established. The destination of funds, according to the United States accusation, was diverse: *“For example: a) In or about March 2001, Portillo approved the issuance of two cashier’s checks drawn upon CHN accounts, each for the amount of 2,000,000 Quetzales (equivalent at that time to approximately [US]\$520,000), as payment for a private land deal between Portillo and another co-conspirator not named, as a “defendant herein,”* states the United States formulation of charges.

Investigations have also revealed that Q3.6 million were deposited into the accounts of two companies owned by General Ortega Menaldo. He has publicly justified such transactions with his farm business (this farm does not have to do with the same detailed in the previous paragraph). Other Q4 million were diverted to the accounts of a construction company, owned by Salán Sánchez.

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<sup>48</sup> Prosecutor’s Office of Guatemala.

<sup>49</sup> Prosecutor’s Office of Guatemala.

Time had to pass to determine that these were two different structures to launder money: the creation of false funds, and the reception of state money which then was distributed into different deposits.

The accusation of United States against Alfonso Portillo emphasizes that the creation of fictitious funds moving through the bank system is a scheme that effectively conceals the amount of money that was laundered within CHN.

## **The ups and downs**

The Llorc Quiteño fate was pronounced in weeks. The investigations made by the Prosecutor's Office against Guatemala Corruption — in reply to the reports made to the Board of Directors regarding the illegal transactions and state fund deviations towards private accounts — resulted in a warrant of arrest.

Llorc Quiteño himself revealed before the investigators that General Ortega Menaldo was the person who facilitated his escape: He not only kept him informed about any judicial step, but also let him know by telephonic listening, that Llorc Quiteño had lost the protection of the President of the Republic. By that time the witness left the country to go to El Salvador and start a new life — as a collaborator with the DEA, he infiltrated in the drug trafficking world.

It is not known how this transition took place. And, as a matter of fact, it is uncertain if this witness was already acting as a DEA informer within the bank CHN. His role as a collaborator became public through the case against Byron Berganza, who revealed his role as a collaborator of a drug trafficking.

Byron Berganza was to place a drug lodgment towards the United States, so he needed to be funded: His choice was Llorc Quiteño and Marco Antonio Lara Paiz. The delivery was later known to be an operation controlled by DEA agents, who tracked each negotiation. United States captured two drug trafficking partners, but in addition, it entered into its witness system a golden piece: Llorc Quiteño, whose information allowed unearthing the organization of a very complex network devoted to money laundering.

In June 2004, a press release revealed that Llort Quiteño was in Miami, Florida. Therein, he established a *cluster* of companies, which after some months, were involved in a whirl of frauds. The Federal Commission of Commerce closed these companies, whose headquarters were under raid and its founders put into prison. Llort Quiteño was not included in this claim.<sup>50</sup>

## **Trials and witness**

In December 2010, an embezzlement trial was open against some former public servant of the Guatemalan administration including Alfonso Portillo; this trial is still ongoing in the courts.

The Minister of Defense has been accused as being responsible for the conversion of State funds into dollars that soon were distributed in to different accounts. In the accused list, the colonel and a major, to whom Llort Quiteño pointed out as the persons who carried the money to the CHN vault, also appears.

Both the Minister and the rest of his collaborators in the bank are the witnesses who will determine the course of the trial. More complex trials will be followed to these people: In the original accusation, the Great Jury in charge of the process does not single out an accusation against at least five partners participating in the dance of millions.

The most important person absent in this trial is General Ortega Menaldo. He is a person who is an almost invisible node in this structure — although relevant in terms of connecting Llort and President Portillo (Graph 16). He is not the most connected; in fact, he is number five regarding the quantity of connections, which means that he is an astute person acting under low profile. In spite of his low profile in the structure, the witness points him out as the mastermind designing the network: A director who led the great fraud.

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<sup>50</sup> By the time of drawing up this document, the last information on Llort Quiteño, still not released or confirmed, is that he is wanted by the United States for a new fraud case.

## **Final note**

By the time this chapter was about to be completed, at the final days of 2010, the trial against Alfonso Portillo former president of Guatemala, was waiting to be made before a court in the city of Guatemala.

The defense, until now, has not debated the substance of the evidence: There are four in advance statements from people who took part directly in the transactions, but the defense counsels have not questioned these testimonies. The antithesis to be used to counterattack the detailed versions of this chapter is still unknown. The only known proposal on behalf of the former President of the Republic, is that the Congress of the Republic — when endorsing the General Budget of the Nation of the years following the period when it is claimed the operations occurred — in a tacit way issued a discharge holding the former leader harmless of bad management. This was the defender proposal during the hearing of the opening of the trial.

Regarding the officials Napoleon Rojas Méndez and Jacobo Salán Sánchez —identified as the persons who took the money to the vaults — are waiting for the date for the public trials. The trials will be held at different times because the captures of the accused were made on different dates. They will face trial along with Alfonso Portillo, Eduardo Arevalo Lacs, former Ministry of Defense, and Manuel Hiram Maza Castellanos, former Minister of Finance.

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## CHAPTER 12

### **The laundering network Llord Quiteño: More details and a Guatemalan Epilogue**

*By Edgar Gutiérrez*

The illicit network being analyzed here, addresses corruption and money laundering, amounting to at least 20 million dollars; nevertheless, the total amount is still undetermined. This organization operated around Jose Armando Llord Quiteño between January 2000 and April 2001 and, as previously stated, it used the semi-state bank called Banco de Credito Hipotecario (CHN) de Guatemala as a financial instrument.

Llord Quiteño was about 30 years old by then, and belonged to an entrepreneurial Salvadoran family that had failed in the coffee business. Notwithstanding, he entered the herein documented illicit activities due, among other reasons, to a financial contribution given to the campaign for the candidate to the presidency Alfonso Portillo in 1999 and to his family social connections. His contribution was about US\$150,000; an amount that resulted from his own resources plus other collected resources. Unskilled in banking and without any specialized skills, Llord was nominated by engineer Francisco Alvarado MacDonald the main financial expert of Portillo, to be the Director of CHN.

So, out of these kind of relationships, a corruption and financial fraud network was woven — involving high officers of Portillo government, financial experts, retired military personnel and young ambitious



entrepreneurs who were familiar with performing high-risk speculative operations. This time, the difference is that they did not risk their own money, but instead, public resources.

The Llord biography associated with crime, and otherwise irregular activities, had antecedents in El Salvador and Guatemala. He continued after the Guatemalan judicial persecution with these practices in CHN. In 2003, in El Salvador, he was entailed with Guatemalan drug traffickers, and in 2004, in Miami, Florida, participated in a company that cheated Latin immigrants, when he already enjoyed, by petition of DEA<sup>51</sup>, the status of protected witness by the United States authorities.

The public judicial records of the United States do not establish at what time Llord Quiteño became a collaborator, but it is clear that his testimony was not used by the US Attorney's office in New York against his ex-partner, the Guatemalan drug trafficker Byron Berganza — notwithstanding the insistent petitions of the defense as well as the fraudulent actions in Miami didn't bring legal consequences. By November 26, 2010 a videoconference by Llord was scheduled as part of the trial for diverting money that the Guatemalan courts carry out against former leader Portillo. His statement is one of a series of formal petitions of extradition on the part of the American and French authorities for alleged money laundering, using his banks.

There are up to four crime networks to speak of in three countries, with Llord Quiteño as a common denominator. However, the case we are dealing with is focused in the Guatemalan CHN, for significant and obvious reasons. One is the fact that it shows vulnerability of the state financial system because of the reproduction of mutual favors like the payment of campaign bills, which occurs in a high-discretion environment, finding a way round the weak state regulation. Unlike Colombia, where some rules and norms have been reconfigured from agreements between legal agents and powerful criminal agents, in Guatemala, as above mentioned, this deals with failures at the bottom of the legal system and with the improper

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<sup>51</sup> Still, at the end of the year 2010, there is news that Llord is linked -still to be proved- to a fraud charging services of cellular telephony in the United States. This new information comes from an alleged affected which by the time of publishing this report, has not presented a formal accusation before the pertinent institutions.

functioning of the prevention, control and penal persecution mechanisms — protected by system of impunity. The second reason is that the CHN case was taken to court in Guatemala, and the procedural file, which is the evidence of the criminal investigations, has been at hand. The story herein recounted, with merely interpretative purposes, as a contribution for the academic debate, comes from a firsthand observer — the author, who by then was the secretary of Strategic Analysis of the Presidency.

## **New network, old actors**

Alfonso Portillo was “uncovered” as a formidable presidential candidate at the end of 1995, three months before the general elections in November when he lost by a narrow margin of votes. Portillo wanted to be the President, so he went from one party to other, and finally, in his capacity of deputy of *Democracia Cristiana* Party, he made a political and electoral agreement with *Frente Republicano Guatemalteco* (FRG) Party, led by General Efraín Ríos Montt. The FRG was created in 1990 and it became an ascending force — thanks to the popularity of Ríos Montt — associated with both strong and extreme security policies and an unshakable anticorruption religious moral, translated into a political speech: “*I don’t steal, I don’t lie, I don’t cheat*”, was the popular slogan of his party.

After a controversial legal process, eventually the Constitutional Court denied Ríos Montt the right to run for the presidency. A Constitutional article (186a) prohibits running for president or vice-president of the Republic to “*leaders or heads of a coup d’état... which have caused a constitutional breach...*” On March 23, 1982, Ríos Montt assumed the leadership of a *de facto* government after being called by a group of young officials who overthrew another military, General Romeo Lucas García. The FRG leaders discussed who could take the position of the veteran General, and it was Ríos who eventually decided to support Portillo. His charisma and oratory ability made him an insurmountable candidate, in spite of the fact that his leftist antecedents made him suspicious before influential partners of a party sustained over the neo Pentecostal basis and of old officials of the Army, like the FRG.

Not only the politicians discerned the promissory political future of Portillo, but the campaign's financial experts and officials of the military intelligence, who protected him when returned from the exile when the democratic regime was recently re-inaugurated in 1986, also believed in him. Democracy coexisted with the internal armed conflict sustained by the Marxist guerrilla since the 1960s decade, and military kept a strict control over dissents, supporting the civil government as well. Extrajudicial executions, forced disappearances, and torture cases were common — this caused huge international problems to this democratic regime, but even so, it remained in impunity. Frightened prosecutors and judges avoided identifying the responsible ones.

The main personages of the Llord network appear early in the life of candidate Portillo. In essence there are three, who had coincided in former governments. The most important one — for his participation in the security machinery — is retired General Francisco Ortega Melando, who accompanied Portillo, when recently returned from his exile in Mexico and introduced him as a professor in the military circles. By then, Ortega Melando was the Director of the fearsome G-2, otherwise known as Directorship of Military Intelligence. Due to the skill as strategists of this kind of parsonages, is that in the Graphs derived from the judicial process, they do not appear as principal actors. But for those who know the power they had exercised, it remains clear that criminal investigation has serious deficiencies. In fact, part of the exercise of its power consists of being a “unknown” actor.

The second personage is the financial expert Francisco Alvarado MacDonald. No doubt he was the main personal financial expert of Portillo in his campaign of 1995, but especially in 1999 — and during all the period of proselytism in between the two elections. When Portillo finally won the Presidency, with very good popular support, Alvarado MacDonald was already prepared for moving ahead his ambitious plans to control strategic areas of the government: The economic cabinet and the Monetary Board were the key bodies of the State, but especially important was the access to liquidity in order to operate his own two commercial banks: The *Metropolitano* and the *Empresarial*. In his office, located in the exclusive zone 10 of Guatemala City, where Portillo used appointing his future officers, Alvarado MacDonald kept a detailed organization chart

of the Government fixed on the wall, where he wrote down the names of the candidates he suggested.

The third personage of the network really corresponds to two former less-rank military intelligence officials, who were tactic security chiefs of the candidate and later of the President Portillo. They were the retired colonel Jacobo Salán Sánchez and retired major Napoleon Rojas Méndez. From the year 2000 on, they acted as *de facto* chiefs of the Presidential Staff (EMP),<sup>52</sup> a body under the civil Presidency but militarized. They replicated the command chains of the Army, were in charge of the President and its family security, managed the Presidential House and zealously dealt with its logistics. Salán Sanchez and Rojas Méndez already were out of the Army structure, but Portillo took them on as advisers, and in practice, they gave orders to EMP; they were the people that he trusted.

In this scheme the only new parsonage was Llord Quiteño. The way he is described in the judicial documents, his insertion in the government, and then in the corruption and money-laundering network, clearly reflects an ambiguous field between meticulous planning and apparent spontaneity with which the cunning men operated. But the official documents also show that Llord network had some tactic operational scopes, whose real dimension was shown when they were part of a broader gear, including strategic institutions such as *Banco de Guatemala*, the Ministry of Public Finance, the Ministry of Agriculture and the Tax Administration Superintendence, the Monetary Board, integrated in part by the economic cabinet (where it competed with the interests of the traditional entrepreneurs), and the Board of Directors of the mixed banks such as the *Banco Rural*, and the problematic and almost non-functional CHN and *Banco de los Trabajadores*. Through this constellation of institutions passed the structural public funds. However, Llord lacked the knowledge to understand the major game.

Alvarado MacDonald did have such knowledge, and he was to become the Czar of a State co-opted reconfiguration. Ortega Menaldo, an official who hung round the power since early 1970, when he married Mrs. Patricia de Ortega, the daughter of the then President, General Carlos Arana Osorio, also appears in the Llord network as recipient of money

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<sup>52</sup> *Estado Mayor Presidencial.*

transferences from CHN. Alvarado MacDonald and Ortega Menaldo knew each other since mid 1970s, when the former got the contracts for the reconstruction of public infrastructure devastated by the earthquake of February 4, 1976. These contracts were awarded directly by the Army through its high-ranking officials, including the Ministry of Finance Marco Tulio Bucaro. In floor 16 of the Public Finances Building at Civic Center, a secret body of intelligence operated, which was responsible for customs control and smuggling repression, as well as persecuting political opposition. “*La Regional*”, was the name of this office, which was under charge of Ortega Menaldo. Incidentally, this office was also connected to the Presidency of the Republic, and operated the largest and more sophisticated smuggling network that later operated as a true mafia — extorting traders and creating unfair competition. “*La Red Moreno*,” as it was known, evaded its taxes in a sum of about 1,500 million dollars between 1970 and September 1996, when it was partially dismantled.

Alvaro MacDonald and Ortega Menaldo worked again between 1991 and 1993 for President Jorge Serrano Elias. The former was his financier, and in return for his services he was awarded with some business, and the latter was in the position of head of the powerful EMP. Both lost much power when Serrano Elias failed in May 1993 in a Coup d'état similar to that of the Peruvian President Alberto Fujimori. But none of them were charged with criminal or administrative responsibilities after the Serrano overthrow.

### **The failure of Llort network**

The proximity of Alvaro MacDonald to the Portillo government was earlier announced by the traditional oligarchy, identifying MacDonald as the main threat for its *status quo*. The written press noted also the Ortega Menaldo's influence, of which they had bad memories: The repression against some of its editors and journalists during the government of Serrano Elias. Those two groups were joined by human rights NGOs, which have set a crusade against Rios Mott and those militaries involved in violations against the civil population during the armed conflict. The ONGs not only had media presence, they also were interlocutors of the international community; its presence was discrete but influential in the

main capitals of the international debate on human rights violations — Washington, Brussels and Geneva.

The most influential oligarchs met President Portillo and displayed their own organization charts of key public administration offices. In those Ministries where Alvaro MacDonald had lots of influence, they drew “sad little faces”; otherwise they drew “happy little faces.” This happened behind the scenes, while the media released the scandal: Alleged underground networks dominated the Portillo’s administration as from corrupt parsonages such as Ortega Menaldo, Salán Sánchez and Rojas Mendez. Embezzlements, frauds and other acts of corruption hit the daily headlines of the newspapers. At the international level, the NGOs denounced a return to the ominous past of human rights violations, the reactivation of paramilitary bodies, and threats against humanitarian activists. In practice, as John Maisto, by then an adviser of the White House’s National Security told me in 2002, there was a strange alliance “unique in Latin America” between “oligarchy and progressive groups.”

Alvaro MacDonald’s operators ended up being less efficient than what was expected, notwithstanding its broad experience in public administration. Perhaps because its successes have been celebrated in an authoritarianism context, when the only presence of military governments induced self-censorship or the media servility and when there were no civil authorities to audit the administration of public resources. The fact is, one by one, the Alvaro MacDonald’s followers at the economic cabinet started to fall, and therefore also in the Monetary Board. The first to fall was the president of *Banco Central*.<sup>53</sup> Then, amid the scandals of the transference of public money to sustain the banks of the financier, the Ministry of Public Finance, and later, the Ministry of Agriculture, also fell, among others. The aggressive attitude of the representatives of the entrepreneur in *Banco Rural*, *Banco de los Trabajadores* and CHN also aroused hostilities among cooperatives and middle entrepreneurs.

President Portillo gradually started dwindling trust and room to Alvarado MacDonald, until the definitive split occurred. That was in April 2001, which coincides with the uncovering of the Llort network. In disobeying the president instructions, the Minister of Finance, Manuel

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<sup>53</sup> Central Bank.

Maza, transferred hundreds of millions of dollars to the Alvarado MacDonal's banks. The new president of *Banco Central*, Lizardo Sosa, a renowned technocrat and old comrade of the President in *Democracia Cristiana* Party, warned about the risks of turning the State liquidity and reserves into a "bottomless pit." Engineer Alvarado — explained Sosa to Portillo — does not want to save his banks, he is just looking for injecting public money to them for other businesses, that is, expired debts and risky investments. Other advisers warned the President: You may be facing a case as that of the Mahuad in Ecuador, where he put public finances at risk on behalf of his banker friends — financiers of his campaign — who at the end caused a "*corralito*"<sup>54</sup> the economy went bankrupt and President was overthrown amid the chaos.

The result of the high-risk financial operations and the reasoning on the possible political consequences, was that Portillo ordered the intervention of the Alvarado MacDonal's banks and, therewith, finished not only the coexistence marriage between them, but also the ambitious project of Co-opting and reconfiguring some specific rules of the State: In the short run, liquidity for its banks; at middle run, restructuring of the models of grain import; and at long run, the structural control of the mixed bank system.

When Alvarado MacDonal was expelled from the Government, he started lobbying in the courts, but even so, he was put into prison for several months and his star stopped shining.<sup>55</sup> Ortega Menaldo — the CIA second most important man as interlocutor of Central America during the Cold War, after General Manuel Antonio Noriega of Panama — is an impassive ghost. Portillo was, after almost five years of a legal lawsuit, deported by Mexico in October 2008 and incarcerated in January 2010 in Guatemala FTER a petition of the New York US Attorney's office, with

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<sup>54</sup> Literally a "small enclosure" or pen, a "*corralito*" is the informal term for fiscal measures to contain financial insecurity such as bank runs. The term was popularized during Argentina's economic meltdown of 2001.

<sup>55</sup> This, in spite of his reiterated attempts, under the government of Alvaro Colom (2008-2012) to gain control in the also semi-state *Banco de los Trabajadores*, and keeping still disputes of commercial representation (such as the firm Mercedes Benz, for local sale of vehicles) and many others, among them the snatch of Evelyn Morataya's -former wife of Portillo- house which was left under a corporation of Alvarado MacDonal and whose shares Alvarado would stray.



the concurrence of CICIG.<sup>56</sup> As previously stated, he is waiting for the trial; after which he must face an extradition lawsuit from a prosecutor's office in New York.

Salán Sánchez and Rojas Mendez were also put into prison, for the same charge of Portillo (for diverting public funds through CHN) and their cases continue to be under investigation. Llord Quiteño, as abovementioned, continues living in the United States as a potential witness, but operating fraudulent activities. In the end, it is unknown if he is part of an infiltration plan to authorities, or if it is a result of his pathological behavior.

## Epilogue

What was this case of corruption, fraud and money laundering all about? It was part of an assault design on part of the emergent economic powers and military networks —traditionally criminal, but now repudiated by the oligarchy to which it served in the period 1970-1990 — to reconfigure the Guatemalan State. The fate of Alvarado MacDonald and the others seem written. But just in 2003, during the Portillo government, Guatemala negotiated with United Nations the creation of an unpublished entity, now known as International Commission against the Impunity in Guatemala (CICIG), whose mission is to identify and dismantle such criminal networks, which are not ordinary enemies of the democracy and freedoms. Given the weakness of the Rule of Law, those networks conspire to capture and reconfigure the State machinery. Alvaro MacDonald was the head of one of those networks, but it was not the only one — not even the most powerful. When CICIG was finally established in Guatemala, at the end of 2007, the analyzed network was falling into decline, and a most traditional one was rising, which was a central part of the unknown coalition “oligarchy and progressive groups,” cited by adviser Maisto. In addition, it continues to be well seen by the concurrent international community, although something has changed as from August 2010 and on.

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<sup>56</sup> *Comisión Internacional contra la Impunidad en Guatemala* (CICIG), that is International Commission Against Impunity in Guatemala.



Under the government of Oscar Berger (2004-2008), a powerful group of the oligarchy created a criminal network which covered both drug trafficking and money laundering, according to judicial testimonies of CIGC, and apparently to subsidize red light bulbs of insecurity. Carlos Vielmann, former industrial and security operator of the oligarchy was its head, as a Minister of Governance, and officially operated with Vice-president Eduardo Stein, an international bureaucrat in good standing with OAS and UN.

Vielmann and his criminal network also fell under the lens of CICIG, and now they are indicted. Spain, Switzerland and Austria, where the main ringleaders looked for refuge, now form part of the legal controversy. But those two are not the only networks. The overlapping, interlinked political/military/business networks constructed in the aftermath of the 1996 Peace Agreements in remain in force. These relationships sustain the mafias that continue operating to capture and to reconfigure the State in Guatemala. This process sometimes involves the complicity of the mass media and certain entrepreneurs, other times it relies upon weaving alliances with political parties. Up to now, these two networks — because of internal contradictions, and otherwise because of the international surveillance — have failed. But the threat continues, and it will not be stopped until Guatemala decides to undertake the way of reconstruction of a truly democratic State, under both the individual and social values it implies.

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# PART IV

## THE COLOMBO-MEXICAN NETWORK: CONSOLIDATION OF TRANSNATIONAL DRUG TRAFFICKING

*“This illegal business could not have been as successful as it has been in a scenario of war between Colombians and Mexicans drug traffickers”*

– Luis Astorga

*“Although it seems that an important part of the drug trafficking links between Colombia and Mexico have been dismantled, the fact is, the drugs and money flow have not been stopped”*

– Francisco Gómez

*“What draws particular attention about this network, is the close connection and combined work between the Mexican and Colombian drug traffickers.*

*This collaboration can even be described as relatively harmonious”*

- Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán

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# The Mexican Cartels

*By Francisco Gómez*

### **Mexican cartels nowadays**

In looking at the structure of the Mexican cartels over the last ten years, various changes can be seen. These include significant changes — the death and capture of several leaders have led to a necessary sophistication and globalization of its operations, and an alteration of the territorial planning of drug trafficking. Those changes allowed cartels to increase their corruption power and their influence in the political and economic spheres — new bosses or criminal capos appeared, and some were able to extend their territories, markets and routes. These cartels have also diversified their activities and made incursions in kidnappings, piracy, extortion and protection selling, and synthetic drugs production and trafficking.

In the course of this last decade, the organized crime groups devoted to drugs, established pacts, broke alliances or came face to face each other; in addition, they created armies of hired killers, and have made violence their cachet. The armed operations of these criminal organizations evolved until they began using terrorist tactics against governmental forces eroding social order. Places like Tamaulipas, Chihuahua, Sinaloa, Guerrero and Michoacán have become impassable regions that are under some degree of

control by these criminal organizations. The Cartels maintain operational centers spanning almost entire Mexican States.

Today, no one is free from the danger represented by these criminal organizations and their growing corrupt power in political and social spheres. This is demonstrated by the number of infiltration cases discovered and documented by the Mexican press in political parties, government environments, and in police forces across Mexico (in the past, they mainly focused their interest on the federal police forces). Additionally, the criminal organizations rely upon an increased level of sophistication to advance their interests in the political arena and capital through the financial system. The cartels are global actors with transnational operations. This allows them to have cells in Colombia, Perú, Argentina Brazil, Guatemala, El Salvador and Venezuela. Now they are also detected in Europe—for example, in Spain and Italy—and their operations have even been detected in African territory, mainly in the Guinea-Bissau zone.

These narco-criminal organizations also employ very effective intelligence systems. Their channels of communication are at least as sophisticated as those of the military—even using open source means such as Facebook and Twitter, in order to communicate with each other using their own codes and keys. Currently, they also use YouTube to send messages to both their enemies and society at large, loading videos on the Internet depicting kidnappings and murders. *“It is obvious that cartels have adopted new technology and transfer knowledge almost immediately”*, said Ghaleb Krame, a specialist in national security subjects of Alliant International University’s Mexican Campus.

As a witness of this evolution, former Prosecutor General of the Republic of Mexico, Sergio García Ramírez, asserts that organized crime, and particularly drug trafficking, have progressed in a significant way—not only in Mexico but throughout the world: *“Our country is part of a world anguished by the advance of the organized delinquency, it is also a victim and is now facing growing challenges at local and international level by this kind of crimes which have forced the government to participate more and more in very complex crime networks persecution which represent serious risks.”*

These organized crime partnerships have expanded, are far more numerous, and have become more sophisticated at an international level: *“Unfortunately, we got here crime networks which go beyond our country, and*

*the complexity of such criminality is growing, more and more concerning, and demands a firm and effective reaction by the State*”, explained García Ramírez during an interview at Institute of Legal Investigations of Universidad Nacional Autónoma de México (UNAM). The drug trafficking and organized crime groups that operated during the 1990s were different than what we are facing in the early 21<sup>st</sup> Century. When facing development and evolution of drug trafficking organizations, nations must strengthen their security institutions and justice; this point was made clear by sub-secretary of Federal Public Security (SSPF), Eduardo Ramón Pequeño, during the same discussion meant to promote the knowledge of the recent legal reforms on the fighting against the organized crime passed by president Felipe Calderón Hinojosa.

Bearing in mind this transformation, and the impressive power of Mexican cartels, a brief introduction to their structures and characteristics is presented below.

## **Tijuana Cartel**

The Tijuana Cartel’s operational area is mainly focused on Baja California, specifically in Tijuana. This is one of the most important borders with the United States, being adjacent to one of the richest states in the United States, California, which has a large market for drug consumption. Its influence stretches to other states such as Baja California Sur, Sonora, Sinaloa, Nayarit, Jalisco, Michoacán, Estado de Mexico and the Federal District. The Arellano Félix Brothers maintained amazing power until a couple of years ago, when there was an internal uprising in the organization. One of its figureheads revolted against the power of the clan that was established on that border by Benjamin Arellano Félix, who was already under arrest and about to be extradited to the United States. After the capture of Francisco Rafael in 1993, the big blow to the group was the killing of another brother, Ramón, in 2001, when he was at the peak of his confrontation with other bosses of Mexican drug traffickers including: “El Mayo” Zambada, “El Chapo” Guzmán and “El Güero” Palma.

The capture or death of his other accomplices in the course of this decade paved the way for a crisis within the organization, which then

detonated after the arrest of Francisco Javier, “*El Tigrillo*”. The last and most recent capture of the other brother, Eduardo “*El Doctor*”, put in check the family control of the criminal group, which resorted to kidnapping and extortion in order to be funded. Now Fernando Sánchez Arellano, a nephew of the Arellano Felix, “*El Ajustador*,” is in charge of the cartel management, and successfully faced the insubordination of Eduardo García Semental, “*El Teo*”, who challenged him for the command of the criminal group until his recent capture in 2010.

## **Juárez Cartel**

The Juárez Cartel is also known as the “Carrillo Fuentes family” or “La Línea” organization. Currently Vicente Carrillo Fuentes, a brother of the late Amado Carrillo Fuentes, known as “*El señor de los cielos*” (“The Lord of Heavens”), directs this cartel. Another of his brothers, Rodolfo, “*El Niño de Oro*” (“The Golden Boy”) was also killed in a similar manner as the other brother named Cruz. A son of Amado, Vicente Carrillo Leyva, who considered himself part of the command structure of that organization, was arrested in 2009.

The operations center of this cartel is located in Chihuahua, specifically in the City of Juárez, but his influence stretched mainly to Sonora, Coahuila, Sinaloa, Durango, Nayarit, Jalisco, Morelos, Tamaulipas, Veracruz, Quintana Roo, Chiapas, Zacatecas, Michocán, Querétano, Oaxaca, Nuevo León, Yucatán, Campeche, Estado de Mexico and the Federal District.

Currently, the group known as “*La Línea*” keeps a fratricide struggle in Chihuahua with former allies, “El Mayo” Zambada, “El Chapo” Guzmán, and members of the organization of the late chief Ignacio Coronel. As a matter of fact, it is for this reason that the Chihuahua state ranks first among the state regions with the highest levels of violence in Mexico.

## **Sinaloa Cartel**

The Sinaloa Cartel, currently considered the most powerful and dangerous cartel in Mexico, is distinguished for keeping diverse fronts



of struggle with other organizations. Such fronts are: Sinaloa, Coahuila, Durango, Chihuahua, Sonora, Baja California, Tamaulipas, Nayarit, Jalisco, Guerrero, Michoacán, Colima, Veracruz, Aguascalientes, Estado de Mexico, Morelos, Tabasco, Campeche, Chiapas and even the Federal District. However, its method is different, as its intention is not to directly confront the authorities.

The leaders of this organization are Ismael “El Mayo” Zambada, Joaquín “El Chapo” Guzmán and Juan Jose Esparragosa Moreno, “*El Azul*”, and until very recently, the late Ignacio Coronel, “Nacho Coronel”. All of them have signed an agreement that has allowed them to control a vast zone of the Mexican territory. Its leaders undertook the first visible dispute of drug trafficking in Mexico against brothers Arellano Félix, whose most renowned chapter happened in 1993, involving the homicide of cardinal Juan Jesús Posada Ocampo at the Guadalajara airport.

The Sinaloa Cartel participated with the Juárez Cartel and Beltrán Leyva brothers in a federation of cartels known as “*La Federacion de Carteles*” (“The Cartels Federation”), around 2006.<sup>57</sup> One objective of this Federation, among others, was to stop the advance of “*El Golfo*” and “*Los Zetas*” cartel(s), but this weak alliance was broken when Rodolfo Carrillo Fuentes, “*El Niño de Oro*” (“The Golden Boy”), was killed. The Federation was completely over in January 2008, when Alfredo Beltrán Leyva, “*El Mocho*”, the youngest brother in this gang was detained. A former partner was implicated as being responsible for the capture.

Currently this cartel has opened fronts against its former allies in Guerrero, Morelos, Federal District, Estado de Mexico, Michoacán, Chihuahua, Durango, Sonora and Tijuana. However, it has also suffered some hard blows with the capture of its main operators, Joaquín Guzmán Loera, “El Chapo” (“Shorty”), Vicente Zambada Niebla, “*El Mayito*”, and Jesús Zambada García, “*El Rey*” (“The King”), a son and a brother of “El Mayo” Zambada respectively, as well as two nephews of the latter. To the foregoing, the death of Arturo Guzmán, “*El Pollo*” (“The Chicken”), a brother of “El Chapo Guzman” is added.

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<sup>57</sup> See: Alianza entre narcos forma nuevo cártel, “La Federación”: DEA, Aug. 18, 2006. <http://www.eluniversal.com.mx/notas/369575.html>.

## **Gulf Cartel**

The scope of this criminal organization stretched from Tamaulipas, its main operation center, to Coahuila, Nuevo León, Durango, Zacatecas, San Luis Potosí, Aguascalientes, Hidalgo, Estado de Mexico, Federal District, Puebla, and all along the coast of the Gulf of Mexico, where Veracruz, Tabasco, Campeche, Yucatán and Quintana Roo are integrated. It is also present in Michoacán, Guerrero, Oaxaca, Jalisco and Chiapas.

Juan García Abrego and Osiel Cárdenas Guillen make up the identity of this criminal group. One important aspect to take notice: Osiel Cárdenas Guillen made an unprecedented decision to insert his hired killers, “Los Zetas,” into his management staff. This criminal organization was under this scheme until early 2010 when the hired killer group rebelled against its creators for control of the cartel management.

What started as a profitable alliance for the leaders of Gulf Cartel ended up in a revelation of what it always was: A weak verbal agreement that no one honored. This confrontation has plunged the State of Tamaulipas into its worst insecurity crisis, as of yet. For example, a candidate who ran for governor in the State of Tamaulipas was killed by a “Los Zetas” command, apparently as revenge because this politician had some agreements with “El Golfo.”

Until November 2010, the leaders of Gulf Cartel were Jorge Eduardo Costilla, “El Coss”, and Antonio Ezequiel Cárdenas Guillén, “Tony Tormenta”, but following Tony Tormenta’s death on November 4, 2010, at the hands of The Mexican Marines, “El Coss” was placed as the new and absolute chief of this criminal organization.

The new absolute leader of the group now aims to confront its former allies “Los Zetas” with the help of other criminal organizations, such as “La Familia Michoacana” and the Sinaloa Cartel. It is foreseen that this tacit alliance may provoke an even larger wave of violence in the State of Tamaulipas.

## **Los Zetas**

The United States government considers “Los Zetas” a cartel due to its organizational size, its reach, and the war-like power they have displayed

in Mexico nationwide. Currently, its positions are focused in those States under the control of the Gulf Cartel. According to different opinions, this group, whose leaders are Heriberto Lazcano Lazcano, “El Laska”, and Miguel Treviño “El 40”, was consolidated and had taken the main routes once operated by “El Golfo.”

Los Zetas — which began as a group made exclusively of elite military personnel, even recruiting Guatemalan Kaibiles soldiers, considered among the most violent and dangerous — have had confrontations against “El Chapo” Guzmán and the Beltrán Leyva brothers, which is renowned as one of the cruelest confrontations in the states of Guerrero, Morelos and Michoacán.

However, since August 2008, the authorities of both the office of Prosecutor General of the Republic and the Federal Public Security Secretariat presented some evidence that resulted from the fracture of what was referred to as “La Federación” — the union of all the Sinaloa cartels. According to these sources, “Los Zetas” made an agreement with the “Beltrán Leyva Brothers” cartel, and to this day, they continue to work as partners in some of the state entities where both organizations are involved. This includes the Tamaulipas border and surrounding states of the Pacific coast such as Guerrero and Michoacán, and in the central area, such as the State of Mexico and the Federal District.

Another of the fiercest disputes sustained by “Los Zetas” is against “La Familia Michoacana”, after being allied for a short time in order to confront the Sinaloa Cartel in Michoacán. But once the Michoacans assumed the control of its entity, they put aside “Los Zetas” and the latter reacted with all its potential firepower against the former.

This group of ex-militaries, operating first as hired killers and then as chiefs of drug trafficking, has written one of the most violent chapters in Mexican history through its confrontations with other drug trafficking groups.

## **La Familia Michoacana**

Although this cartel will be analyzed in detail bellow, it is enough to state that its zone of inflence includes the states of Michoacán, Guerrero, Estado de Mexico, Federal District, Guanajuato, Aguascalientes, Querétaro

and Hidalgo. This is the most recent cartel among the most powerful ones, but is not the least dangerous. The history of “*La Familia Michoacana*” (“The Michoacán Family”) is recorded with birth certificate: It was publicly introduced in Michoacán in 2006, by a flyer in newspapers of this entity.

This criminal organization was created as a consequence of the breaking between brothers Valencia and Carlos Rosales, factions settled in Michoacán, Jalisco and Colima. However, once both factions were confronted, the Valencia Brothers aligned themselves with the “Sinaloa” Cartel, and Carlos Rosales with “El Cartel del Golfo” (Gulf Cartel). In the end, Armando Valencia Cornelio and Carlos Rosales were detained, so the drug dealers of Michoacán broke their alliances and declared war against the “El Golfo” and Sinaloa Cartels.

In this way, “La Familia Michoacana” was born: A criminal group operating between extreme violence and religious fanaticism and led by Nazario Moreno Gonzalez, “*El más Loco*” (“The Craziest”), who was captured at the end of 2010; José de Jesus, “El Chango” Mendez; Servando Gómez, “La Tuta”; and Enrique Plancarte, “El Tio”. This group is well known because the decapitation of its enemies and leave messages on their bodies such as: “*your crime was a divine deed*”. Its war strategy is similar to terrorist acts — including direct attacks to federal headquarters and policemen kidnapping, as was the case after the capture of Arnolando Rueda Medina, “La Minsa.” But neither the capture of deputies nor the confiscation of arsenals, have stopped the firepower and mobility capacity of the criminal organization.

## **Beltrán Leyva Network**

Another family clan turned into a cartel is the “Beltrán Leyva Brothers” Cartel (Beltrán Leyva Organization), which is commanded and led by Hector Beltrán Leyva, “El H”, due to the recent death of their brother Arturo Beltrán Leyva, “El Barbas. This group caused and continues to cause a great shock on a domestic level, with bloody confrontations, first against “Los Zetas” (who are now its allies) in Nuevo León, Tamaulipas, and Guerrero, and now against its former partners and the Sinaloa cartel members — a war reaching the states of Sinaloa, Jalisco, Estado de Mexico, Morelos and the Federal District.

Although its confrontations with “Los Zetas” were considered to be bloody ones, its breaking with Sinaloa Cartel caused a very violent war following the detention of Alfredo Beltrán Leyva, “El Mochomo”, the youngest of the criminal dynasty. The Sinaloa Cartel accused “El Chapo” Guzmán as the person responsible for this arrest. The revenge between both groups has grown so large, that the Sinaloa State has become divided by zones: Little towns and districts belonging to one or the other faction. Without giving or asking for a truce, the Beltrán Leyva brothers supported Edgar Valdez Villarreal, “La Barbie”, as their main shelter and attack weapon to use in confronting their enemies. Or at least, that was what the Beltrán Leyvas thought until December 2009, when the details of the death of Arturo Beltrán Leyva, “El Barbas,” were revealed. He accused “La Barbie” (detained in September 2010) of treason and being the facilitator of El Barbas’ death. Then a new battlefront was opened with the “Barbie” and his people. Confrontations have provoked a murderous wave in Guerrero, Morelos and Estado de Mexico, between these two factions causing a series of great military operations to capture its leaders.

The borders where Beltrán Leyva’s criminal organization operates are identified by its corruption and infiltration power. They are the leaders of the last decade’s greatest official corruption scandal, the so-called “Cleaning Operation.” It was given this name because they infiltrated not only the structure and commands of the most important governmental war body against the Mexican drug trafficking, the Sub-Prosecution Office of Specialized Investigation on Organized Delinquency (SIEDO), but also the Embassy of the United States where they had an informant.

Following the death of Arturo Beltrán Leyva, this criminal organization, in complicity with “Los Zetas,” killed the family of one of the participants in the operation in which “El Barbas” died — who was considered one of the most violent men in the drug trafficking arena. Several of its main operators have been captured, such as Sergio Villarreal Barragán, “The Great”.

# A Colombo-Mexican Criminal Network

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

As illustrated in previous chapters, drug trafficking is not just an illegal domestic business, since its structure implies the establishment of transnational networks. The cases analyzed in this book can be understood within the context of an illegal transactional axis, with a scope covering South America, Central America and the United States. Additional information that is not discussed in this book, allows understanding the expansion of such axis beyond western hemisphere, reaching western Africa and Europe. However, the illicit axis analyzed herein enables the development of any action required to produce and move the narcotics between the two main actors of the structure: The main supplier of illegal drugs and the main market thereof. In this sense, the case of an illicit network as an example of the relations' structure established by Colombian and Mexican cartels to move drugs from Colombia into Mexico and then into the United States is discussed in this Chapter.

As it is presented below, the main activities of the network analyzed in this chapter are the drug dealings between Colombian and Mexican drug traffickers concerning the transportation of cocaine from Colombia into United States trough Mexico. This network also covers money and assets laundering and the transferring of the resources coming from the drug trafficking activity into the Mexican legal economy.

The close connection and combined work between the Mexican and Colombian drug traffickers draws particular attention about this network. This collaboration can even be described as relatively harmonious, since there are no visible rivalries affecting the activities of the network. Colombian drug traffickers analyzed here come from *El Norte del Valle* (North of “El Valle”) region, with its main activity in the city of Cali — the drug trafficking activity was concentrated here after the Medellín cartel lost its prominent role after it was dismantled at the beginning of the 90s. Despite the fact that this analysis is sustained on information from the Mexican judicial system, the main collaborators providing information were Colombian; this illustrates how important the Colombian actors’ participation is to the functioning of this illicit network.

Some leaders of the Juárez Cartel and Sinaloa Cartel are registered in this network. For example, Vicente Carrillo Fuentes, a recognized leader of the Juárez Cartel, who for this case is identified with code LCJVCF, and Ismael Zambada García, identified with code NMCSIZG and member of Sinaloa Cartel, both take part in this network. In Graph 20, LCJVCF, acting as a connection with the Juárez Cartel, appears in green color. On the other hand, NMCSIZG, acting as a link in the Sinaloa Cartel, is identified with the blue color. As it can be observed in Graphs 18 and 19, the most relevant agents in the network do not have direct interactions with LCJVCF or NMCSIZG both in terms of concentration of direct relations and in terms of information arbitration. The last two names appear on a peripheral way, and therefore, apparently have little relevance regarding the articulation in the network. Then, it seems to be that the main nodes/agents articulating the network are responsible for delivering drug loads coming into Mexico from Colombia, which then is sent to the United States by the Juárez Cartel or Sinaloa Cartel.

An important proportion of information used in the present model comes from information compiled and provided by the DEA to Mexican authorities. According to the DEA, there is evidence of the conformation of an illicit organization with operations center located in Cali, Colombia, which has promoted drug trafficking activities by sending drugs to Mexico since 2001. This organization “*is responsible for the transportation of various cocaine loads assured in the territories of Mexican United States coming from [Colombia], whose final destination was several cities in the United*

*States of North America.*<sup>58</sup> Furthermore, according to the DEA, the drug transporting process that started in Colombia, then passed through Mexico, to finally reach United States, is carried out by sea. Although the DEA gathered and provided the Mexican authorities a variety of information claiming the conformation of an illicit network, such information is partial, so most of the members of the network under investigation have not been arrested for the crimes described by the DEA.<sup>59</sup>

Another important fact: the main members of the illicit network develop its activities in Mexico City, where they have “*implemented a series of business devoted to perform several different Operations with resources coming from the Illicit Activities.*”<sup>60</sup> A DEA agent in Mexico reported this information.

Colombians Victor Emilio Valencia Espinosa a.k.a. “El Doctor,” and Leyner Valencia Espinosa a.k.a. “*El Piraña*” lead the network. For this reason, this network is usually referred to as “*Organización Valencia Espinosa,*” Among the judicial actions against the brothers Valencia Espinosa,

*“the Eighteenth Judge of the District of Federal Criminal Processes in the Federal District, by resolution dated August 1<sup>st</sup>, 2004, enacted the provisional arrest for the extradition of Victor Emilio Espinosa, alias “El Doctor”, alias “El Chaparro”, Leyner Valencia Espinosa, alias “El Piraña”, alias “Lucho”, alias “El Conejo”, based on the diplomatic note 1054 of June 30, 2004 undersigned by the ambassador of the United States of America.”*

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<sup>58</sup> (XX1552018, p. 9).

<sup>59</sup> The Mexican Court states that: “*The very assertion of the Anti-Drugs Agency Attaché, of the United States Embassy in this city, that on March 12, 2004, the Great Jury of the South District of Florida submitted an accusation (...), turns out to be insufficient to connect the criminal facts related to the drug uncovered in vessel MACEL, to those now charged, since it can't be ignored that dealing with writs, such statement has not been confirmed with any effective evidence media, so it lacks of juridical efficacy to be taken seriously, without the former prevents the fact that in writs there are evidences regarding the physical existence of the motor vehicles referred, since there is not a diverse evidence to connect them and so this court to grant it a probative value*” (Internal Classification: XX152018).

<sup>60</sup> Internal Classification: XX152018.



So, according to DEA information, Valencia Espinosa Organization “*makes part of the Valle del Norte Cartel*” and it is “*responsible for sending cocaine to New York and Miami, Florida, United States of America, passing by the city of Mexico, at least from January 1999, to March 2004.*”<sup>61</sup>

In the following chapters, the operational objectives and characteristics of this Colombo-Mexican Network are explained in detail. However, in this chapter, it is the analysis of the structure of this network is presented.

## **Concentration of direct relations**

The profile of the relevant nodes in terms of concentration of direct interactions can be identified as follows:

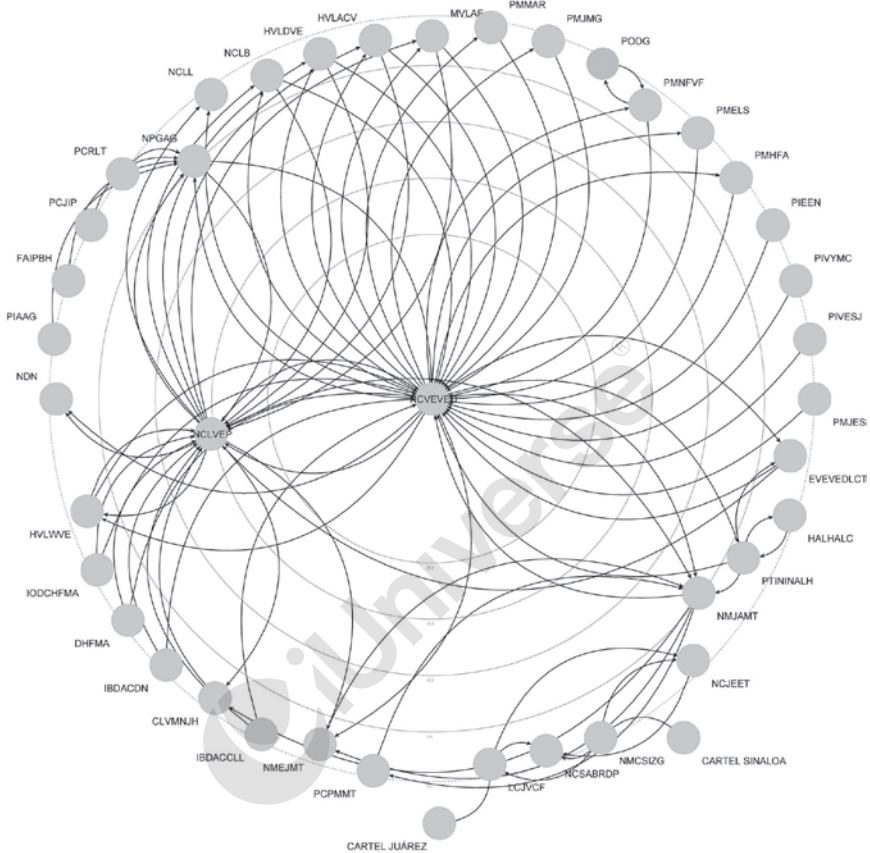
- Those codes starting with letter D are drug traffickers.
- Those codes starting with letters CD are Colombian drug traffickers.
- Those codes starting with letters MD are Mexican drug traffickers.
- Those codes starting with letters PD are “private” drug traffickers, because its affiliation cannot be assigned to any particular cartel.
- Those codes starting with letter P are “private” agents, that is, persons without any formal accusation for any crime, but also they do not perform any public duties.
- Those codes starting with letters PC are Colombian pilots.

When calculating the direct centrality indicator, so as to identify the node/agent with the highest amount of direct interactions, it is found that NCVEVED, alias “El Doctor,” is the hub. It calls the attention the distance, in terms of concentration of direct relations, between alias “El Doctor,” located in the Graph 18 nucleus, and NCLVEP, alias “El Piraña.” The *hub* presents an indicator of direct centrality of 57.1%, while the second core node with the highest direct centrality registers an indicator of 13%. Only four additional core nodes register an indicator of direct centrality higher than 5%: NAPGAG: 9.6%; NMJAMT: 8.8%; PTININALH: 5.7% and PMNFVF: 5.7%.

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<sup>61</sup> Internal Classification: XX152018.

**Graph 18. Uniform radial distribution. Location illustrates the direct centrality indicator (concentration of social relations). Colombo-Mexican Network.**



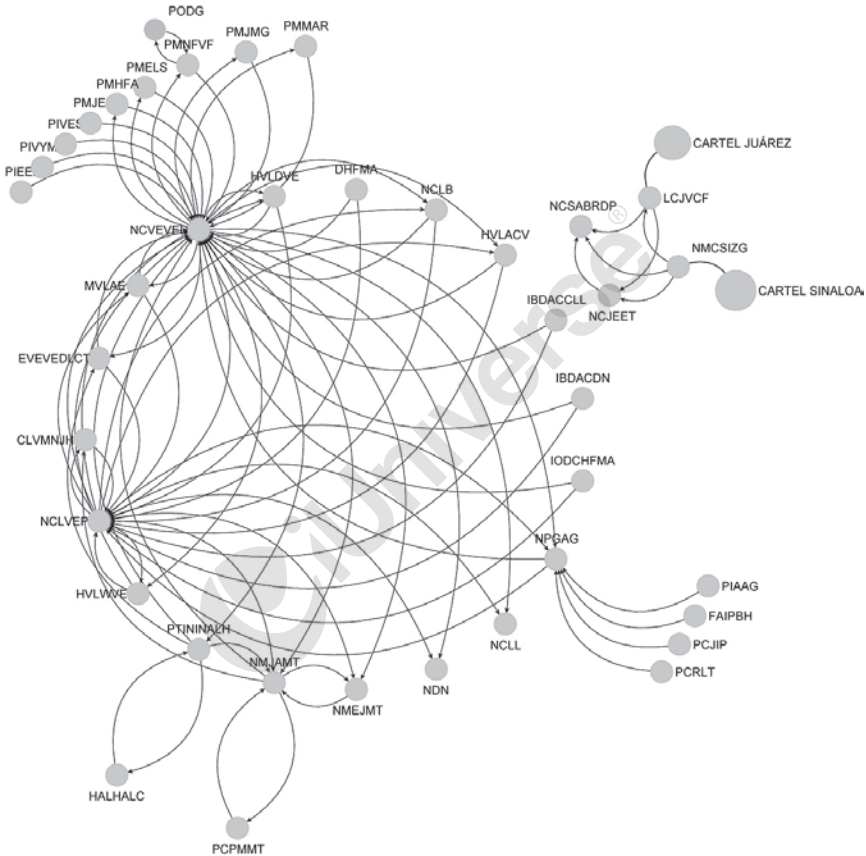
As it can be observed in Graph 18, there is no one nuclear group articulating the network as a whole. It is interesting that the distance between the *hub* located in the nucleus, and the core node 2, is close to 43-percentage points, which means that the interactions that the *hub* established, which is a Colombian drug trafficker, are the most important articulation element in the network. As a matter of fact, 31 of the 39 nodes making up the network are peripheral, with centrality indicators close to zero (0).



## Sub-networks

By applying different graphing algorithms, two relevant sub-networks are presented in the Graph 20.

**Graph 20. Sub-networks by random distribution.  
Colombo-Mexican Network**



In the upper left section of the Graph 20, the node/agent NCVEVED, identifying Colombian drug trafficker “El Doctor,” articulates an entire sub-network. This sub-network is composed of private agents, some of them physicians, who voluntary or involuntarily were persuaded by “El Doctor” to invest money in building and operating a clinic that served as a bogus front for money laundering.

On the other hand, in the lower right section there is another sub-network articulated by drug trafficker NPGAG, whose nationality is unknown. This agent also operates as a middleman for the private agent's activity participating in the assets laundering, acting as deputies and loan guarantors.

### **Participation of public servants and progress to a State co-opted reconfiguration**

In this network, participation of the public servants is not registered; this allows inferring that the strategic concentration of activities of assets laundering and drug delivery to United States are attributed to Mexican drug traffickers rather than to the Colombians. For example, the process of moving drugs into the United States require at least the participation of some agents in charge of border and customs security. The main purpose of this illicit network was delivering drugs from Colombia into Mexico based on agreements between Colombian and Mexican drug traffickers. Bearing in mind the participation of private agents, no calculations of institutional scope are made, neither of StC or StCR for this network.

This model requires assuming that Colombian drug traffickers, who have set agreements with the Mexican drug traffickers, are not developing processes of StC or CStR in the Mexican institutions; there is not evidence sustaining that Colombians carry out those processes.

In general, it can be inferred that agents involved in this network are not focused in advancing on processes of StC or CStR on the Mexican State. This trait can be an exploratory hypothesis about the operation of the Colombian drug trafficking networks that only intend to send drugs to Mexico. This would suggest that the Mexican drug traffickers are be in charge of the capture and co-optation of Mexican institutions, which also saves the Colombian drug traffickers very complex organizational effort. Notwithstanding, this hypothesis still requires corroboration with a higher number of cases in order to enable an inductive robust and sustainable argument.

## CHAPTER 15

### **Background and hypothesis to explain the Colombo-Mexican connection**

*By Luis Astorga*

Between 1960 and 1970, 29.5 Kg of cocaine were seized in Mexico. From 1970 to 1976 that amount reached 1089 Kg. By that time, in Sinaloa, there were already people seized in possession of drugs, in quantities not surpassing 2 Kg. The higher quantity, 13 kilos, was confiscated in 1976<sup>62</sup> from a Colombian at Ciudad de Mexico Airport.

Sinaloa is the State with the highest concentration of leaders of the most powerful drug trafficking organization in Mexico. They are the heirs of the knowledge and experience of the State and country's business pioneers. They started the partnership with Colombian cartels for drug trafficking cocaine at large scale since the 60s, when Miguel Angel Felix Gallardo was the coalition leader of the Sinaloa traffickers. A successful business relationship between Colombians and Mexicans is still in place to this day.

Details of some of these relations have been documented. According to some statements given to American authorities by the Chilean accountant

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<sup>62</sup> Cfr. *La Voz de Sinaloa*, 16/IV/1973; 9/III/1976; *El Sol de Sinaloa*, 12/XI/1975; *El Debate*, 11/XI/1975.

of the Rodríguez Orejuela brothers<sup>63</sup> —leaders of the Cali Cartel— Guillermo Palomari, they decided to open a “branch” in Mexico, which they called “*Los Manitos*,” when they started having problems with cocaine moving into the United States. From 1992, and during the years 1993 and 1994, Miguel Rodríguez Orejuela received some calls from Armando Carrillo, alias “*El Señor de los Cielos*” (“The Heaven’s Lord”), to transact cocaine: three tons per trip. They got two types of agreements. First, Carrillo purchased directly from Cali traffickers. Second, out of each pair of kilos, one was for the *caleños* (people from Cali) and had to be introduced into the United States, and the other was for Carrillo.<sup>64</sup> But more than a Colombian “Branch”, this decision was forced by circumstances. Mexicans benefitted from the cocaine traffic, but without them, Colombians could not continue sending thousands of tons they were used to export to the United States. The blockade strategy established by the United States Government regarding the Caribbean routes in the 80s, consisting in aerial and maritime interdiction, was not the option preferred by Colombians. Assigning half of the load as payment, was not exactly a stance of force inclined to one side, but a situation of relative equilibrium — of strategic alliance, of mutual need. It was not an act of dependence or subordinate stance, although it did mean the loss of predominance of the Colombian cartels in direct drug exports into the United States. Colombians did not attempt to take branches of its own organizations with its own people and not to apply their operative strategies into Mexican territory, as they made in Florida to displace Cubans. They chose a wary rationality, not just economic but criminal, instead of facing a war of positions, territories, routes and markets which could have had negative repercussions to their business in the long run.

In the history of the relationships between Colombian and Mexican drug traffickers, the bloody confrontations among them have been very scarce. There are few cases of Colombian petty drug traffickers who were killed in Mexico, but this may have been due to attempting to operate on its own. This illegal business could not have been as successful as it

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<sup>63</sup> Leaders of the Cali Cartel were the successors of the Medellín Cartel when Pablo Escobar was killed.

<sup>64</sup> See: “The Holy Alliance” in the *Magazine What Happens*, No. 1376, from August 26 to September 1<sup>st</sup>, 1997.



has been in a scenario of war between Colombians and Mexicans, as it is common in their own national territory: Colombians *vs.* Colombians in Colombia and Mexicans *vs.* Mexicans in Mexico independently. Still there is no notice of large and organized drug trafficking groups from Mexico and Colombia attempting to operate independently in the other's national territory.

Jose Luis Santiago Vasconcelos was the head of the Special Unit on Organized Crime (SEIDO)<sup>65</sup> in the office of Prosecutor General of the Republic of Mexico<sup>66</sup> until 2003. During his time in this office, he spread a thesis about the Colombian-Mexican relationship and their role in this trafficking scenario. He said that "articulators" of five or six drug trafficking organizations, the Colombian paramilitaries and guerillas, arrived to Mexico with the purpose of ensuring the passing of cocaine and control the routes through Mexican territory and into the United States. This action of the Colombian traffickers was the result of the self-proclaimed success of the Mexican authorities in dismantling the main groups: Since the Mexican organizations were apparently disarticulated, the Colombians wanted to control the routes. However, the Mexican drug traffickers were not weakened and the Colombians drug traffickers were not imposing their conditions.

As a consequence of this situation, and according to DEA,<sup>67</sup> the Mexican drug trafficking organizations have achieved a higher importance in wholesale cocaine transportation and sale within the United States than their Colombian counterparts. They are also leaders in the wholesale distribution of methamphetamines in some areas, and mid-level distributors in other regions of the United States. In addition, they produce, carry and distribute a large portion of marijuana, heroin and methamphetamines. The government of the United States considers Mexican organizations to be the greatest threat, even though it is recognized that the drug market is supplied by a variety of foreign and American organizations. Among

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<sup>65</sup> *Unidad Especializada en Delincuencia Organizada*, UEDO.

<sup>66</sup> *Procuraduría General de la República*, PGR, México.

<sup>67</sup> See: DEA, "Drug Trafficking Organizations", at <http://www.dea.gov/concern!18862/dtos.htm>; National Drug Intelligence Center, *National Drug Threat 2006*, "Organized Gangs and drug trafficking," January 2006, at <http://www.usdoj.gov/ndic/pubs11/18862/gangs.htm>



the other foreign organizations are Colombian, Dominican, Jamaican, Asian (particularly China and Vietnam), Nigerian and Russian-Israeli organizations.

## **The continuity of the Colombo-Mexican connection: The Macel Case**

On December 21, 2001, the Intelligence and Analysis Center (IAC) of the United States Embassy in Mexico informed the Special Prosecutor's Office for the Attention of Crimes against Health<sup>68</sup> of the office of the Prosecutor General of the Republic, (PGR)<sup>69</sup> that a United States coastguard had detected a ship flying a Mexican flag in the Pacific, near the Clipperton Islands, and that it was likely shipping drugs. The coastguard requested a permit from the Mexican authorities to inspect the ship; it was the tuna ship "Macel." It had departed from Mazatlan, Sinaloa, on November 16 and reached the Manzanillo port, Colima, in less than 2 days — it had transported 9 tons 246 kg of cocaine.<sup>70</sup>

In June 2002, two Colombian women were detained at the international airport in Mexico City. These two women, who attempted to illegally carry US \$2,304,650 to Colombia, were part of the organization lead by Colombian Juan Diego Espinosa Ramirez, "El Tigre," his wife, Mexican Sandra Avila Beltrán, and his brother Mauricio Espinosa. Links between that organization and the "Macel" crew were also established. In one of the domiciles inspected in Guadalajara, there was evidence of connections between the Espinosa's organization and that of the Sinaloan leader Ismael "El Mayo" Zambada. Additionally, in Hermosillo, 225 pieces of land, two houses, and a company that are properties related to Sandra Avila, were seized. Espinosa, "El Tigre" came to Mexico in the 90s to serve as link between the organization of Colombian Diego Montoya

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<sup>68</sup> *Fiscalía Especializada para la Atención a Delitos contra la Salud*, FEADS.

<sup>69</sup> *Procuraduría General de la República*, PGR.

<sup>70</sup> See: PGR, "The Mexican tuna ship "Macel" is addressed to Manzanillo port with more than 8 tons of cocaine", Report No. 886/01, of December 23, 2001; PRG, "the 19 crew members were consigned and kept in the Macel north confinement. They shipped more than 9 tons of cocaine," Report No. 897/01, December 29, 2001.

a.k.a “Don Diego,” and Sinaloa dealers such as “El Chapo” Guzmán, “El Mayo” Zambada, Juan Jose Esparroga a.k.a “El Azul,” and the Quintero brothers. Espinosa had a variety of businesses in Mexico, such as esoteric services, tanning salons, cosmetic surgery, and telephonic lines for psychic consultations, which were advertised by television.<sup>71</sup>

In September 2004, the PGR announced the results of “Operación Tornado,” which was carried out in Mexico City, using information provided by the United States authorities. Eleven persons were arrested — 9 Colombians and 2 Mexican. They were related to the organization of Colombian brothers Victor, Dario, and Leyner Valencia Espinosa, who were accused of sending cocaine to the United States, particularly to New York and Florida through Mexico. Seven of the Colombian dealers arrested, 3 women and 4 men, were in the business of moving and laundering money. The two Mexicans were in charge of carrying the money from United States to Mexico and Colombia. In addition, they served as “deputies” for acquisition of real estate properties. The other two Colombian women were not able to justify their stay in Mexico. The PGR attributed the cocaine load found in the “Macel”<sup>72</sup> to that organization.

In February 2006, the Judicial Police of Colombia, DIJIN, captured Leyner Valencia Espinosa in Cali. At the time of his capture, authorities pointed out that he had a close relationship to Diego Montoya a.k.a. “Don Diego”. Leyner and his brothers William, Víctor and Darío were known as “*Los Pirañas*” (“The Piranhas”); they were also brothers of Ana Cecilia Valencia, mayor of Zarzal Municipality, at the *Norte del Valle, Colombia* (North Valley). According to the Colombian press,<sup>73</sup> in 2002, the Valencia brothers were established in Mexico in order to manage “Don Diego’s” routes and contacts with the Juárez and Tijuana’s drug trafficking organizations.

On September 10, 2007, the Colombian Army captured Diego Montoya, the leader of the North Valley drug trafficking organization,

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<sup>71</sup> See: PGR, “More than 200 properties seized from a drug trafficking international organization,” Report No. 904/02, October 6, 2002; PGR, Press Conference from Attorney Rafael Macedo de la Concha, October 21.

<sup>72</sup> See: PGR, “PGR dismantles a Colombian organization devoted to launder money,” Report 914/04, September 17, 2004.

<sup>73</sup> See: “Dijin caught a Piranha,” *eltiempo.com*, February 3, 2006.

which was the successor of the Cali Cartel.<sup>74</sup> According to the Ministry of Defense at the time, Juan Manuel Santos, Montoya was responsible for approximately 70% of the cocaine trafficking to the United States and Europe, and more than 1500 murders. He was also mentioned as the creator of the criminal group “*Los Machos*” and the United Self-defenses of Valle. It was said that he dominated the *Garrapatas* Canyon, in Valle del Cauca, where he promoted illicit activities and enabled the cocaine trafficking by the Pacific. In December 2008, he was extradited to United States.<sup>75</sup>

Some weeks after, on September 28, 2007, the Federal Police in Mexico City detained Juan Diego Espinosa and Sandra Avila. On December 31, 2008, Espinosa was extradited to United States to be prosecuted for offenses of criminal association and for crimes against health before the Federal Court of the Florida South District.<sup>76</sup>

On September 10 2010, the Federal Police in Mexico City detained Víctor Emilio Valencia Espinosa a.k.a “El Doctor” and his brother Darío a.k.a “*El Remache*.” In order to arrest them, there was an exchange of information between DEA and the National Police of Colombia. Víctor lived in Mexico for the last 26 years. His brother Leyner had business dealings with Arturo Beltrán Leyva, who was part of the trafficking coalition lead by Joaquin “El Chapo” Guzmán. He became one of the main operators to ship drugs in fast-boats from Tumaco and Chocó, Colombia to Acapulco, México. He sent between 250 and 300 thousand dollars a week from México to Colombia hidden in television sets. At the beginning, he was paid a 2% commission per shipment; then it was increased to 7%. A Mexican nationwide newspaper linked the Valencia brothers as collaborators with the United States Government for the Sandra Avila’s capture. The brothers feared for their life. Edgar Valdez Villareal a.k.a.

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<sup>74</sup> The Cali Cartel, led by Rodríguez Orejuela brothers.

<sup>75</sup> See: “Don Diego will stay in the Prosecutor’s Office bunker before going to Cómbita,” *Semana.com*, September 10, 2007; Colombia, Presidency of the Republic, “Alias Don Diego captured,” September 10, 2007; “Alias Don Diego extradited to United States,” *Semana.com*, December 11, 2008.

<sup>76</sup> See: PGR, “Sandra Avila Beltrán and Juan Diego Espinosa Ramirez put into to prison,” Report 487/07, September 29, 2007; PGR, “Ten members of the organized crime extradited,” Report 1045/08, December 31, 2008.

“La Barbie” interceded on their behalf before Arturo Beltrán Leyva, so they would not be murdered. Later, they directly worked with “La Barbie.” Victor was the alleged owner of the property where “La Barbie” took refuge before his capture, on August 30, 2010.<sup>77</sup>

According to General César Pinzón, Antinarcotics Director of Colombia, the North Valle dealers were pioneers in establishing alliances with the Mexican organizations. For him, the true “Señor de los Cielos” (“Heaven’s Lord”) was not Amado Carrillo, but Hernando Gómez Bustamante a.k.a. “Rasguño.” Being interrogated on the presence of Mexican dealers in Colombia, he stated: *“If you see the capos fallen in the last four years in Colombia, all of them had links in Mexico and with different cartels in that country. There are people of the Mexican drug trafficking cartels who had come here, not the great capos, but people who are in important levels.”*<sup>78</sup>

As stated above, the business relations between Colombians and Mexicans involving cocaine trafficking dates back to the 1970s. The links between Rodríguez Orejuela and Amado Carrillo, on one hand, and Diego Montoya and the current coalition of Sinaloan dealers led by Joaquín Guzmán, on the other hand, are two examples that show the diverse alliances that have existed for more than 30 years, surviving the leadership changes of powerful drug trafficking organizations in Colombia and Mexico. The authorities in both countries have stated that the respective organizations have sent middlemen to operate the transactions. This is the case in Mexico, with Juan Diego Espinosa alias “El Tigre,” and the Valencia Espinosa brothers — all of them related to the Diego Montoya organization and the cocaine load found in the ship “Macel” in 2001.

The analysis of the networks (Graph 18 and Graph 19) established between Mexican and Colombian dealers based on the information of this case, as well as other pertinent sources, shows the role of each

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<sup>77</sup> See: SSP, “Federal Police detains two alleged Colombian drug traffickers linked with Edgar Valdez Villareal, alias “La Barbie”, Press release No. 517, September 11, 2010.

<sup>78</sup> See: “FARC and gangs lend each other cocaine to comply with Mexican drug dealers: Antinarcotics Director”, *El Tiempo*, September 13, 2010, source: <http://redescolombia.com/2010/09/13farc-ybandas-se-prestancoca-para-cumplir-con-narcos-de-mexico-director-antinarcoticos/>

network — how it operates, its relative importance in the overall network configuration, and the diversification of its activities. Among the Valencia brothers, the one who occupies the central place in the network, and also articulates the greatest number of direct relations, is Víctor Emilio alias “El Doctor;” he is also the person living in Mexico for the longest period of time. The most prominent persons in the network that are linked to “Macel” start falling in 2006 with the capture of Leyder Valencia, and especially in 2007 with the arrest of both Diego Montoya and Juan Diego Espinosa.

Some central figures left the business, but others in the organization were enough to guarantee the continued flow of cocaine from Colombia to Mexico. Three more years passed before the capture of the other Valencia Espinosa brothers, who continued operating their usual activities — working with leaders of a split coalition and joined leaders who were persecuted by both their former partners and by the Federal Government of Mexico, such as Arturo Beltrán and Edgar Valdez Villarreal.

In early 2001, Joaquín Guzmán escaped from a high-security prison, supported by Zambada and Esparragosa; some time passed, and he became the leader of the coalition. Hence, those who appeared as the consignees of the “Macel” drug load were Zambada and Vicente Carrillo. A quantity of cocaine as large as what was found could only be purchased by large organizations like theirs. Furthermore, it was anticipated that the merchandise would enter the country through a Pacific port zone influenced by those parsonages. Considering several different Mexican organizations had control over the United States border crossings, it would be very difficult, if not suicidal, for Colombian dealers to try to and pass the drugs themselves without the Mexican counterpart approval. Given those circumstances, and based on the official information already known about the Colombian parsonages, it is coherent the information stating their role as part of a very large organization in North Valle, Colombia, as intermediaries for the cocaine trafficking, as investors in different business with illegal money and as dollar carriers from the United States to Mexico and Colombia.

All of this information suggests that it would be very difficult for them to operate for so long in Mexico without the protection of the Mexican drug organizations. That could explain why there are no signs that lead us

to believe the Colombian organization has attempted to develop processes of State Capture (StC) or Co-opted State Reconfiguration (CStR) of the Mexican institutions. Being treated as “distinguished and protected guests” by its Mexican partners would prevent the Colombian organization from attempting to start such an initiative. Such strategies would rather be in the competence scope of its “hosts.” It is also likely the Mexican intermediaries in Colombia are treated under similar schemes of reciprocity, at least at this time.

Now, it must also be contemplated the scenario that given the growing power of the Mexican cartels — both in the North American market as well as drug trafficking in the Central American region — the stability would come to an end. The progressive Mexican drug trafficking incursion towards Europe — specifically in Spain and Italy, which have been predominantly controlled by Colombian cartels — as well as the presence in Africa, has the potential to dramatically change the order of this type of arrangement. At any time, the Mexican organization could seek subordination of the Colombian cartels, in Colombian territory, in order to be directly connected *in situ* with the wholesale processors and distributors of cocaine and heroin, and in essence, take over as the main international supplier.

## CHAPTER 16

### The Colombo-Mexican Connection

*By José Francisco Gómez*

The connection between Mexican and Colombian cartels has profound roots — ones which have made criminal alliances that Mexican and Colombian authorities have not been able to dismantle for two reasons: official corruption and the increasingly complicated networks and links being established for almost 30 years among criminal groups in both nations.

This alliance was born “*during the eighties, with the closure of the Caribbean route as a way to entering the drug loads into the United States, so this situation made the power of the Mexican drug cartels to be consolidated. As from then on, Colombian cartels started supplying drugs to the United States markets through Mexico, by establishing alliances with the Mexican criminal organizations.*”<sup>79</sup> There is well documented evidence of the criminal alliance between Mexican and Colombian drug traffickers, and even the information that is officially available establishes the fact that these agreements have lasted over time — allowing them to reach Europe — as is shown in the Graphs 16 and 17.

For example, the authorities of the United States, Mexico, Colombia and Spain, in the so-called cases of “*Los Pirañas*” or “*Operación Taco*,”

<sup>79</sup> See: Información Sobre el Fenómeno Delictivo en México, Ag. 2010: <http://blogs.elpais.com/files/informacion-sobre-el-fenomeno-delictivo-en-mexico.pdf>

uncovered a complex network of Mexican and Colombian cartels that were sending loads of cocaine and laundering money from their illicit operations in America and Spain.

Those cases prove that the conditions that once defined “drug trafficking cartels,” as domestic and clearly defined structures, are coming to an end, or otherwise undergoing a radical transformation.

The reason why the term “drug trafficking” may need to be redefined is because the criminal organization behavioral patterns are changing so drastically, that it is becoming increasingly difficult to identify or define the criminal profile of the drug capos and their organizations. Not even mentioning the increased and intensified violence that is emerging, these evolved organizations have adopted new methods to infiltrate institutions and have turned into transnational organizations—expanding their scope by sophisticating their activities and businesses. This means that they are moving very quickly from continent to continent, in order to meet the purposes of their criminal adventures: *“to certain extent they give up its nationality, very easily move from one place to another, and it also turns out to be obvious that hierarchic and subordinated structures within drug trafficking have started disappearing to give way to a sort of criminal outsourcing, which simply means criminal associations agreed and established in horizontal lines.”*<sup>80</sup>

The stories documented in this Chapter show the successful — if the term is allowed — union achieved by Colombian and Mexican criminal organizations in order to meet their objectives. These episodes demonstrate the surprising and innovative ways in which drug traffickers from each country have modified their methods and strategies, in order to traffic drugs, “launder” money, and tamper with authorities, as well as making criminal agreements or planning revenge.

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<sup>80</sup> See: Versión estenográfica de la sesión de preguntas y respuestas de la conferencia ofrecida por el Secretario de Seguridad Pública ingeniero Genaro García Luna con motivo de la III cumbre de “Ameripol - Comunidad de Policías de América,” Oct. 8, 2010, [http://www.ssp.gob.mx/portalWebApp/appmanager/portal/desk?\\_nfpb=true&\\_pageLabel=portals\\_portal\\_page\\_m2p1p2&content\\_id=818487&folderNode=810187&folderNode1=814222](http://www.ssp.gob.mx/portalWebApp/appmanager/portal/desk?_nfpb=true&_pageLabel=portals_portal_page_m2p1p2&content_id=818487&folderNode=810187&folderNode1=814222)



## **DEA, first alert**

A memorandum from Larry Hoolifield, chief of the Drug Enforcement Agency (DEA) in the Embassy of the United States in Mexico, addressed to the Sub-Prosecutor's Office for Special Investigations on Organized Crime (SIEDO),<sup>81</sup> started an amazing international investigation intended to dismantle one of the best constituted criminal networks between Mexico and Colombia. On that same day, August 27, 2004, however, there was commotion in the Mexican capital at the SIEDO offices: right there in front of them, due to negligence or complicity, a plan was underway between the Sinaloa and North Valle cartels, they intended to “flood” Spain with cocaine and launder money at large scale.

The document from the DEA officer in Mexico started “*Operación Taco*” in Spain and “*Nueva Generacion II*” in Mexico — operations whose objectives were to stop the cocaine transportation and distribution in Spain, as well as the never-ending flow of laundered money that was sent to United States and Colombia by the Mexican and Colombian cartels. Overlapping actions in United States, Mexico, Colombia and Spain, as well as triggered detentions, deaths, confiscations and seizure of drugs, money, homes, vehicles and companies, served as a screen for the members of those criminal organizations.

In the official letter PGR-04-0168, addressed to prosecutor Jorge Rosas Garcia —who is currently in charge of the Crime Specialized Unit against Health of SIEDO— the DEA office in Mexico released a statement at the beginning of the investigation in the United States which involved “*Colombian middlemen and Mexican exchange agencies (...) in money laundering and drug trafficking business.*”<sup>82</sup> In short, DEA requested an inquiry about the activities of Mauricio Bernal Pineda, a Colombian man with Mexican nationality, and some of his partners.

The DEA provided the Mexican authorities with Bernal Pineda's mobile and fax numbers; these were used to give instructions for money laundering and conducting drug trafficking business. Furthermore, it also

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<sup>81</sup> *Sub-Procuraduría de Investigación Especializada en Delincuencia Organizada*, SIEDO.

<sup>82</sup> See: “El principal operador de Osiel cenaba en Polanco,” Nov. 16, 2008. <http://impreso.milenio.com/node/7110730>

provided the Mexican authorities with evidence that Bernal Pineda used the exchange agencies “Ribadeo” and “Catorce,” located in Mexico City, to launder money obtained from the drug trafficking business.

At that same time, it was revealed that the Bernal Pined partners were Camilo and Gustavo Eugenio Echeverry Ortiz, who apparently were brothers. As a matter of fact, DEA entailed the second middleman of Bernal Pineda with two cocaine loads which were previously assured in the Pacific of Mexico and addressed to the Sinaloa Cartel: The first load, in December 2000, with almost 10 tons of drug in vessel “Macel” and the other in April 2001, with 12 tons in vessel “Svesda Maru.”

The cocaine loads were sent by the Colombian cartel of North Valle to the drug trafficking organizations managed in Mexico by Ismael “El Mayo” Zambada Garcia and Ignacio Coronel Villarreal, “Nacho Coronel.” According to the DEA, from that time on, Gustavo Eugenio Echeverry Ortiz was considered a key member of this Colombian Cartel and one of the main partners of brothers Víctor Emilio and Darío Valencia Espinoza, “*Los Piraña*,” recently captured in Mexico and involved in the secured drug shipment. To this day, there is no news about Gustavo Eugenio Echeverry Ortiz, in spite of the large drug loads he managed and the large quantities of money he laundered. What it is known to be true, according to the document sent by the DEA to Mexican authorities, is that Bernal Pineda appears to be the person who received instructions from brothers Echeverry Ortiz, and maintained the direct agreement with Colombian drug traffickers, but also establishing relations with Colombian people devoted to legal business requiring American dollars with which they transact at favorable exchange rates.

According to information from the DEA, Bernal Pineda received between 3 to 5 million dollars each month in cash, out of which he charged a commission between 10% and 12% for his services. Later he sent the remaining money from the “*Ribadeo Casa de Cambio*” (“Ribadeo Exchange Agency”) into an account at the International Bank of Commerce (IBC) in Texas, on behalf of the consortium *Universal Transfer Inc.* Numerous remittances of money were sent through this company’s account, which was incorporated in Texas, to several accounts in the United States by instructions of Echeverry Ortiz.

In the DEA report, Francisco José Antón Pérez, a Mexican citizen, was also identified as the president of *Universal Transfer Inc.*, and the person who was in charge of the bank account this company had in ICB. Antón Pérez himself, who was a partner of “*Ribadeo Casa de Cambio*” (“Ribadeo Exchange Agency”), managed two more accounts in the same bank belonging to the companies *Comercializadora Masa S.A.* owned by CV and Grupo Salcedo.

In dealing with an ongoing investigation entailing various inquiries in United States and other countries, the DEA’s office requested that the Mexican authorities either not freeze/seize the bank accounts operated by the criminal group in Mexico, or arrest the responsible ones. This was in order to continue the interchange of information and intelligence between the countries, and to arrest the largest possible number of suspects and in turn, share a larger quantity of seized assets.

### **The connection in Spain**

While the investigation of this criminal group remained in secret in Mexico, and the Federal Agency of Investigation (AFI),<sup>83</sup> a law enforcement agency depending on the office of the Prosecutor General of the Republic (PGR), collected more data regarding the ones already involved, the Spanish authorities reported to Mexico some suspicious financial operations being conducted by five Mexicans. What was interesting in this case was that every movement made by these five men led to the eventual destination: the “*Ribadeo Casa de Cambio*” in Mexico. That was just the tip of the iceberg.

What followed was the confirmation that millions of Dollars and Euros were laundered and the money was sent to exchange agencies in Mexico. In the fax sent by the Spanish embassy attaché in Mexico, Alberto López Núñez, on November 26, 2004 to the SIEDO offices, the names of five suspects of sending at least 10 million Euros whose final destination was “*Ribadeo Casa de Cambio*,” were disclosed. They were brothers Miguel, Hugo and Carlos Alberto Arce Herrera, as well as Héctor Sarmiento

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<sup>83</sup> *Agencia Federal de Investigación, AFI.*

Cantu and Francisco José Antón Pérez, the latter a shareholder of the cited Mexican exchange agency.

The capture of Carlos Alberto Arce Herrera on October 6, 2004 at Barajas airport in Madrid when he attempted to take a private flight to Mexico, was the first clue the Spanish authorities had in order to identify the criminal group. However, at that time, the Spanish authorities had no idea about the size of the organization the captured one belonged to; he carried 800.000 Euros in cash and had exported 4.5 million Euros in that same fashion. Added to the aforementioned activities was a series of bank reports warning about the opening of some accounts and transactions performed by companies and individuals who had all used similar large amounts in cash in low-denomination Euros notes which were later sent to Mexican exchange agencies with branches in the United States.

The Spanish authorities infiltrated at least three methods used by diverse cells of the criminal group: (i) The Mexican and Colombian organizations created bogus companies in Spain to transfer money through financial institutions by simulating a legal activity; (ii) the deputies themselves personally transporting the money or (iii) aerial loads carrying the money. Through these methods, more than 230 million Euros were moved from Spain in no more than four years.

In the case of the brothers Arce Herrera and Héctor Sarmiento Cantu, and the Francisco José Antón Perez cell, it was discovered that in conjunction with Spaniards José Fernando Vásquez Chaljub and Julio César Riol García, they opened several bank accounts in Spain, where they received money through an inactive, bogus company. Deposits up to 2 million Euros were recorded in those accounts; money exported either by themselves via private flights, or by bank transactions.

With support from the DEA, the investigation in Spain was continued. They were able to establish a connection between the Mexicans and Colombians in the organization that was devoted to laundering money and sending cocaine to Spain. After a series of searches authorized by the Instruction Central Court No. 5 of the National Hearing, a report from March 22, 2005, from the Investigation Squad of Monetary Crimes of the Police General Directorate, detailed the capture of five Mexicans: Daniel Flores Sánchez, Javier Chias Becerril, José Antonio Mendoza Zertuche, Víctor Manuel Ramírez Marín and Gerardo Mejía Alvarez, as well as

Colombians, José Alejandro Bahomón Ramirez and Luz Estela González Laguna.

Only in the searches performed to houses and warehouses in the cities of Madrid and Barcelona, where the five members of the criminal group were arrested, 2.38 tons of cocaine and 7.200.000 Euros in cash were confiscated. The results of “*Operación Taco*” also revealed that the criminal group was forced to constantly change their operation. Because of that, they counted on the complicity of entrepreneurs, bankers and lawyers who helped to meet their needs.

In the framework of this network, the names of other Mexicans — Guillermo Francisco Ocaña Pradal and Arturo Culebro Arredondo, who settled in Spain, also appeared. With the help of Spaniard Felipe Gutiérrez Moreno, they created at least 26 bogus companies and opened bank accounts on behalf of Gutiérrez, wherein they deposited the cash from the cocaine sales. Once the money generated by the drug distribution was collected, it was entered into the financial circuit, and by successive transferences it was sent — already laundered — to its owners in Mexico.

As a matter of fact, two bogus companies were used to send cocaine from Mexico to Spain. The Mexican and Colombian criminal group counted on the Mexican company *Hulera Maritima S.A.*, established a solid structure, from which all the drug loads were sent to Spain. There, the maritime company *Itsmo SL* received the loads. The latter was initially called *López y Fontanals, Asesores SL*, and then acquired in Barcelona by Mexicans Daniel Flores Sánchez, José Antonio Mendoza Zertuche and Arturo Mendoza Riofrío, who were arrested in the searches conducted on March 22, 2005.

The bogus companies, through which more than 78 million Euros were laundered, were incorporated with the minimal capital required, with a generic social purpose, and no real activity. In addition, up to 2 million Euros were deposited into their accounts. Its representatives did not have any link with the shareholders, all of them had accounts opened in Barcelona banks and, in addition to Felipe Gutiérrez Moreno, Spaniards José González Gómez — former bank employee — the representative of *Sindicato Unión General de Trabajadores* (“General Union of Workers”) in Cataluña, Eleuterio Moreno Niebla also appeared.

Almost all of the laundered money was transferred under the guise of real estate investment from the Spanish branch of *Bank of America* to the Mexican exchange agencies *Monex Casa de Bolsa S.A.* of CV, *Monex Divisa S.A.* of CV, *Intercam Casa de Cambio S.A.* of CV and *Ribadeo Casa de Cambio*. Just 3 million Euros from two accounts owned by Guillermo Ocaña Pradal, that were opened in Caixa Catalunya and Caixa Laietana, were transferred into an account on behalf of *Bolsa y Banca Casa de Cambio S.A.* of CV in the entity *Caja España de Inversiones OP de León*. From there, it was transferred to accounts in Switzerland and Italy.

While traditional mechanisms such as money exportation and the use of bogus companies to launder about 83 million Euros were applied, the illegal transportation of money yielded an even greater dividend for the Mexican and Colombian criminal group. The Spanish authorities report points out that this was the best method of operation for the drug trafficking organization, which is suspected to have sent up to 115 million Euros in this way. The Spanish authorities suspect that the almost 115,5 million Euros represented at least four tons of cocaine.

The official Spanish investigative report points out that in just 6 months, around 115,5 million Euros were moved out of that country by those methods — at least, this was what was recorded in a file which was seized from the accountant of an organization office: Javier Chias Becerril, when the series of searches were performed on March 22, 2005. Money was also carried by private flights, within sealed cylinders called “Spheres,” which were re-exported into the Mexican company *Hulera del Itsmo S.A.*

## **Mexican epilogue**

While that was happening in Spain, the first actions against the members of that criminal group were performed in parallel in Mexico in March 2005, when searches or inspections of offices and houses in the Federal District —in several of the most luxurious areas of the Mexican capital — were carried out. However, the results were not as spectacular as those in Spain, even when Mexican authorities had, since the beginning, information about the criminal organization main leaders and the way they acted.

It is interesting how, from the moment the DEA informed the Mexican authorities about the case, almost two months passed until the moment when the Unit of Financial Intelligence, depending on the Finance Secretariat and Public Credit, released the first information on the companies and individuals involved in this issue. Nothing important happened until March 28, 2005, after a series of investigations and captures that were carried out in Spain and Colombia.

Police actions in Mexico started just when the investigations in other countries revealed that the chiefs of the criminal group operated from Mexican territory. On March 28, 2005, an anonymous call was received in SIEDO offices, where the voice of a man expressed that he wanted to provide information about an international organization of cocaine trafficking involving Colombia, Mexico and Europe. According to the man, Miguel Hugo and Carlos Alberto Arce Herrera led the organization, and they used maritime companies to complete the process of drug trafficking. The latter of these, sends wharf shock absorbers by air to Spain, where the spare parts are received by the company *Maritima Itsmo*, but these spare parts packages are filled with cocaine, fitted out amount to more than one ton per each load sent. Additionally, in order for it to appear to be a legitimate business, they send money by transferences to “*Casa de Cambio Ribadeo*,” which is otherwise carried by air.

One day later, the antidrug prosecutor of Mexico at the time, the late Jose Luis Santiago Vasconcelos, who died three years later in a controversial air accident, received a communication from the Interior Ministry of the Spanish Embassy in Mexico, where the story told by the anonymous call was confirmed. The organization’s *modus operandi* consisted of sending cocaine from Mexico to Spain, by air load, arriving to *Prat de Llobregat* Airport in Barcelona. According to the Spanish attaché, Alberto López Nuñez, the drugs were camouflaged in rubber cylinders.

But time passed, and it wasn’t until June 23, 2005 — when “*Operación Taco*” has already concluded in Spain, and three months after the anonymous call — that the first official report from the Federal Investigation Agency (AFI) in Mexico was produced, in regards to the investigation of the companies and individuals which were under suspicion of participating in the drug trafficking and money laundering. Furthermore, not until



January 26, 2006, were the presentation and localization of the accused, and the inspections to domiciles and companies ordered.

During the course of that time, events took place that can only be explained by the leak of official information and the infiltration into spheres of the police and investigation institutions regarding the organized crime. For example, one month before the judicial and police actions against the criminal group were initiated, one of the main operators of the drug trafficking and money “laundering” network, Francisco José Antón Pérez, shareholder of “*Casa de Cambios Ribadeo*,” was killed on November 9, 2005. As a result, an important link and critical source for the information was lost.

Furthermore, during the time of investigation, there was evidence that the suspects knew, by infiltrations, that policemen were tracking them. In the official letter CGA/F1/J/315/05, a group of policemen assigned to the surveillance of the suspects reported that on September 20, while in the process of fixed and mobile surveillance in the domicile located at Laureles 225, at the luxury colony *Bosques de las Lomas* in Mexico D.F., it was noted that the driver of a white-color Sentra vehicle, acted with security measures and its movements were calculated, since in the 200 m. displacement it made two stops to verify if it were tracked. As a result, investigators stated, that stopped the tracking in order to not affect the investigations.

On December 8, 2005, the main operators of the money-laundering network operated by brothers Arce Herrera and “Adriana,” who later became a protected witness, were arrested. One of the arrested operators revealed that he really worked for drug trafficker Pablo Lorenzo Ampudia a.k.a. “Juan Carlos,” and Colombian Ricardo Mauricio Beltrán Palacios. He said they carried cocaine from Mexico to Europe, directly to Spain. He also revealed what other members of his cell did: *“In that activity participated my brother Carlos Alberto, who only took part in one movement and was intercepted in a Spain’s airport, and my uncle Jose Herrera, who also moved Euros as I did. Others who also made the same activity were Hector Sarmiento and Guillermo Francisco Ocaña Pradal. José Francisco Antón Pérez was in charge of the money transferences from Spain to Mexico, through the Casa de Cambio Ribadeo, Comercializadora Masas and Ultra Emporium, an activity he made personally or by other means.”*



“Adriana,” who in addition was a partner of “*Casa de Cambio Ribadeo*” with 10% of the shares, said that there was a man who lived in Jalisco who was above the Colombians Ricardo Mauricio Bernal Palacios and Pablo Lorenzo Ampudia. He was the boss of the former two and just traveled occasionally to Mexico City to meet these Colombians. Adriana described this subject as having blond hair.

Mexican authorities finally decided to take action against the Mexican and Colombian members of this criminal organization between December 2005 and January 2006, more than 15 months after the first alert warning by the DEA regarding the existence of the group. The conclusion of the investigation made in Mexican territory, was that the evidence showed the existence of a criminal organization devoted to drug trafficking, and that money laundering resulted from this activity. Both activities were performed at an international level and in close relation and collaboration with Ignacio Coronel Barragán, “Nacho Coronel.”

This case, which still is being developed in the Mexican courts under full secrecy (*in camera*), has revealed some surprises, such as the case with Mexican Guillermo Francisco Ocaña Pradal, to whom the Spanish authorities identified as one of the main money launderers and the deputy of the criminal organization. This man was released on lack of evidence, a few months after his capture; he was seized from a safe house, wherein various members of the group that are still in prison to this day, were also arrested.

Ocaña Pradal continued in the business, but was just recaptured in April 2010. This new capture was performed secretly in spite of his importance as a public figure, being a renowned television host and artist promoter. The PGR accused him again as an outstanding money launderer who now is working for the Beltrán Leyva Brothers cartel, a declining organization since December 2009 when capo Arturo Beltrán Leyva died in a confrontation against the Mexican marines in the city of Cuernavaca, Morelos. Mexican authorities were unable to prove any charges against him in 2005, but currently are accusing him of being the administrator of Clara Elena Laborín Archuela, the wife of Hector Beltrán Leyva a.k.a. “El H”, who is the last of the Beltrán Leyva dynasty, and continues to operate in drug trafficking activities. Ocaña Pradal, a well-known man in the showbiz world in Mexico, maintained a relationship with “El H’s” wife dating back

1990s, when he organized parties and presentations for her, and introduced her to the artistic circles.

After avoiding prosecution in 2006 when he was brought to court along with at least eight additional accomplices in the series of searches, inspections and captures of 20 Mexicans and Colombians carried out by SIEDO, within the framework of the investigation started in 2004 after the DEA alert, he now faces a new criminal process. The District Fourth Court of Federal Criminal Processes of Mexico City is prosecuting him for the crime of operations with resources from illicit origin.

But he is not the only one released. Two others involved were released two years after being captured for the same crimes. They are brothers Jorge Lorenzo and Julián Luis Martín Caramena González (also known as Julián Navarro Suarez), Erick Daniel Mendoza Rodríguez, Juan Miguel Mondragón Jurado, Gerardo Humberto Guajardo Bisecas and Manuel Horacio Zamudio Navarrete.

The first of the six accused above mentioned, Julián Navarro Suárez or Luis Martín Caramena González, was identified as the chief of this cell. The authorities reported that in the house where he lived — in one of most luxurious neighborhoods in Mexico City, in the colony *Bosques de las Lomas* — more than 30 kg of pure cocaine from Colombia, belonging to the North Valle cartel, were found. His wife, Laura Elena Varela Cervantes, who also was arrested during the operatives, was held in January 2006 in connection with this organization, but was released even before all the men were subjected to trial.

The case presented by the Mexican authorities ended up in failure, because the accusations lodged in the criminal file PGR/SIEDO/UEIDCS/284/2004 made by federal prosecutors, could not be proven before Court 12 of Federal Criminal Processes. In the criminal file 46/2006, the reports from the DEA, the Spanish and Colombian governments, as well as the Mexican authorities are attached, but curiously, they were not argued or supported by the prosecutor's office within the legal grounds of the process, so on December 24, 2007, all of the accused were acquitted by a federal judge on the grounds of lack of evidence against them.

The triumphant voice of the Prosecutor General of the Republic, Daniel Francisco Cabeza de Vaca, assuring that one of the larger transnational drug trafficking organizations operated by Mexicans and Colombians in

Mexico was dismantled, is now forgotten. Today, Mexican authorities have processes against some of arrested and released, and look for recovering the goods and bank accounts seized. However, nobody remembers the episode of their capture which took the lives of two militaries, Jaime Maldonado Falcón and Enésimo Santos Quiroz, who died while persecuting the vehicles wherein some of the implied in the case escaped: impunity and complicity?

### **“La Piraña,” an impunity story**

For ten years, Colombian capo Victor Emilio Espinosa, successor of Diego León Montoya, “Don Diego,” chief of the North Valle cartel, along with his brothers, enjoyed the protection of some Mexican federal policemen to avoid arrest. Once it was dismantled (but not eliminated), the Beltrán Leyva cartel — the complicity network that allowed Valencia Espinosa to act with impunity for a decade in Mexico— was not enough, and he was arrested on September 10, 2010 in Mexico City. However, Víctor Valencia Espinosa was in the hands of the Mexican federal agents at least twice, but was never arrested. Even so, since 2004, due to a deficiency from the office of Prosecutor General of the Republic (PGR), a warrant of arrest against him for organized delinquency, drug trafficking and money laundering was denied.

The first time Valencia Espinosa was arrested was in 2001; however, the Investigation Division of the Federal Police was negligent in arresting him. The second opportunity for his arrest was in 2004, when the DEA handed both the capo and his brother Leyner to the Sub-Prosecutor’s Office for Special Investigations on Organized Crime (SIEDO), but both escaped.

Leyner — who initiated the contact with late Arturo Betrán Leyva, “El Barbas”, in Mexican territory and became one of the main operators of the comings and goings of the drugs in fast boats from Tumaco, Colombia, towards Acapulco, Mexico — was later arrested in Colombia and extradited to United States. As a matter of fact, Victor Emilio started as a collaborator with his brother, but when the latter was captured in Colombia, Víctor assumed control of the cocaine loads transporting to Mexico and selling to Mexican counterparts, which then was taken to the

United States, and was also in charge of the weekly move of 250 to 300 thousand dollars to Colombia.

Until a short while ago, the organization created by Victor Emilio and his brother Darío Espinosa Valencia, known as “Los Piraña,” maintained an important alliance with Beltrán Leyva brothers. One of their contacts in Mexico was the fugitive Carlos Mauricio Poveda a.k.a. “El Conejo” (“The Rabbit”), whose operator was Teodoro Mauricio Fino Restrepo a.k.a. “El Gaviota,” arrested in a luxurious house located at *Desierto de Leones* in October, 2008, by federal policemen, along with 15 other Mexicans and Colombians.

Brothers Valencia Espinosa operated openly in Mexican territory, until the DEA asked the Mexican government for their extradition. Emilio and Leyner<sup>84</sup> were accused of being responsible, along with Juan Diego Espinoza Ramirez a.k.a “El Tigre”, and Sandra Avila Beltrán a.k.a. “*La Reina del Pacífico*” (“The Pacific Queen”), for the more than 9-ton shipment that was confiscated in Vessel “Macel” in December 2001.

In October of that same year, two months before a United States’ coastguard arrested and delivered to the Mexican authorities the Vessel “Macel,” the commander of the Federal Judicial Police at the time — who since the times of the Investigations Federal Agency (AFI) was a close collaborator with the Federal Public Security Secretary — had the information required to capture capo Víctor Emilio Espinosa Valencia right in his hands, but it never happened for some unknown reason.

Official documents reveal that on October 15, 2001, Federal Agents Jorge Arturo Flores, Marlon Gabriel Machuca, Sergio Quiroz, Adriana Cano, Rodrigo Bravo and Adriana Lorenzana, reported to the second sub-commander, Armando Espinoza de Benito, about the investigation following Víctor Emilio Espinosa Valencia, to whom they identified as the boss of a Colombian organization devoted to drug trafficking. That “boss” is always accompanied by two non-identified Colombian men, which according to the report of some policemen, take care of him and accompany him aboard a navy-blue van; in the information, it was even registered the license plates numbers.

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<sup>84</sup> In February 2011, Leyner was arrested in Colombia and extradited to United States.

A high-ranking official, who later was director of Organized Crime of AFI, was provided with the reports containing the addresses and telephone numbers of the houses where the Colombian capo lived. He also received the list of friends this capo frequently visited — some of them arrested years later — and some information about his domestic and international trips. In spite of having all of this information, nothing was ever made of it.

Identical information was provided by the DEA three years later, in order to arrest brothers Valencia Espinosa. At that time, the police chiefs Miguel Colorado González and Fernando Rivera Hernandez — which were detained in “*Operación Limpieza*” (“Cleaning Operation”) for their links with Beltrán Leyva — worked in SIEDO, whose director at that time was the late antidrug czar José Luis Santiago Vasconcelos. But again, in spite of having this information, nothing was done. ☹

In 2010, more than five years later, Víctor Emilio and Darío Valencia Espinosa became the head of “Los Piraña”, and have turned into the successors of capo Diego Montoya “Don Diego”. In addition, in October 2010, they were linked again to drug trafficking operations in Mexico — specifically to the cell of drug traffickers detained in the residence located in *Desierto de los Leones*, who were the direct links with the Beltrán Leyva brothers in Mexico.

In spite of the knowledge the Mexican authorities had since 2001 regarding “Los Piraña,” the latter continued in the business without any problem until the DEA tracked them in 2004. Until that 2004, one of them — Víctor Emilio a.k.a. “El Doctor” — got married and studied in Mexico, bought houses, and even tried to establish a hospital. He brought his brother Leyner into Mexico, set up offices and a medical center, and —according to DEA reports — he and his brother performed drug trafficking operations and money laundering.

But Víctor Emilio and Leyner not only invested in Mexico without having any problem, they also traveled frequently between United States, Colombia and Mexico. Each of those trips is documented. At least since the year 2000, the Mexican police got information about the Víctor’s trips — born on February 13, 1965 in Zarzal, Valle, Colombia, with Colombian Passport and Mexican Visa— according to official documents. Some of those trips included: on September 8, 1999 traveling on flight 908 of Mexicana de Aviación to Los Angeles, California; on March 16, 2000 he

traveled to Miami, Florida, on flight 2198 of American Airlines, departing from the International Airport *Benito Juárez* in Mexico City; and from Miami, Florida, on March 29, 2001 on flight 2180, of American Airlines. There is also evidence of other trips from Mexico to Colombia.

The DEA investigation, which located brothers Valencia Espinosa in Mexico, started in 2002 — several months after the seizure of vessel “Macel” — and finished in March 2004 when a formal accusation against the brothers was presented to the Federal Court in South Florida. On July 30, 2004 the United States embassy in Mexico presented the pertinent diplomatic note to request his provisional detention for extradition, an order granted two days later by Court 18 of Federal Criminal Processes.

The final United States accusation identified them as leaders of an organization based in Cali, Colombia, which makes part of the North Valle cartel — which has been sending cocaine into New York and Miami, Florida, through Mexico City. Additionally, it links them to Juan Diego Espinoza Ramirez a.k.a. “El Tigre”, and to Sandra Avila Beltrán a.k.a. “La Reina del Pacífico”, as well as to Ismael, “El Mayo” Zambada and Vicente Carrillo Fuentes.

The investigation in Mexico was resumed at the request of DEA in August 2004. In early September of that year, the federal agents in charge of this investigation reported specific details about movements and places visited by Víctor Emilio Valencia Espinoza. However, there was not any operative for his capture, and he escaped, as did his brother Leyder, when days later, after being persecuted by federal agents, he “vanished”<sup>85</sup> as he entered a luxurious building located at south of Mexico City. The Colombian brothers could not be arrested, because in that very same time and place, seven other people were arrested.

The worst part of this case happened on December 10, 2004, when PGR handed over by official letter CGI/CCS/143/04, the seven arrested and “Los Piraña” before Court 10 of District of Federal Criminal Processes. The arrest warrant was denied against almost all of them for crimes of organized delinquency, drug trafficking and money laundering, and accusation was issued only to three of the accused, José Alberto Mayorga Trujillo, David Núñez, and Consuelo Gallegos, for possession of cartridges

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<sup>85</sup> According to a report from federal agents whose head was Armando Espinosa de Benito.

and fire arms meant of exclusive use by the Army or Air Force. In any case, these people are already free.

In the ruling issued in the criminal cause 134/2004-V, the said Court reproached PGR for failing to investigate and bring enough evidence regarding that claim made by DEA on “Los Piraña” with respect to the drug load seized in vessel “Macel,” since its connection to these facts nor its links with “*El Tigre*” or “*La Reina del Pacífico*,” or other drug traffickers, were explained. PGR also did not explain the way they laundered money in Mexico, and according to the judge ruling this case, the drug trafficking activities committed by the accused weren’t explained.

Without any prosecution in Mexico, US authorities were the only ones looking for “Los Piraña”, who continued operating in Mexico in the following years. It wasn’t until the capture of Edgar Valdez Villarreal a.k.a. “La Barbie,” in September 2010, that news of “Los Piraña,” and a parsonage pretty well-known by brothers Valencia Espinosa appeared in the scene: The current chief of the Investigation Division of the Federal Police, Armando Espinosa de Benito.

Barely two weeks after the capture of “La Barbie” — one of the most dangerous drug traffickers to operate in Mexico in the last several years — federal policemen, under the command of the cited police chief, surprisingly captured brothers Victor Emilio and Darío Espinosa Valencia, since the former was the owner of the house where Valdez Villarreal, “La Barbie,” was hidden.

The Mexican Federal Police confirmed that the Colombian brothers also faced a judicial process and a warrant for arrest since 2004 at the District Federal Court in Florida, United States, for their participation in the traffic of more than nine tons of cocaine, which were shipped by vessel “Macel” in 2001, a process wherein Sandra Avila Beltrán, “*La Reina del Pacífico*,” is also involved. However, the Mexican Federal Police never mentioned that they were acquitted of the same charges in Mexico, due to failures both in the investigation and in the analysis of their criminal file.



## “La Reina and El Tigre”, the perfect Colombo-Mexican alliance

Mexican Sandra Avila Beltrán, “*Reina del Pacífico*,” and Colombian Juan Diego Espinoza Alvarez, “El Tigre,” are the perfect example of the Alliance between the Colombian and Mexican cartels. They ideally represented the union of interests of criminal organizations in their respective countries. Their relationship went from what started as a romantic novel, to one with a black ending — when both were captured on December 28, 2007 in Mexico City.

This story began when the names of both parsonages came to light on October 7, 2002, almost 11 months after the capture of vessel “Macel,” in December 2001. The tracking of this case led the Federal Police to the couple that, until then, lived quietly in a famous neighborhood called *Puerta de Hierro*, in Zapopan, Jalisco, Mexico. Telephone calls among lines located in Guadalajara and mobile telephones aboard “Macel,” was the clue leading the office of Prosecutor General of the Republic (PGR) to find “*La Reina del Pacífico*” and “*El Tigre*.” The initial enquiry enabled the seizure of 228 lots in *Hermosilla*, Sonora, Mexico, as well as the capture of two women who carried about two million dollars in cash at the time they were arrested by the staff of Customs at International Airport in Mexico City.

As from then on, authorities discovered that Sandra Ávila Beltrán was the wife of Juan Diego Espinoza Álvarez, “El Tigre,” and had other names such as: Sandra Ávila Lopez, Sandra Luz Arroyo Ochoa, Karla Orozco Lizarraga, Andrea Medina Reyes or María Luisa Ávila Beltrán. Authorities also found out that they were both members of the at-large-scale international drug trafficking alliance operating in Mexico and abroad, made up of Mexico and Colombia cartels. “*La Reina del Pacífico*” worked for Ismael “El Mayo” Zambada, one of the most powerful drug traffickers in Mexico, and “*El Tigre*” for the criminal organization of the head of the North Valle cartel, Diego Montoya, “*Don Diego*.” The union between “*La Reina del Pacífico*” and “*El Tigre*” became so consolidated, that it still endures to this day, in spite of the fact that Sandra and Diego were placed in different prisons after their capture, and Diego was sent to United States supposedly to collaborate with the American authorities.



The case of the Mexican vessel “Macel,” captured with almost 10 tons of cocaine packed in 3,999 sacks in international waters of Pacific Ocean, was not only a typical drug trafficking operation by sea, but also led the United States and Mexico authorities to develop different investigations that enabled them to reach Mexican and Colombian drug trafficking cells which performed drug transportation and money laundering operations. For example, in the case of brothers Víctor Emilio, Darío and Leyner Espinosa Valencia, “Los Piraña,” Federal Police disclosed in September 2010 some intelligence reports that indicated the brothers Espinosa Valencia were directly involved with the supply of cocaine and the coordination of the “Macel” trip.

For this reason, the Colombian brothers face a judicial process and a warrant of arrest in effect since 2004 at the District Federal Court in Florida, United States. As far as Sandra’s case is concerned, the judicial view of Mexican federal judges is that the delivery request from the United States government must be undone, due to the lack of forcible evidences against her. Therefore, in December 2010, Sandra Ávila Beltrán was found not guilty for the charges she faced in Mexico for breaching the Federal Organized Delinquency Act and for making operations with resources from illicit origins and drug trafficking. However, the “*Reina del Pacífico*” could not leave the prison because the Prosecutor’s Office appealed her acquittal, and the last legal resource of extradition still remains to be solved. As far as “*El Tigre*” is concerned, he left Mexico, making use of the DEA witness protection program, a corporation he collaborated with since he was free—as he seemed to suggest with his enigmatic answer to journalists when asked for his hidden location in Mexico: “*ask it to DEA*”, he said.

Before the “Macel” capture, very few knew about “*La Reina del Pacífico*” and “*El Tigre*,” but being identified as the intellectual authors of trying to send such a large quantity of drugs to the United States, was their mistake. However, according to some official documents, they operated in such activities since 1998, with their operation center being the State of Jalisco, Mexico, wherefrom they coordinated the trafficking of cocaine loads between Colombia and Mexico, authorized by North Valle and Sinaloa cartels, respectively.

More and more clues about the identity of the cell led by both “*La Reina del Pacífico*” and “*El Tigre*,” arose when on July 17, 2002, two women

who pretended to be taking more than two million dollars in cash out the country were arrested at the International Airport in Mexico City. They were Colombians Liliana Bustamante Trujillo, the wife of Alvaro Espinosa Salazar, half brother of “*El Tigre*,” who carried US\$1.496.000 and Martha Lucía Riveros García, in charge of several businesses owned by said couple in Guadalajara, who carried US\$828.700 with her.

The use of people transporting money was a method chosen since some time ago by “*El Tigre*.” The first woman was accepted as the manager of the “*El Tigre*’s” half brother business, Álvaro Espinosa Salazar. One of these businesses was the beauty-clinic “Electric Beach.” She also stated that she did not declare the money in order to avoid paying taxes According to this woman, she could justify having the money, because her family and her husband Álvaro Espinosa Salazar were wealthy. ©

Months later, Liliana Bustamante was released because the Prosecutor’s Office was unable to prove that the money confiscated came from illicit activities. She argued a perfectly defined legal strategy during the interrogation, claiming that she lived in Guadalajara, Jalisco, because she was the administrator of the “Electric Beach” beauty-clinic. She also claimed that her husband was opening offices in Mexico and developing his business as a naturist physician. She also said that her constant trips to Colombia from Mexico were to visit her family and for running “businesses.” Without question, she said that she did not declare before the Mexican tax authorities the money she carried to Bogotá, Colombia, just to avoid paying taxes. Under this legal strategy, she could not be accused of organized delinquency or drug trafficking, so the charges against her were for tax evasion. This facilitated her freedom. However, some statements from her stepson, Paulo Alejandro Espinosa Rodríguez, proved the woman’s contradictions. For example, this man who also lives in Mexico, declared that Bustamante Trujillo was his father Álvaro Espinosa Salazar’s spouse, but that it was untrue that she managed any business belonging to his father.

Regarding the US\$1,400,000 seized from Liliana Bustamante Trujillo when she pretended to travel to Colombia, Paulo Alejandro Espinosa said that it was impossible for her to carry so much money on her own, since she was just “living” with his father in Guadalajara, Jalisco, where he has no economic activity. On the other hand, regarding the activities of his father and half brother of “*El Tigre*,” as well as his other uncle Mauricio Espinosa Ramirez’

activities, Paulo Alejandro Espinosa Rodríguez confirmed that the latter is a naturist physician and was living in Mexico for about seven years, and now lives in Guadalajara, Jalisco. Paulo Alejandro also stated that Diego and Mauricio Espinosa Ramírez are his uncles, and as far as Sandra Ávila Beltrán is concerned, she is only his uncle Juan Diego's mate. The final portion of his affidavit, along with the recognition of "El Tigre" and "La Reina del Pacífico" in some pictures, was convincing, and stating that his uncle Juan Diego and Sandra were participating in the drug trafficking business.

### **Money laundering for FARC guerrilla and other cartels**

Colombian and Mexican naturalized, Tito Miller Parra Isaza a.k.a. "Tito" or "Miguel Angel," looked out at one and another side of the Mexico City's International Airport. Nothing could be done. He had no way out. Therein, the federal agents were present; they were tracking him and he knew what they wanted from him when they surrounded him and asked him to accompany them. In this way, the dismantling of another Colombian and Mexican cell devoted to laundering money from the drug trafficking activities — using debit cards, interbank transferences and human mails — had begun.

That was why on midnight of November 29, 2010, when Parra Isaza was arrested while in the desks of international flights of the *Compañía Mexicana de Aviación*, he did not get upset when he accepted having a record for drug possession and taking part in the money laundering resulting from drug trafficking between Colombia and Mexico. According to the federal prosecutors, an anonymous person had denounced Parra Isaza.

One day before Tito's Mexican passport marked six months of issuance, an anonymous denunciation arrived to the offices of the Specialized Unit in Investigation of Money Laundering of the Sub-Prosecutor's Office for Special Investigations on Organized Crime (SIEDO). In this denunciation, the author of the letter stated: "*I want to inform you about a very dangerous criminal organization devoted to money laundering and drugs trafficking through the Colombian and Mexican drug cartels.*"<sup>86</sup>

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<sup>86</sup> See: Llamadas anónimas: de Ye Gon a las FARC, Sept. 9, 2008. [http://www.vanguardia.com.mx/llamadas\\_anonimas\\_de\\_ye\\_gon\\_a\\_las\\_farc-221646.html](http://www.vanguardia.com.mx/llamadas_anonimas_de_ye_gon_a_las_farc-221646.html)

The denunciation stated that such a group developed its activities in the Federal District and its connections included Colombia and Venezuela, even with subversive groups such as the FARC Colombian Guerrilla. Included among the members of said criminal group were: Horley Renjifo Pareja a.k.a. “El Flaco,” Carlos García Jiménez a.k.a. “El Costeño,” and “Tito” himself. All of the mentioned were Colombian, and had hired several killers.

The anonymous author, who justified his actions because he was threatened, along with his family, by said organization, stated that the members of that criminal group were devoted to carrying money through the Mexico City’s International Airport; trips were made mainly in the weekends — between Friday, Saturday and Sunday — and they invested a lot of money in cars, parties, jewels, and luxurious clothing.

Finally, the letter contained some information explaining the day “Tito” or “Miguel Angel,” identified as one of the main contacts with the Colombian guerrilla organization, would leave Mexico. According to the denunciation, he would travel in the night or at dawn to Caracas, Venezuela, by the *Mexicana de Aviación* airline.

So “Tito’s” arrest that 30<sup>th</sup> day of November 2007, was not difficult. After having taking his boarding pass, the man identified as part of the contacts with FARC guerrilla and the Colombian drug cartels in Mexico, said good-bye to Angélica Hernández Ramírez, María Félix Ramos Gaspar and Ricardo Martínez Rodríguez, when federal agents detained him.

Parra Isaza could not board the flight 375 to Caracas, Venezuela. The reservation made at Hotel Marriot in Caracas, Venezuela — a country with whose government FARC guerrilla has had contacts for “humanitarian interchanges” — was also lost.

From then on, other members of the group that carried out transfers of more than 50 million Dollars through the “*Casa de Cambio Puebla*” (“Pueblo Exchange Agency”) were captured. This was a financial entity that was intervened in Mexico by SIEDO for serving Sinaloa and North Valle cartels in the laundering of approx. one thousand million Dollars, as well as the purchase of crafts in the United States, which were used to carry cocaine from Colombia to Mexico.

But it was “Tito” himself who provided all the details about the operations of the cell made up by Colombians and Mexicans. This man, born in Bogotá, where worked as a taxi driver, got the Mexican nationality

in June 2007. Before his capture, he lived in one of the most exclusive areas of Mexico City, located at Federal District south, in *San Jerónimo Lidice*. He can afford to live there due to his alleged employment in the company, *Cooperativa Comercial Emporio*, as administrative advisor.

“Tito,” who needed to take medication to fight the depression he suffered since he was captured for possession of cocaine in 1997 in the United States, worked for a bogus company devoted to importing casual clothing from Colombia, owned by *Horley Rengifo Pareja*, located at *Avenida Las Palmas*, in one the most expensive areas of Mexico City.

In front of Mexican prosecutors, Parra Isaza accepted his participation in the money laundering since he arrived Mexico in September 2003, to work for the company *Cooperativa Comercial Emporio* — owned by Rengifo Pareja — a company he contacted in Cali, Colombia, through one of its branches, a Spa and Fashion Model Agency.

In Cali, Colombia, he added, he attended the appointment with “Carlos”, who is Rengifo Pareja’s brother-in-law, and the latter hired him to work and live in Mexico. He also explained that the criminal organization laundered money by using debit cards. Each of those cards was credited with an approx. of nine thousand dollars and then they were sent to Colombia from Mexico.

The company *Life and Victory Inc.* was located at *Calle Genova 33*, office 301, in the so-called “*Zona Rosa*” (“Red Light District”) in Mexico City, “Tito” said. During an inspection of that site, authorities found 48 contracts to provide cards to same number of persons in order to withdraw money from Automatic Teller Machines (ATMs) in different places all around the world where the company operated. There was even blank documentation of said company found, through which this laundering network operated in Mexico.

In Colombia, “Carlos”, Rengifo Pareja’s brother-in-law, received the cards. “Tito” also stated that each month, an average of 100 cards, preloaded with money were sent. Every month, Carlos took the money from the ATMs and then gave it to the “money’s owners,” whoever they were. “Tito” also got in contact with Chan or “El Chino”, the owner of a tire company in Querétaro, who also made money transferences from Mexico to China, and other places in the world. “Tito” met “*El Chino*” in June 2007.

Once he knew the “money launderer”, “Tito” attempted entering the big leagues; he asked to his cousin, Fernando Tejada Isaza, to make money transferences through China with the help of “El Chino.” Finally, “Tito” made to transfer one million dollars. After receiving the money from his cousin, he transferred the money to China, with the help of “El Chino.”

Another operation led by “Tito” happened in mid October 2007, after receiving a call from “El Chori,” a person who used to give him the cousin’s money. “El Chori” told him that he was going to give him more money, another million dollars. However, such money did not reach the “El Chino’s” account. Precisely, the day that the money was supposed to reach “El Chino’s” account, “Tito” or Miguel Ángel was captured, thanks to the anonymous denunciation.

In addition to Parra Isaza, Mexican federal agents arrested many others in different operatives held within the Federal District including: Ricardo Matínez Rodríguez or Richar Martínez Rodríguez; Joaquin Alejandro Senderos Higuera a.k.a. “El Licenciado”, Horley Rengifo Pareja a.k.a. “El Flaco”, Samuel Jiménez Roldán; Luis Román Mercado Hernández; Roberto Angulo Isaza or Carlos García Jiménez a.k.a. “El Costeño”; Carlos Daniel Montoya Cárdenas, and Jenny Hurtado Beltrán. They were all accused of drug trafficking, organized delinquency, and money laundering.

## **The new drug traffickers**

Colombian Harold Mauricio Poveda Ortega a.k.a. “El Conejo” is a young man, very young in the opinion of many. But even at 37 years old, he has already been in the large-scaled business for more than ten years, between Mexico and Colombia.

He could be the example of a new generation of drug traffickers today operating in Colombia and Mexico. His counterpart in Mexico is Édgar Valdez Villarreal, “La Barbie,” who also at 37 years old, led large illicit drug trafficking operations between Colombia, Mexico and United States.

Poveda Ortega — who started his criminal activities at a large scale in Mexico in 2000 at the service of the organization of Colombian criminal Diego León Montoya, “Don Diego” — was in charge of being the link between the North Valle Cartel, in Colombia, and the Sinaloa cartel in Mexico, led by Joaquín “El Chapo Guzmán”, for whom the former stopped

working for in early 2008, in order to join the late Arturo Beltrán Leyva, “El Barbas.”

Coming from Tulua, Valle del Cauca, Colombia, Poveda Ortega confessed that during his criminal activities since the year 2000, he carried more than 150 tons of cocaine to Mexico, introducing more than 20 tons a year. Recently, his main link in Colombia for the supplying of cocaine was one important chief of FARC guerrilla, identified as “Comba.”

The drug loads he imported into Mexico were between three to five tons each, which were introduced mainly by sea —In fast boats and submarines — according to the reports of the Mexican Federal Police. However, his relations with Mexican capos were not exempt of problems, especially when he became the main drug supplier of the Beltrán Leyva Network.

According to the reports of the Mexican Federal Police, his capture on November 5, 2010, meant a success for the fight against drug trafficking in Mexico, but is also a story dotted with reports of corruption. For example, the version of a protected witness whose code name is “Lucero,” revealed that in October 2008, federal policemen were suborned to let “El Conejo” escape when he was receiving a package of with 80 million dollars, in an operative where he was detained in a mansion located at the west of the Federal District, known as the *Desierto de los Leones*. The evidence of the acts of police bribery in this operative is amazing. It was proven that Víctor Garay Cadena and Jorge Cruz Méndez, two high ranking chiefs of the federal police, incurred bribes and even stayed illegally in a mansion consuming drugs and joined the private party the drug dealers had with women they had hired for their entertainment. Officially, it was pointed out that in this operative just half a million dollars were found, but according to the protected witness, the policemen took 80 million dollars as a payment for letting the Colombian capo escape.

The fall of “El Conejo,” which was almost simultaneous with the capture of brothers Víctor Emilio and Darío Espinosa Valencia, interrupted, at least temporarily, the sending of cocaine from FARC guerrilla to Mexico, according to the Mexican authorities. Additionally, in 2009 FARC guerrilla lost a submarine with a 6-ton cocaine load. For this, Poveda Ortega, “El Conejo,” was indebted to his Colombian partners in the amount of 48 million dollars, and he had just paid 18 million dollars. Also, of the last



5-ton cocaine load introduced into the country for Édgar Valdez Villarreal, “La Barbie,” “El Conejo” did not receive the 40-million dollars payment.

Now, he not only owes money, but he also has to face charges both in Mexico and the United States. Currently, an extradition request made to Mexico by the United States government is underway, as long as “El Conejo” is accused for the counts of conspiracy and the importing of loads of cocaine in New York Courts and in the District of Columbia.

Although it seems that an important part of the drug trafficking links between Colombia and Mexico have been dismantled, the fact is, the drugs and money flow have not been stopped, nor does it seem to stop in the foreseeable future, because the business is so large that the fight against it must continue at least for many years to come.





### **Drug Traffickers and Politics: Perspectives and scenarios**

*By Luis Astorga*

On November 5, 2010, Ezequiel Cárdenas Guillen, alias “Tony Tormenta,” died in Matamoros, Tamaulipas, in a gunfire confrontation for several hours with the Mexican Navy in the streets of the above mentioned border city. This parsonage arose as one of the leaders of the drug trafficking organization “El Golfo 2” after the capture of his brother Osiel in 2003, who then was extradited to the United States in 2007. As soon as his death was confirmed, signs supported by “*Unidad Zetas*” (“Zetas United”) —allegedly their old partners — with disparaging readings referring to the organization members (“the Golfas traitors”) appeared in several cities celebrating his death and pointing out Osiel as informer. The break between “El Golfo” (The Gulf Cartel) and “Los Zetas” initiated in early 2010, although there were already some signs confrontation as early as 2008 and 2009, according to the Mexican authorities and testimonies from some arrested members of the organization. Their quarrels for the criminal predominance in northeast Mexico increased the violence levels in the Tamaulipas and Nuevo Leon States.

It is probable that the agreements between Osiel and the authorities of United States in February 2010, which implied moving Osiel from a high security prison to a middle security prison plus a reduction in his

sentence, had effects in the break between the Golfo Cartel and “Los Zetas.” But it is difficult to determine since the American authorities closed the case forever. However, the signs signed by “Los Zetas” showing Osiel as informer aim towards the break. What Osiel would have negotiated would be sensitive information to weaken the paramilitary group that he contributed to create and consolidate since 1999 as the armed wing of his organization “El Golfo.” A possible change of strategy by the United States authorities regarding the high-profile Mexican traffickers; the Mexican version of “*Cartel de los Sapos*” (“The Informants Cartel”), was taking place with Osiel Cardenas.<sup>87</sup>

The aim of Mexican authorities is to divide the drug trafficking organizations into pieces, or as Juan Miguel Alcántara Soria, Executive Secretary of the National Security System would say: That the drug trafficking phenomenon “*to be reduced to a tolerable expression as it is the case in other parts of the world.*”<sup>88</sup> However, what really has occurred are splits of old coalitions in order to make up new ones, without losing power or fire capacity, to remain in the fight for the hegemony in the drug trafficking arena.

The Beltrán Leyva Brothers and the Carrillo Fuentes, Brothers who formerly made part of the gangs coalition with leaders coming from the Sinaloa State and whose most renowned figure is Joaquín “El Chapo” Guzmán, split up and would get allied with “Los Zetas” and brothers Arellano Félix. On the other hand, “Los Zetas” and “El Golfo” split up and the coalition led by Guzmán got allied to “El Golfo” organization. “The Michoacana Family” was also incorporated to this latter. Following the death of Ezequiel Cárdenas, it has been said that there is a major presence of Guzmán and “The Family” armed groups in Tamaulipas to support the

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<sup>87</sup> See: “Capo killed; frontier in flames”, *Reforma*, November 6, 2010; “Signs against the Gofa Cartel appear”, *Reforma*, November 6, 2010; Notimex, “Osiel moved to a middle-security jail”, *El Universal*, July 29, 2010; Ana Lilia Perez, “Osiel Sentence, a pact with Obama”, *Contralinea*, No. 193, August 1, 2010 (<http://contralinea.info/archivo-revista/index.php/2010/08/01/sentencia-de-osiel-un-pacto-con-obama>).

<sup>88</sup> See: Veronica Espinosa, “The strategy is to reduce narco to tolerable levels”: Alcántara Soria, November 6, 2010, at <http://www.proceso.com.mx/rv/modHome/detalleExclusiva/85154>

other leader of “El Golfo” organization: Eduardo Costilla, alias “El Coss.”<sup>89</sup> For some years, “The Family” was associated with “Los Zetas,” although part of it was already working for Guzmán. In short, there has been a reconfiguration of those coalitions, but the structure of drug trafficking in Mexico continues to be predominantly an oligopoly, with two large blocks that show flexible, even unthinkable, alliances due to the intensity of violent confrontations among them.

In the political field a very important reconfiguration has also taken place. President Calderón was the candidate for Partido Acción Nacional (PAN) in 2006. PAN had displaced the Partido Revolucionario Institucional (PRI) from the presidency in the year 2000, a central position of political power occupied by that party since 1929. Currently, PRI has 19 governances and 921 municipal presidencies; PAN has 5 and 477, respectively; PRD, 5 and 286, respectively, and PAN-PRD coalition has 3 governances. Out of the 5 States with the highest number of violent deaths related to drug trafficking until June 2010, 4 have PRI governors (Chihuahua, Sinaloa, Durango and Tamaulipas), and 1 (Guerrero) a PRD governor. Of these 5 States, 4 are main producers of marijuana and poppy (Chihuahua, Sinaloa, Durango and Guerrero). Of the northern Border States, 2 have PAN governors (Baja California and Sonora), and 4 of PRI (Chihuahua, Coahuila, Nuevo León and Tamaulipas). In the south frontier, there is one governor of PRD (Chiapas) and 3 of PRI (Tabasco, Campeche and Quintana Roo). Most of the northern border municipalities have PRI governments, among them: Tijuana, Ciudad Juárez, Nuevo Laredo, Reynosa and Matamoros. In the most important seaside municipalities of the country, there is also PRI government predominance, although important ports in the Pacific such as Lázaro Cardenas and Veracruz in the Mexican Gulf, are governed by PRI and by PAN, respectively.

What does this reconfiguration of the political sphere mean for drug trafficking organizations? That means that those who are able to provide protection for their activities, or those who can be associated with, or those to whom they must threat, tamper or eliminate, are part of the political power structures governing different parts of the country. In other words, the possibilities of association, of providing protection, or

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<sup>89</sup> See: “Come without bishops to ‘Coss?,” *Reforma*, November 7, 2010.

of corruption are differentially distributed as per the power positions occupied by the different political parties in the national territory and its strategic importance for the business of the illegal drugs. For example, cocaine entering Mexico through the Yucatan peninsula is carried through the Gulf's States and introduced into the United States through a wide portion of the north frontier and goes across States governed by PRI. The Pacific route going from Nayarit to Sinaloa and passing by Durango and Chihuahua to reach the United States, also is under PRI state governments. On the other hand, in Sonora, PAN rules the state government, the main ports and most of the border municipalities. Also, in Baja California, the state government is exercised by PAN, but in the intermediate elections hold in July 2010, PRI won the border municipalities of Tijuana, Mexicali and Tecate. Cocaine entering by Lázaro Cardenas port, in Michoacán, a town and state governed by PRD, as well as marijuana, heroin or methamphetamines produced in that State and sent to the United States, must go across municipalities and States governed by PRI and PAN.

In short, there is not any political party that can ignore its responsibilities, the trafficker activities, or otherwise pretending not to have any kind of link with them, by permission or omission. Hence the options of the political class are: 1. To develop a tight cooperation between the Federation, the States and Municipalities in order to apply the laws in force, which implies to create a consensus and to pursue a State security policy; 2. to *let do* and to *let pass*, which would imply the predominance of the criminal groups; 3. to establish mutual-interest agreements to co-govern under a mafia-paramilitary scheme. Options 2 and 3 do not contribute to keep democracy; they are authoritarian schemes based on the use of force.

In Mexico it has been discussed a possible return of PRI to run for the presidency in 2012. Also, there are rumors of the need to abolish the municipal police, and to only have a police with unique control in States, plus the Federal Police. Should this come true and PRI gets its governors to be disciplined, the interest coincidence between the central power and most of the State governments of the same party in the States producing drugs, the States allowing passing of the drugs into territories influencing the coalitions of the most powerful drug traffickers in Mexico, it would imply greater possibilities of bringing together coercive power and use it either to subdue criminal groups, subordinate them under the political

power and stop its autonomy attempts, or to use them — among other purposes — against their political enemies in return for protection and impunity. This latter strategy does not seem to be alien to that displayed by some governors of PRI in areas of greater conflict that have been successful in making only the Central Government pay the political cost regarding the dissatisfying results of the security policy. It, in addition, coincides with PRI customary practices when the State party system prevailed.

In the drug trafficking arena, the current coalitions do not seem to be sensitively weakened although they have suffered important casualties. Nor its self-regulation and transmutation in democrats must be expected. There is an extreme trend towards a mafia-paramilitary scheme, represented by “Los Zetas” and “The Family,” especially in Tamaulipas and Michoacán that would seem to be present and imposed beyond those regions. It is about two States with a different political configuration: in Tamaulipas, PRI holds most of the power positions and has barely anyone to compete against, while in Michoacán the political map is more complex and fragmented. Should the ruling class be able to reach a consensus with a State security policy, consolidate democracy and institutions, and to apply law, the drug trafficking organizations may be successfully weakened and kept down. Otherwise, the political alternation will mean a sort of power feudalization and greater possibilities to get acclimatized to a mafia-paramilitary scheme. That is, the predominance of an authoritarian system with high degrees of violence.

It seems that the American policy regarding drugs issues is not going to be modified in the short run, nor the world market of illegal drugs, and also not the United States demand. But the political pressure from United States over Mexico does seem to be intensified, since the government of the former perceives the overflowing of the frontier violence towards its territory as a danger. The US State Department and the top management of the US Northern Command have pointed out the need to go beyond the Mérida Initiative and have offered the experience acquired from the Iraq and Afghanistan wars to both the Mexican militaries and federal police. There is some talk about a Mexican Plan. It will remain to be seen to what extent the Mexican political class is willing to do for its relationship with the United States, or if its differences will put it in a position of greater weakness against the game rules that United States would try to impose, in the event it feels its national security to be under threat.

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# PART V

## DRUG TRAFFICKING AND MYSTICISM IN MEXICO: THE MICHUACANA FAMILY

*“Michoacán is one of the places of disputes among drug trafficking coalitions, both local and from other states (...). The “Michoacana Family” Network, the organization’s genesis and the sociopolitical context in which the Network has been developed, show certain characteristics of a qualitative modification of the relation between the political and the drug trafficking fields”*

– Luis Astorga

*“It is observed a trend towards the establishment of agreements and social relations with municipal presidents (...) not only consist on bribery”*

– Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán

*“Another statement showing the ambivalent and complex thought of “The Family”, in the words of “El Más Loco” (“The Craziest”): ‘The battle against the sin is won or lost in the mind. Anything that catches your attention catches you too’”*

– Francisco Gómez





### Structure of the Michoacana Family Network

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

It is presented below the results of the analysis regarding the Mexican illicit network known as “The Michoacana Family” (“La Familia Michoacana”). Although this is not the most dangerous illicit network or the strongest in Mexico, it turns out to be very interesting because of the interactions established with public servants and politicians.

The network presented in this chapter is sustained on judicial files containing facts that occurred until 2009. A witness involved in the “Michoacana Family,” who then provided relevant information to authorities, provides the information enabling the modeling of this network. It is important to point out that some interactions narrated by the witnesses are developed during the time when, according to the witnesses, the Michoacana Family was joined to the “Golfo Cartel.”

This network was elaborated in two stages. In the first stage the social relationships were modeled by analyzing files regarding facts until 2005. By that time, it was known that either “El Tísico” or “El Negro” was the Cartel leader. Also at that moment, “La Tuta” was already seen as a relevant leader in the acts of “The Family” when it was articulated with “The Golfo Cartel.”

During the first stage, in which social relationships were analyzed until 2005, this was a social network mainly consisting in bribes affecting agents in charge of the security in the municipalities where “The Family” operated. The most affected officials, according to the information, belonged to the local or municipal level of the public administration.

During the second stage, which includes information regarding facts that occurred until the year 2009, a larger participation of public servants is registered in the network.

As it will be explained in the following chapters, “The Michoacana Family” mainly acts by bribing public servants of the municipalities in order to facilitate the drug movement within the *Michoacán* State and other Mexican States. Usually, in the analyzed information, it is mentioned that the illegal drugs are moved within the State, and then are sent to the United States. In fact, it is stated that official cars of either local security bodies or justice bodies of the Michoacán State are used for this purpose. *Lázaro Cardenas* is one of the municipalities where, according to the information, official cars and local officials support the movement of illegal drugs.

Since 2005 it is observed a trend towards the establishment of agreements and interactions with municipal presidents, not only consisting on bribery. That is, social relationships such as mutual collaboration between lawful and unlawful agents are registered in the network. In fact, the witnesses providing information to authorities stated that several municipal presidents were aware of the intervention of these presidents to facilitate “The Family” actions. Notwithstanding, as will be shown in the following chapters, although the establishment of political or mutual collaboration agreements are observed, the percentage of these interactions are still low when compared with the percentage of social relationships established through bribery or intimidation.

“The Michoacana Family” network consists of 284 agents, with 880 social relationships. Below, the results of the calculation of both the direct centrality and the betweenness indicators are shown, to identify the node/agent with the highest amount of interactions and with the highest capacity to arbitrate information.

## **Concentration of direct social relationships**

Dionisio Loya Placarte a.k.a. “El Tío” is the node/agent concentrating the highest amount of direct interactions. This agent, identified with code NARFADIOLTI, is described by the witnesses who provide the information, as the person in charge of the organization in various states of the Mexican Republic, not only Michoacán State. NARFADIOLTI’s task consists on (i) articulating authorities of the three levels of the public administration, (ii) paying them, (iii) coordinating different politicians and (iv) selecting candidates and collaborators of “The Family” in Michoacán and other States. In this sense, it is easy to understand why NARFADIOLTI has established the highest amount of social relationships in the network, mainly because he is in charge of articulating agreements and relations with public servants of the different branches of public administration.

Regarding the concentration of social relationships, it can be inferred that there is not a sub-network near to the nucleus in charge of stabilizing the network.

In graphic terms, it is observed an important distance between the hub, located in the graph nucleus, and the second core node, which is the node with the second highest direct centrality indicator. However, in percentage terms, there is just a distance of 0.4 points. Below it can be observed the distribution of the first ten core nodes with the highest indicator of direct centrality. Codes starting with letters NAR reference drug traffickers and those starting with letters FUN reference agents who are public servants.

- *Hub, or first core node/agent:* NARFADIOLTI, referencing a.k.a “El Tío”, with a direct centrality indicator of 4.7%.
- *Second core node/agent:* NARGOLTUT, referencing a.k.a “La Tuta”, with a direct centrality indicator of 4.3%.
- *Third core node/agent:* FUNPRIC, referencing a local judicial police form the Michoacán State, with a direct centrality indicator of 3.8%.
- *Four core node/agent:* NARFATEM, referencing a.k.a “Emilio”, with a direct centrality indicator of 3.3%.

- Fifth *core node/agent*: NARFAJEMEC, referencing a.k.a “El Chango Méndez”, with a direct centrality indicator of 3.1%.
- Sixth *core node/agent*: NARFANAMOG, referencing a.k.a “El Chayo”, with a direct centrality indicator of 2.6%.
- Seventh *core node/agent*: FUNPOFAM, referencing a local police, with a direct centrality indicator of 1.9%.
- Eighth *core node/agent*: NARFALID, referencing a.k.a “El Doctor”, with a direct centrality indicator of 1.8%.
- Ninth *core node/agent*: NARFAGOR, referencing a.k.a “El Gory”, with a direct centrality indicator of 1.8%.
- Tenth *core node/agent*: NARGOLFLA, referencing a.k.a “El Flaco”, with a direct centrality indicator of 1.7%

Note that there is not a percentage distance of one digit between each one of the ten first core nodes with the highest percentage of established social relationships. Furthermore, it calls the attention that among the first ten core nodes/agents with highest concentration of direct interactions, the *third core node* is a public servant. This public servant belongs to a security agency of the Michoacán State.

## Capacity to arbitrate information

By calculating the *betweenness* indicator, which allows identifying the percentage with which each node/agent “gets in the way” in the network geodesic routes, it is observed a similar structure to the one resulting of calculating the direct centrality indicator. However, it is observed a larger distance between the node/agent with the highest *betweenness* degree, which is the structural bridge, and the second core node.

The node/agent identified as a structural bridge in this network, with the highest *betweenness* indicator, is NARGOLTUT. Such node registers a *betweenness* indicator of 11%. The second core node/agent with the highest *betweenness* indicator is NARFADIOLTY, with an indicator of 7.9%. In this case there is a distance of 3.1 percentage points between the structural bridge and the second core node. In addition, it is found that just 89 out of the 284 nodes/agents of the network register some degree of potential capacity to arbitrate information, given the fact that only these

nodes/agents register some degree of *betweenness* indicator. This, in turn, means that the other nodes/agents do not “get in the way” in the network geodesic routes and, therefore, the geodesic route starts or ends up in the remaining 195 nodes/agents and no information flow goes through them.

Note that the first and second places in percentage importance regarding the capacity to arbitrate information are opposed when compared to the first and second places in terms of concentration of direct social relationships. This means that the structural bridge, with the highest *betweenness* indicator, is the second *core node* in terms of quantity of social relationships established; the structural bridge is not the most popular and related person in the network. In opposite sense, the node/agent appearing as a *hub* —the most important in terms of concentration of social relations— is the second *core node* in terms of capacity to arbitrate information.

The most important nodes/agents in terms of the *betweenness* indicator, which reflects the capacity to arbitrate information, are:

- Structural bridge: NARGOLTUT that refers the drug dealer “La Tuta.” This node/agent, that intervene in 11% of all the geodesic routes of “The Michoacana Family” network, is the second most important in terms of the amount of interactions. This means that “La Tuta” is the node/agent arbitrating the highest amount of flows of information among sub-networks of the present network. In the following chapters, the characteristics that allowed “La Tuta” to become the person with higher capacity to arbitrate information between nodes/agents of the Family network will be analyzed. Such high capacity to arbitrate information explains the fact that “La Tuta,” by his own, formed an autonomous fraction of “The Family,” currently known as “Los Caballeros Templarios” (“The Knights Templar”), which then became a military priority for the Mexican State (Otero, 2011b). Bearing in mind the foregoing, the capture of “El Chango” Mendez, on June 21, 2011, explains the apparent dismantling of one fraction of “The Family,” which confronted another fraction lead by “La Tuta.” As a matter of fact, according to the media, the capture of “El Chango” Mendez, was possible because he was running away from both “La Tuta” and

“Cartel del Golfo” (Milenio, 2011). Although the capture of “El Chango” Mendez and the death of “El Chayo” were interpreted as the end of “The Family” (Milenio, 2011), the rise of “Los Caballeros Templarios” puts into question the structure of “The Family” in the last few years. Although the Public Security Secretariat at Mexico identified “El Doctor” and “El Chango Méndez” as the main leaders of the Family (El Universal, 2010), according to the model elaborated and analyzed herein, “El Tio” –the *hub*- and “La Tuta” — the structural bridge<sup>90</sup> — were “leaders” in terms of their capacity to establish direct interactions and to arbitrate information. The Mexican Public Security Secretariat identified these latter ones as “coordinators” rather than “leaders” of “The Family.” This means that, considering the direct centrality and *betweenness* indicators, some of the following situations could have been foreseen:

- o The change of leadership in the structure of “La Familia,” since “El Chayo” and “El Chango Méndez” were not the leaders of “The Family,” but rather “El Tio” and “La Tuta.” In this first scenario, “Los Caballeros Templarios” is the name of a structure similar to “The Michoacana Family,” but with a fundamental modification in the command line.
- o The rise, consolidation and independence of a sub-structure inside “La Familia”, led by “El Tio” and “La Tuta.” In this second scenario, “Los Caballeros Templarios” is the name of a *new* structure born inside “The Michoacana Family.”

In any scenario, whether facing a change of the command structure or facing a rise of a sub-structure inside “The Michoacana Family,” it could have been foreseen that the structure led by “La Tuta” and “El Tio” had wide possibilities of remaining in place as a result of to the political connections and the electoral capital that “El Tio” and “La Tuta” were able to obtain through political

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<sup>90</sup> This, in turn, would be ratified by the fact that according to the model herein prepared, by deactivating the node/agent “El Chango,” the network structure would not be critically altered as per its centrality degree and *betweenness* (Charts 21 and 22).

agreements. In this sense, “La Tuta” has the highest margin to operate in the municipal and state institutions, which represents privileges regarding the type of information that he can access to.

In the conditions analyzed in this model — given the role of the *hub* performed by “El Tio” and the structural bridge performed by “La Tuta” — both nodes/agents required their mutual collaboration in order to complement their own comparative advantages and disadvantages in the market of institutional capacities. However, when any of those two nodes/agents found the way to perform both roles simultaneously, would have enough institutional capacities to become the “leader” of the structure. In the particular case of “La Tuta,” it was necessary to improve his capacity to establish direct relations with other agents, while for “El Tio” it was necessary to improve his capacity to arbitrate information; none of them can be considered as the absolute leader, since each one represents a specific type of relevance for the stabilization of the structure.

- Second *core node*: NARGOLTUT, which “gets in the way” in 7.9% out of the total of the geodesic routes of the “Michoacana Family” network.
- The public servant with the highest capacity to arbitrate information ranks in the sixth highest indicator of *betweenness*: FUNPRIC, which appears in 5.1% of the total of the network geodesic routes. This node/agent, a municipal president, has the highest capacity among the involved public servants to arbitrate information between sub-networks, as long as the other nodes with *betweenness* indicators higher than 5.1% are drug traffickers.

Public servants are important elements of the “Familia Michoacana” structure. In fact, the Public Security Secretariat has pointed out that the police of the State of Michoacán protected members of “La Familia.” For instance, “Tyson used his position as director of field operations at the State Preventive Police for providing patrol cars to facilitate the escape of criminals” (Gómora, 2011). In the same sense, witnesses who provided information to the authorities pointed out that official vehicles of the Attorney General’s Office at the State of Michoacán were used for drug transportation. According to additional judicial information, members

of Internal Affairs of the Ministerial Police of the Michoacán State also participated in drug trafficking activities by helping to protect a load of “six kilos of cocaine,”<sup>91</sup>

“*El Michoacanazo*,” the field operation in which 35 mayors were captured because of their connections with “La Familia,” is an interesting example of the complex area of interactions between public servants and drug traffickers. The structure presented in the graph at the end of this Chapter, which has been published in several books, illustrates various types of interaction between drug traffickers — codes beginning with the letters NAR — and public servants — codes beginning with the letters FUN.

This area of collaboration, mainly articulated through bribery, is currently known in judicial terms at the local and State level, at least according to investigations and prosecutions carried out by the local judicial system of the *Michoacán* State. However, despite the wide media coverage and the general violence observed in the State, allows inferring a massive collaboration between officials and criminals, convictions against public officials are uncommon. In fact, all the mayors who were prosecuted in the *Michoacanazo* were then released as a result of decisions in second instance courts.

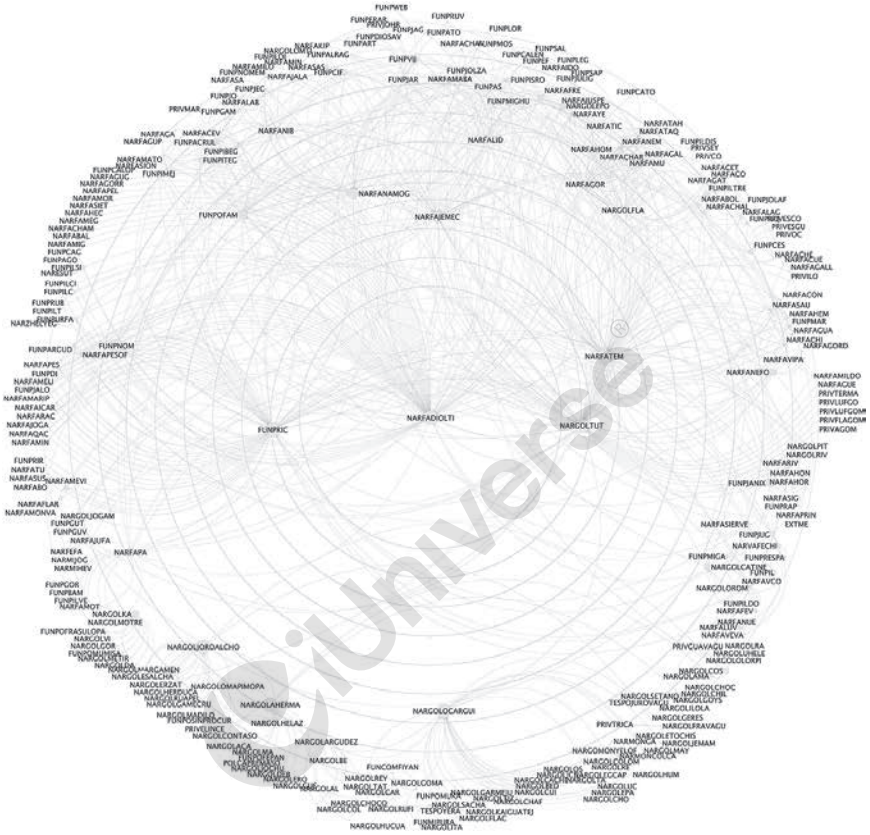
In any case, even the limited information provided by the witnesses, as well as media information, allows inferring a process of State Capture at the local level, with an expectable process of Co-opted State Reconfiguration that could affect even the Federal Police operating in the State of *Michoacán*. It can be expected that such a great complexity of interactions between and among lawful and unlawful sectors of society, at the political, economic and enforcement levels, impact the institutions, not only of the State of Michoacán but also of the federal level of Mexico.

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<sup>91</sup> Acapulco Resolution, part II.

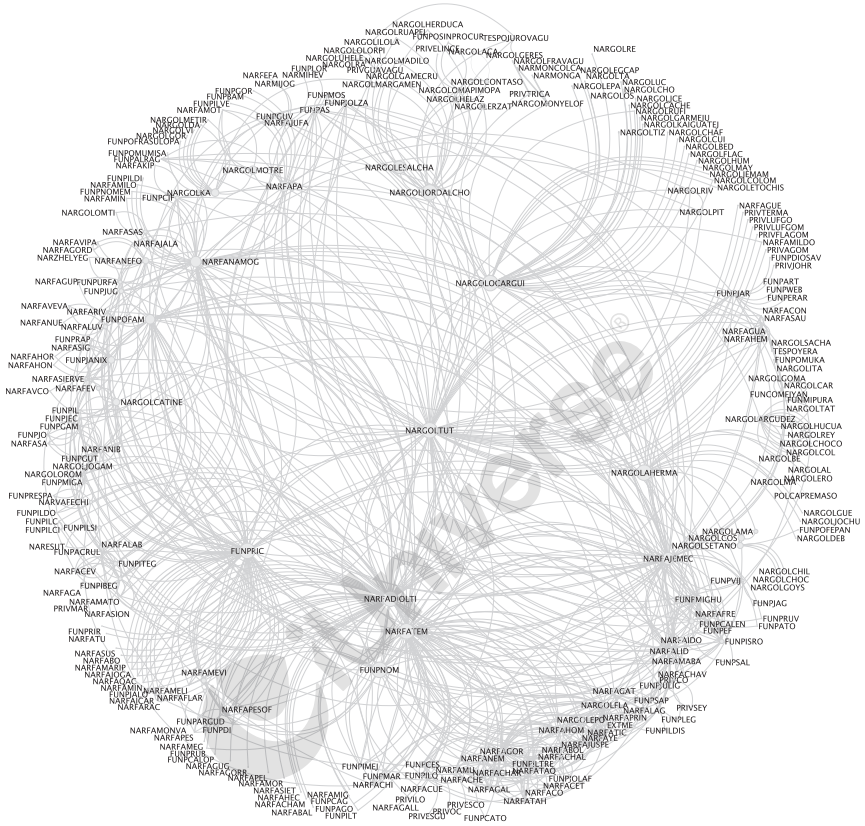


Graph 21.a. Uniform radial distribution. Location illustrates the direct centrality indicator (concentration of social relations) and size illustrates *betweenness* indicator (capacity to arbitrate information). Michoacana Family Network.



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**Graph 21.b. Uniform radial distribution. Location illustrates the *betweenness* indicator (capacity to arbitrate information) and size illustrates the direct centrality indicator (concentration of social relations). Michoacana Family Network.**



## CHAPTER 19

### **The Michoacana Family. Historical context.**

*By Luis Astorga*

The political alternation in the Mexican States started in 1989 when the Partido Acción Nacional (PAN) won the election for governance in Baja California. In the year 2000, the Partido Revolucionario Institucional (PRI) lost the presidency of the Republic. The PRI (in several iterations: PNR-PRM-PRI) had governed since 1929. In the year 2002, Michoacán also entered in this process of change. Lázaro Cárdenas Batel, a grandson of General Lázaro Cárdenas won the governance as candidate of the Partido de la Revolución Democrática (PRD).

Michoacán is a place that grows poppies and marijuana, as well as a place where methamphetamines are produced. In addition, this State is a route whereby cocaine enters and the above-mentioned drugs transit to the United States. Michoacán is one of the places of disputes among drug trafficking coalitions, both local and from other states; it is also a place of constant political alternation, with different parties in its 113 municipalities. This alternation brought with it breaks of the forces that had prevailed for several decades. In the relationship between the fields of drug trafficking and politics, of subordination of the former to the latter, we start to see greater tensions and confrontations than those observed during the regime of the State party.

There are reports about illegal cultures in Michoacán that goes back several decades. Reports from the United States Government in the

1940s pointed out the presence of poppy growers coming from the town of Badiraguato, Sinaloa, in Ayutla, Jalisco, a near state. The Mexican Government also talks of marijuana and poppy cultures in the town of Aguililla, Michoacán, in the 1950s. In both States, there were people whose last names were Valencia who resulted arrested. The presence of the Sinaloan drug traffickers in that region dates back to that time. This datum is important because the coalition of Sinaloan drug traffickers was hegemonic in the country until the 1980s, when the coalition in Tamaulipas began to be strongly highlighted in the six-year period of Carlos Salinas (1988-1994).

During the time of the State party system (PRI), no great disputes were experienced between both coalitions. The serious problems started during the stage of political alternation, due to a great extent, to the fast split of the old system since the middle 1980s, the disappearance of the central security institution which mediates between the fields of the politics and drug trafficking and the weakness of the lower hierarchy, the political fragmentation resulting from the alternation, and the lack of agreements between the different forces to create a State security policy with strong institutions for such a purpose. In general, in that scenario, the field of drug trafficking and the security institutions were acquiring a greater margin of autonomy regarding the political power. The federal government, the state, and municipal governments did not come to coordination, so each one reacted on its own, more based on short-term political calculations than on the Mexican State interests. The drug trafficker organizations took advantage of this situation to compete among them with other usually violent rules, and against the authorities for (i) the control of the security institutions otherwise for a portion thereof, (ii) to broad its criminal income, and (iii) to attempt modifying the forces correlation between them and the political field.

### **The Michoacana Family: Antecedents, alliances and disputes**

In the beginning, the leader of the Golfo-Zetas organization, Osiel Cárdenas, did not have any significant problem with Sinaloan drug traffickers. The border gang's real problems started in 2003 when Joaquín

“El Chapo” Guzmán’s organization entered Tamaulipas to challenge the former for the Nuevo Laredo market.

A report from the PGR’s National Planning Center, “Analysis and Information for the Delinquency fight,” pointed out that one of the first thing Guzmán did after his escape in 2001 was to meet with the other Sinaloan drug trafficking leaders, such as Vicente Carrillo Fuentes, Ismael Zambada García a.k.a. “El Mayo”, Vicente Zambada Niebla, Alfredo Beltrán Leyva a.k.a. “El Barbas,” alleged cousin of Guzmán who had attended the meeting representing Juan Jose Esparragoza, “*El Azul*”, and about 20 more people more in Cuernavaca. There they would agree on the nationwide restructuring of their activities and the Nuevo Laredo control. Beltrán Leyva would have hired the services of Edgar Valdez Villarreal, “La Barbie,” a gunman born in Laredo, Texas, to head the battle for the Nuevo Laredo control, Tamaulipas.

Between 2002 and 2003, Osiel Cárdenas had taken the lead in that market by eliminating the leader of one of the strongest gangs in that place: José Dionisio García, “El Chacho.” But Osiel was captured in March 2003; a situation the association Guzmán-Beltrán-Valencia took advantage to enter with greater force to dispute the most important goods-crossing point of the frontier with the United States. The member of the Michoacán drug traffickers’ clan, Armando Valencia, was arrested in September 2003. None of the fighting factions declined; on the contrary, the fight worsened.<sup>92</sup> Osiel was already in prison, but according to the PGR, his former military hired killers, “Los Zetas,” continued fighting. According to the PGR, they did under the command of many collaborators of Osiel such as “El Gordo” Lamn and Gregorio “El Goyo” Saucedo. Due to the violence in Nuevo Laredo, the Fox Administration launched the operative called “*México Seguro*” in June 2005, with the participation of the military and federal police (from the Agencia Federal de Investigacion-AFI and Policía Federal Preventiva -PFP).

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<sup>92</sup> See: PGR, “Intense activity was exercised by PGR to fight impunity during the year 2001,” Report No. 887/01, December 25, 2001; Omar Sanchez de Tangle, “The Chapo Guzmán new Cartel,” *Milenio Semanal*, February 20, 2005; Alberto Najjar, “The drug trafficking war from within,” *Masiosare, La Jornada’s* supplement, July 10, 2005.

While the Guzmán's organization tried to penetrate in the Tamaulipas territory, the Golfo-Zetas organization did the same in Michoacán. The Coalitions invaded zones of historical influence of one another, corpses were sowed and rivers ran blood. In the competition for the hegemony in the drug trafficking field, they broke all the limits regarding violence modalities.

Early 2004, a command made up by 20 to 40 persons dressed in AFI, PFP, Michoacán police and military uniforms and carrying high power arms such as AK-47 and AR-15, took the Apatzingan prison in Michoacán by storm, to release five hit men of the Osiel Cárdenas drug trafficking group, without firing a shot. The PGR attributed the action to both Carlos Rosales, alias "El Carlitos" or "El Tísico," and former GAFES (Airmobile Group of Special Forces) known as "Los Zetas." Rosales came from Guerrero — at the beginning he worked for Armando Valencia — but years after, he changed and entered the Osiel's gang with whom he established a close relationship. In October 2004, a GAFES group supported by 150 soldiers from the 21 Military Zone captured him in Morelia. Rosales was imprisoned in Puente Grande prison in Jalisco.<sup>93</sup>

PGR and military intelligence investigations pointed out that "El Chapo's" organization had training fields for his people in Sinaloa, Sonora, Tamaulipas and Nuevo León States. They also pointed out that they recruited people of El Salvador (particularly "Maras"), Guatemala and Panamá. With this, they aimed to reinforce their hired killers group known as "Los Pelones" and "Los Talibanes". Edgar Valdez Villarreal and Jesús Méndez, "El Chango" (*latter mentioned as one of the leaders of the Michoacana Family*), were in charge of this strategy. The "Maras"

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<sup>93</sup> See: Ernesto Martínez, Eva Bertini and Carolina Gómez, "In Michoacán, an armed command releases 43 criminals, among them 5 drug traffickers," *La Jornada*, January 6, 2004; "False agents release 25 criminals in Apatzingan," *Milenio Diario*, January 6, 2004; Abel Barajas "PGR suspects "Los Zetas" to be responsible for the escape," *Reforma*, January 6, 2004; Jorge Alejandro Medellín and Jaime Márquez, "Drug dealer Osiel Cárdenas' substitute falls," October 25, 2004; PGR "Carlos Rosales Mendoza enters Puente Grande's prison in Jalisco," Report 1067/04, October 28, 2004; Francisco García and Omar Sánchez de Tagle, "Army operative to arrest Osiel Cardenas' successor," *Milenio Diario*, October 25, 2004; "SEDENA detains an Osiel Cárdenas substitute," *Milenio Diario*, October 25, 2004.



were known for their ability and experience to decapitate enemies. José Luis Santiago Vasconcelos, head of SIEDO, was the person in charge of spreading the version of both the beheading “Maras” and its links with “El Chapo” organization, although he took the precaution of not attributing to that group all of the beheadings in the country. In a document from his office PGR stated that beheadings were “*a sort of ritual, because they believe that they take possession of the spirit of the decapitated person.*” Another version said that the authors were ex-Kaibiles at the service of “El Chapo,” and for that they used the knife or *Rambo-like* dagger.<sup>94</sup>

Lázaro Cárdenas Batel (PRD), governor of Michoacán, was worried about the “savage and aberrant” violence exercised by drug trafficker gangs in his State and the possibility that the drug money could fund pre-campaigns and electoral campaigns in the province’s municipalities. According to him, there was a threat planned from its town against the national security. He recognized that regarding the drug trafficking subject the political differences with the federation (PAN) should not be an obstacle for the presence of the PGR, the Army or PFP.<sup>95</sup> The statement was pronounced days later when a strongly armed command of about 20 people entered a bar in the outskirts of Uruapán, shot into the air, threatened the customers, put the severed heads of five persons on the dance floor and left a warning message for their enemies. Similar other crimes had been committed in Michoacán during the foregoing months related to confrontations between powerful drug trafficker groups who fought for territories, routes, and who tried to turn police forces into mercenary forces at their service

The two large drug trafficking coalitions — Sinaloa and Tamaulipas — arose during the regime of State party. The former is the elder. The only recent organization that has been consolidated during the political alternation has been the so-called “Michoacana Family,” when the PRD displaced the PRI in Michoacán (2002). This organization first appeared

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<sup>94</sup> See: Armando Maceda, “*Los Maras* teach *El Chapo* to cut heads,” *Diario Monitor*, July 20, 2006; Miguel García Tinoca, “Marathon of barbarism,” *Excelsior*, October 3, 2006.

<sup>95</sup> *Policía Federal Preventiva*, PFP. See: Francisco Gómez and Jaime Márquez, “Cardenas is afraid that the drug trafficking takes possession of the municipal governance”, *El Universal*, September 14, 2006.

with the name of “Family” on November 22, 2006, when a leaflet was released in the main Michoacán mass media. That document affirmed that its members came from the south and southeast of the State, that they had influence in the region called *Tierra Caliente* (which includes eight municipalities: Tepalcatepec, Buenavista, Apatzingán, Paraculo, Francisco Mugica, Gabriel Zamora, Huacana and Churumuco) and in Morelia, the capital. The group promised the Tierra Caliente’s inhabitants the donation of books, provisions and the construction of classrooms. It also stated that the sale of adulterated wine coming from Tepito (a neighborhood in Mexico City) would be prohibited, and that they would draw on “very strong strategies” to bring the order: in Michoacán there were 17 beheadings (until November, 2006) and signed messages had been left by the group called “The Family.” Some days before, a leaflet containing the said information was already released and distributed in the towns of Morelia (PAN), Caracuaró (PRI), Tacambaro (PRI-PVEM), Nocupetaro (PRD), Ario de Rosales (PRD) and Turicato. It was suspected that the Osiel Cárdenas’ group was the responsible person of such leaflet.

Its objective: to fight the “ice” producers, as well as the extortionists and kidnappers. Its enemies by then, according to some versions: the drug traffickers’ coalition led by people of Sinaloa and “Los Zetas.” Before being known as “The Family,” they were known as “*La Empresa*” (“The Enterprise”), associated to the Tamaulipas organization, known as Golfo-Zetas. According to the Mexican authorities, “The Family” was a “Los Zetas” split, a group of elite ex-militaries so self-named, co-opted in 1999 by Osiel Cárdenas, leader of the Tamaulipas or *El Golfo* organization. For Eduardo Medina Mora, the person by then in charge of the PGR, “The Family” “*was the first organization in beheading people whose heads were left a year and a half ago in a nocturnal center in Apatzigan (it was in Uruapan) and they have been particularly cruel in the way they perform such practice.*”<sup>96</sup> Two of its members, one of them the one called “*El Más Loco*” (“The Craziest”) — Nazario Moreno Gonzalez, coming from Apatzigan — provided an interview, released on December 4, 2006. They said that they were more than four thousand, that there was no rivalry between them and Golfo-Zetas organization, that they were respected, that they

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<sup>96</sup> See: María de la Cruz González, “‘The Family’ is the cruelest and most dangerous of the gangs: PGR,” *El Universal*, May 30, 2009.



wanted to decrease violence; they did not want to kill. They pointed out that some decapitations have been attributed to them and they recognized: “perhaps they occurred.”<sup>97</sup> They controlled 80 out of the 113 municipalities of Michoacán, according to the information released by the magazine *Proceso*. They also stated that their boss demand them to read *The Bible* in a daily basis.

The federal authorities did not fully understand the emerging organization composition. The director of the PGR affirmed that “Los Zetas” who wanted “to be too clever” made up “The Family.” The SIEDO’s Chief agreed in pointing out the “new” group as the other side of the Osiel Cárdenas’ gang, and he added that Cárdenas was trying to penetrate the mass media as he had done it in Tamaulipas where some stopped publishing reports “for panic or conspiracy.” It was said that about 200 gunmen who disguised themselves in military or AFI uniforms conformed the group. According to the PGR, SEDENA,<sup>98</sup> and PFP reports, some leaders of the gang had been identified, among them 3 municipal ex-police chiefs of Turicato and Ario de Rosales.<sup>99</sup>

“The Family’s” main activity is drug trafficking, but they have diversified their funding sources. Federal authorities have identified kidnapping, extortion, theft and piracy, as well as its incursion in legal businesses such as car washing, hardware, groceries, car lots, nocturnal centers, restaurants, self-service stores, pharmacies, etc., as the new funding sources. Entrepreneurs growing avocados and fruits from diverse regions of the State were called to attend a meeting with Nazario Moreno, who arrived armed, escorted, and dressed in military uniform, and told them that they had to pay the organization certain amount of money, and if they failed to do it, they would have to abide by the consequences. He said he had control over local authorities and that he was able to solve any problem

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<sup>97</sup> See: Alejandro Suversa, “The power of The Michoacana Family,” *El Universal*, December 4, 2006.

<sup>98</sup> *Secretaría de la Defensa Nacional*, SEDENA.

<sup>99</sup> See: Andres Becerril, “Members and The Family household identified,” *Excelsior*, November 25, 2006; Isabel Gonzalez, “PGR threatens to go after newspapers which published any reports of “The Michoacana Family,” *Excelsior*, November 25, 2006; Israel Yanez, “The Family, a drug trafficking group looking for confusing, PGR says,” *La Cronica*, November 27, 2006.

with the federal police. Similar meetings would have been carried out in other places of the State where this organization operates. In Colombia, extortion or “vaccine” is a practice performed by both guerrilla and the paramilitary groups.

“The Michoacana Family” appears to have learned from its previous ties with “Los Zetas” to make up a paramilitary-like structure, and so to diversify its criminal income by following logistics in the style of the mob. Osiel Cárdenas, leader of the Golfo-Zetas organization introduced such modalities in drug trafficking in Mexico. “The Family” added the Bible reading and interpretations by way of what they have called “Divine Justice” in messages left over its victim bodies.

Information attributed to the federal government intelligence sources, talked about some relationship between the “Michoacana Family” with the media, entrepreneurs, and members of the political class in several municipalities in Michoacán. They mentioned Dionisio Loya Plancarte, alias “El Tío,” coming from Michoacán, as one of the leaders of the organization in charge of public relations. Apparently, Loya is the person responsible for recruiting and funding candidates running for positions of popular election irrespective of the party<sup>100</sup> they belonged to. Reports from military sources and PGR also pointed out the existence of some links between municipal and state authorities with “The Family” to set people of the organization in the police institutions, in order to protect gunmen and extortionists and to hide economic interests. They suspected its intentions to influence the electoral campaigns through the funding, the vote coercion and the transportation of voters. Uruapan, Lázaro Cárdenas, Apatzingan, Morelia and Patzcuaro<sup>101</sup> were mentioned as the highest-risk municipalities.

Ex-teacher “La Tuta”, also declared in an interview about his relationship with “Los Zetas:” *“In its due time we walked along with them, saw the mistakes we made and the riots occurred; we then split up from them.”*<sup>102</sup> La

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<sup>100</sup> See: Alejandro Jimenez, “Alliances between mayor’s offices and ‘The Family’ under investigation,” *El Universal*, September 19, 2008.

<sup>101</sup> See: Francisco Gomez. “The Family” wanted to place its own federal politicians, *El Universal*, May 29, 2009.

<sup>102</sup> See: Pablo Cesar Carrillo, “I wish ‘The Family’ to take care of the whole Republic: ‘La Tuta’,” *Milenio* online, August 10, 2009.

Tuta blamed “Los Zetas” for carrying out extortions, thefts, rapes and kidnappings in the States. He added that they did not allow them to operate in Michoacán: *“Entrepreneurs, traders, industrialists, professionals and avocado growers of Michoacán can put on the balance... They have friends nationwide: Ask them about what is happening now in other states, to see if it is like in Michoacán.”* And regarding the federal authorities he stated: *“Our respects for Mr. Fernando Gómez Mont [director of the governance secretariat by then], our respect for Mr. Felipe Calderón, we know his job is noble and we know they got to do it.”* He also talked about the arrest of mayors and other officers (known in the media as “*el Michoacanazo*”, May 26, 2009) for alleged links with his organization (one of the wanted was Julio César Godoy, by then fugitive and half brother of the Michoacán Governor, mentioned in PGR and SEDENA documents as one of the leaders of the organization, and elected in 2009 federal deputy by District I, with capital township in Lázaro Cárdenas): *“It is a lie what they are saying against all that people, against all those councilors. No!, no more, they are destroying their lives, their wife, children’s lives... their family,”* Out of the 38 persons arrested in September 2010, just one is still in prison. The others were released and pleaded not guilty.<sup>103</sup>

In the relations between politics and drug trafficking, in a scenario of political alternation such as that of Michoacán, with a PRD state government and PRI, PAN, and PRD municipal governments, and coalitions as well, the governing political class has three options: (i) To cooperate one another, with the state government and the federation to apply the law; (ii) do nothing and let the drug traffickers establish and apply the game rules by subduing the public power and population; or (iii) to establish connivance relations with drug traffickers with the hope of a mutual benefit and sacrificing the peoples which would be subdued to authoritarian and violent controls introduced as a security strategy by corrupt politicians and mafioso paramilitary groups.

By the time of the State party regime, the drug traffickers in Mexico were subordinated under the political power. History shows that there were not any attempts of State Capture or Co-opted State Reconfiguration. The drug traffickers being unsatisfied with both the situation and the

<sup>103</sup> See: “of the 38 arrested in the *Michoacanazo*, 37 are free,” *El Universal*, September 28, 2010.

rules imposed by the political power, got three options: To quit the business, prison, or to die at the hands of the State institutions with extralegal powers. The disappearance of that system and the features of the political alternation in Mexico fragmented and weakened the State capacity to maintain and reinforce its power over the drug trafficking field. The economic strength and the fire capacity of the criminal groups have contributed to a greater State weakness. Criminal groups started to compete against the political class in some fields, but the former have not shown any interest in making the political class disappear; instead, they have tried to modify the dependent relationship they were subdued to.

The “Michoacana Family” Network (Graph 21.a and 21.b), the organization’s genesis and the sociopolitical context in which the Network has been developed, show certain characteristics of that process, a qualitative modification of the relation between the political and the drug trafficking fields, and express trends towards a Co-opted State Reconfiguration by a paramilitary-mafioso-like organization with leaderships coming up from the municipalities, some of which are said to be inspired in the Bible, and with a strong regionalist sense. Dionisio Loya concentrates the larger quantity of social relationships and competences among the organization’s leaders. The figure arbitrating the largest quantity of information and acting as structural bridge between the network nodes/agents is Servando Martínez, who appears as a central parsonage. His education and professional experience as a teacher have probably allowed him to better know the social networks required for the expansion and consolidation of the organization, and the importance of the mass media to spread his ideas, the organization identity signs, to make audacious approaches to the federal authorities and to send messages to his enemies. He has been an effective and fearsome spokesman.

### **The Michoacana Family: Fanaticism and Violence**

*By Francisco Gómez*

“The Michoacana Family” is perhaps, the most dangerous emerging criminal organization currently operating in México. Its members have demonstrated an extreme ferocity. While combining overtones of religious fanaticism, the group has acquired a great corrupt power and a great capacity to infiltrate policemen and spheres of the Michoacán government, which is considered its main bastion and operation center in México. There, “The Michoacana Family” has been involved in at least, eight massacres with decapitations, a series of attacks to barracks and police convoys, and has killed with excessive cruelty members of rival drug trafficking groups. Its strength in that entity, where the Federal Police has arrested more than 350 of its members, goes from the mountain area, the *Tierra Caliente* (“warm land”) region, the Purépecha (tribal) zone and the coast area.

Besides Michoacán, and as part of an action plan of “The Michoacana Family”, there are other zones where it operates, such as the States of Mexico, Guerrero, Federal District, Guanajuato, Aguas Calientes, Quretano, and Hidalgo; additionally, its presence has eventually been reported in Tamaulipas. Out of the large cartels, “The Michoacana Family” is perhaps the youngest known in Mexico, but not the least dangerous. Unlike other drug trafficking groups that have recently emerged, such as

the Milenio, the Valencias or the Amezcua cartels, “The Family” is present in vast territories. The history of “the Michoacana Family” is recorded with “birth certificate,” since it was publicly introduced in Michoacán on November 22, 2006 through a leaflet released by Michoacán newspapers.

This criminal organization was born as a consequence of the break between Carlos Rosales and Valencia Brothers, gangs that shared the drug trafficking operation in Michoacán, Jalisco and Colima. However, once both factions were confronted, the Valencia Brothers joined the Sinaloa cartel, and Carlos Rosales joined *the Gulf* Cartel. In the end, Carlos Rosales and brothers Valencia were arrested, and as a consequence, the Michoacán drug trafficking groups decided to join a new organization and break its alliances, declaring war to “El Golfo” and Sinaloa cartels.

That is how “The Michoacana Family” was born, whose leadership was Nazario Moreno González, “El Más Loco” (“The Craziest”); José de Jesús “El Chango” Méndez; Servando Gómez, “La Tuta”; Arnoldo Rueda Medina, “La Minsa”, and brothers Dionisio and Enrique Plancarte, “El Tío” and “El Kike”, respectively. “The Michoacana Family” was a criminal group oscillating from the extreme violence on the one hand, to religious fanaticism on the other. They usually decapitate their enemies and leave messages on their bodies, such as “your murder was a deed of the Divine Justice.” Its strategies are similar to terrorist acts, including direct attacks to federal police barracks or policemen kidnappings. To date, nor the capture of its members, nor the arsenal confiscation, have stopped the fire and mobility capacity of this criminal network.

After breaking its alliances with other criminal groups, “The Family” was quickly consolidated. In this context, one member is especially relevant: Servando Gómez Martínez, “La Tuta,” who not only has shown his fierce side, but also proved to have the necessary logistics to avoid the police — at least until now — and even to have influence on the mass media. It makes sense that “La Tuta,” whose occupation was rural teacher, appears in Graphs 21.a and 21.b as one of the persons with higher relations and power within “The Michoacana Family.”

Based on different information sources collected and analyzed during the last three years, below it is presented a journalistic essay trying to explain the criminal profile of this organization, its interests and relations with policemen and politicians, stories of its members and, also its transnational expansion.

## **The fighting Cock and the escape**

The federal agents' special group in charge of keeping tracks of Servando Gómez Martínez, "La Tuta" — one of the most violent and dangerous bosses of "The Michoacana Family" — knew that in the night of January 28, 2009, he would be in the cockfighting pit. The criminal boss, as all of the inhabitants in the Arteaga city — the site dividing the regions of "Tierra Caliente" ("Warm land") and Costa de Michoacán — cannot miss the festivities of *Virgen de La Candelaria* ("Candelaria Virgin"). Along with the religious devotion, the musical events, the sale of typical food and the cockfight, are the main attraction.

The officials knew about the mystic and skeptic profile of its target, the man who was a rural teacher until few years ago. They reached such town at different times, dressed in civilian clothing and driving vehicles with no police logos. The secret operation started two days before when they knew that "La Tuta" made up his mind to go to the cockfight and bet large amounts of money. Everybody gathered together near the street *Lázaro Cárdenas*, located in downtown Arteaga.

For security reasons, federal police set surveillance at distance, but without missing any details of the people who entered the plot of land where the fair was located, especially of those suspicious-looking persons. For hours, policemen patiently waited in the surrounding area of the site; they walked or drove their vehicles, but trying to go unnoticed before the "hawks" eyes — people in charge of tracking the movements of policemen and militaries in those places whereby the cartel bosses will pass or get together.

About midnight, the movement of several vehicles triggered the alerts. Several luxurious automobiles arrived into the fair site, just when the cockfight was about to start. The van that called attention the most was a white-color Hummer-brand van, wherefrom just one man got out without bodyguards and apparently without weapons. Minutes later and before they starting moving, another white van without plates quickly entered the cockfight area, and this time two men carrying AK-47 assault rifles and pistols fixed to their waists; along with grenades and other attack equipment, got off the van.

The man who was escorted by the armed subjects was Servando Gómez Martínez, “La Tuta,” the same man who went from rural teacher to drug trafficking chief. Immediately, this man who kills people if the Tarot cards so order him to do it, entered the cockfight. Several armed men took place around the site to guarantee the capo’s security, and so to avoid being captured by policemen or militaries.

By seeing the armament and the number of hired killers taking care of “La Tuta,” the special group of federal agents asked for reinforcements. The head of the federal agents in charge of searching “La Tuta,” directly called the chief of the Special Police Operation Group (GOPE)<sup>104</sup> from the Federal Police stationed on the Lázaro Cárdenas port, 15 minutes away from the site the capo was. There was no time to loose and from such a port, 10 vans plenty of policemen departed to enter into action.

The federal agents’ responsible for tracking Gómez Martínez was very pleasant for its mates to be so near and, if necessary, willing to confront the criminal group. But not even 5 minutes had passed after the call asking for reinforcements, when “La Tuta,” along with his bodyguards, quickly got in the Hummer they arrived in and left the cockfight. Behind them, the other van that was identical to the first one left. Both vehicles headed at full speed to the north of the city, and took to the road leading to the town of Nueva Italia, 30 minutes away from where they were.

The escape of such criminals brought suspicion; it was obvious that there was a betrayal following the call for reinforcements; it could not be otherwise. However, the federal agents responsible for the capo’s capture began chasing the two vehicles. At full speed and winding through the Arteaga’s streets and avenues, the federal agents reduced the distance separating them from the 2 vehicles, and they could see in the distance that the vehicles suddenly stopped. Passengers got out of the 2 Hummers and immediately got in a Jeep Compass van placed at their side to re-start the escape, along with several other vehicles; among them a red Cheyenne van, another one a white Siverado.

Some blocks ahead, the vehicle convoy made a maneuver and all of the vehicles were split up taking different streets. The federal agents decided to go after the Jeep Compass van, which was the van that the passengers

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<sup>104</sup> *Grupo de Operaciones Policiales Especiales, GOPE.*



of the Hummer had gotten into. They headed again to Nueva Italia. However, on the road heading to this contiguous city, the federal agents gave up, when the van made an unexpected turn, taking a narrow way heading to a mountain, the perfect site for an ambush.

Given the impossibility of continuing the vehicle persecution where “La Tuta” escaped, the federal agents decided to return to the city and resume the search of the vehicles participating in the capo escape. Just when they entered Arteaga again, the federal agents were told about the arrival of the reinforcements they had asked for. By radio, they coordinated the search for the other vehicles.

Minutes later, they listened by radio frequency that one of the vehicles participating in the Gómez Martínez escape was sighted in the city’s main street. All of the policemen moved to the area and arrested all who were in the red-color Cheyenne and white-color Silverado vans. When they felt they were surrounded by the federals, the people in the van surrendered, putting up no resistance. One by one, all the 3 occupants got out of the vans. One of them identified himself as 21-year-old Luis Servando Gómez Patiño a.k.a. “El Pelón,” “La Tuta’s” son.

With the “La Tuta’s” son, also Arnoldo Zavala Hernández a.k.a. “El Tejón,” and one woman — who was released by the police — were in the van. Born on May 15, 1987, “El Pelón” was the person driving the Cheyenne van, where the police officers found one AR-15 rifle, one magazine, 2 fragmentation grenades in the glove compartment, and three mobile telephones. *“Since two years ago, I work in cattle farming, after having dropped the teacher studies”* he said.

### **I already cannot quit the business: “La Tuta”**

In my family everybody knows that my father is in the drug trafficking business, and we all agree with his activities, stated “El Pelón” before the policemen. Everybody in my family, he continued, knows that he coordinates the operation of the people in charge of “The Michoacana Family” in the cities of Arteaga, La Mira, Lázaro Cárdenas, Guacamayas and Las Cañas, in Michoacán, and also in Ixtapa Zihuatanejo, Coahuila and Tecpan de Galeana, Guerrero; in all those sites he buys marijuana

and sends the loads to Nogales and Mexicali. In those places the grass is received by Michoacáns coming from Apatzigan.

My father was a teacher, but he quit to enter in the drug trafficking business, sated the “La Tuta’s” son. One of his brothers, Luis Felipe — also known as “Guicho” — who also is a teacher and now is in prison accused of drug trafficking, said some time ago: *“When I found out that he was in the drug trafficking, I told him to quit such business, (...), asked him to return to teach classes, and then when the federal police made a new operative in my parents domicile, I asked my brother again to better teach classes, but he answered that it was already impossible for him to quit the business.”*

After teaching in classrooms, “La Tuta” became one of the most violent chiefs of “The Family,” to the extent that he has been held responsible for massacres such as the 12 federal policemen on July 13, 2009, when they were surprised by him and his hired killers in a house where they were hidden, located in front of “La Tuta’s” mother. After this massacre, “La Tuta” — who days after the massacre called a newscast to propose a peace agreement to the government in order to stop violence in the Michoacán State — alerted his closer relatives about the possibility of federal agents being around; he also alerted that a worse confrontation could happen. He sent his parents to his brother Flavio’s house, and asked other relatives to leave the town.

In that moment, the policemen who pretended to be university students were waiting for the capo’s arrival to capture him, but he arrived first, alone and in a hidden way, so the policemen failed to capture him. When they felt uncovered, they surrendered themselves without putting up resistance in front of “La Tuta’s” hit men, waiting for mercy. But 2 days later, the bodies of these 12 policemen, including a woman, appeared piled in a road, with obvious signs of torture, and a message for the authorities: “Come for us.”

This was not all. A 6-minute video was uploaded to internet, where all the policemen appeared alive, seated within a barn, hardly beaten, and guarded by men in boots, strongly armed. The video was used by “The Family” to warn their enemies, “Los Zetas,” and the police itself. In the last scene of the video they all were killed.

As a very close ally with the other bosses of “The Family,” Narciso Moreno González a.k.a. “El Chayo,” and José de Jesús Méndez Vargas

a.k.a. “El Chango Méndez”, “La Tuta” has Genaro Orozco, “El 17” or “El Cholo,” as his hired killer or main bodyguard: *“My father trusts very much in this person, he is 1.85m. of height, dark skin, 27 years old and he wears a tattoo on the left side of his chest with a sun-like figure. He also wears another in his left arm showing a pistol and in his right arm he wears another showing two women; he always wears cholo clothing and drives a Cheyenne van or a Jeep Compass, which he used to help my father escape,”* commented before the policemen.

### **The objective: Political influence**

*“The Michoacana Family,” in which my father is a member, has stretched to Guerrero, as a result of “Los Zetas” arrests in Zihutanejo, situation which has been used by my father’s group,”* stated Luis Servando. Within the Guerrero towns, the contiguous state to Michoacán, “La Tuta” has influenced decisions of municipal presidents because he has offered his support during the municipal elections. Once elected, those who have received the support of “La Tuta” allow people of “The Family” to participate as municipal delegates or in the police directorships, in order to keep control of those sites.

In addition to the testimony provided by the “La Tuta’s” son, there are different testimonies regarding the economic support provided by “The Michoacana Family” to local authorities. Among the evidence from “The Family” plan, policemen found in one of the Hummer vans (which was abandoned during the escape), four sheets whose headlines were “Legend Payroll / shared pay with Nazario.” In that document, there was a list containing the names of the municipal presidents to whom the organization allegedly paid for the levels or degrees of complicity/cooperation with “The Family.”

For example, according to that report, Genaro Guizar Valencia, Mayor of Apatzingan, was paid \$100,000; Jairo Rivas Páramo, Mayor of Arteaga \$50,000; Jose Luis Villafranco, Mayor of Ciudad Hidalgo \$70,000; Mariano Ortega Sánchez, Mayor of Lázaro Cárdenas \$200,000; Adán Tafolla, Mayor of Tumbiscatio \$ 250,000; Antonio González Rodríguez, Mayor of Uruapán \$300,000; Juan Antonio Iztazihuatl, Mayor of Zitacuaro \$300,000; Julio César Godoy Toscano, who by that time was

the link with the Lázaro Cárdenas' mayor, was paid 40,000. There were also other lower rank officers such as commanders, directors of public works, and public ministries who received different amounts of money.<sup>105</sup>

These documents and the statements from protected witnesses were the information used by the federal government to launch the major police-military operative in Michoacán that has been carried out to date, to capture what they called the “political structure for the Protection of the Michoacana Family,” in May 2009. In the beginning, 27 officers, mayors, and policemen from that entity were arrested, but then this figure arose to 35. The General PGR accused them of receiving millions of dollars in return for facilitating and hiding the criminal group operations.

According to an analysis by the Federal Police, with that operative known as “El Michoacanazo” leading to the detention of mayors, officers and policemen of Michoacán, the logistics and operation of “The Michoacana Family” was diminished, so it fell back into rural areas, particularly into the mountain areas. Likewise, the criminal organization transferred the command from Morelia to Apatzingan and Lázaro Cárdenas, since it lost the institutional protection and interaction with political actors who facilitated them to make fairs, cockfights and popular dances, which they took advantage of to sell drugs.

However, the federal dependence pointed out that afterwards the situation returned to the previous one due to the release of most of the mayors and officers of the state government, since 34 out of the 35 arrested were released. The release of all the people involved in this operation were allowed because the criminal judges deemed that the evidence brought by the authorities did not show enough proof of the accused links with “The Family.”

Indeed, more than a year later, the 34 accused were released because the accusations based on testimonies by three protected witnesses, “Ricardo,” “Emilio” and “Paco,” were not proven by the prosecutors. Specifically, different courts deemed insufficient, contradictory, unlikely, and without support the evidences against the accused, which in spite of that, were used for the captures. This, of course, has proven deficiencies in the judicial procedures, either in the compilation of evidence or in the assessment

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<sup>105</sup> According to the information contained in the investigation PGR / SIEDO/ UEIDCS / 398/ 2008.

thereof, leading to decisions insufficiently supported. By that time, Julio César Godoy Toscano, a half brother of the Michoacán governor Leonel Godoy was also accused. But the former was not arrested and he was even authorized to participate in the elections he then won for federal deputy, notwithstanding PGR having been informed that he was wanted. Then, authorities had to make a political trial against him to quit him of the criminal immunity that he enjoyed; he is currently a fugitive.

The “La Tuta’s” son stated that until not so long ago, his father “*had good relations with Julio César Godoy Toscano, who worked for the Municipal Presidency in Lázaro Cárdenas and is half brother of governor Leonel Godoy, but I do not know the reason for the break of such relation.*” One of the evidences of the Godoy Toscano relation with “La Tuta” was recorded in a telephone conversation intercepted by the Federal Police and submitted as evidence in October 2010. The recording, which reached the mass media, exposes an alleged support from “La Tuta” to his interlocutor, to win the elections for federal deputy in Mexico. The transcription of said recording is presented below:

*Tuta: Buddy, first and foremost I wish you to win, you'll have all my support, you're going to win, in a very discreet way with the locals, I wish you all people for you, everybody for you, without threatening any guy of the other parties. You're gonna win buddy. In this case you know which ones. You're gonna win Buddy, first and foremost God. Another thing Buddy, what about your cousin Benito?*

*Godoy: He is here in Lázaro, I guess.*

*La Tuta: Are you sure?*

*Godoy: Yes*

*La Tuta: Keep an eye on him.*

*Godoy: Why?*

*La Tuta: (...) I really don't know. I don't know about him. Beware! Because his plan is not to return, and he is near them and even collaborating. (...) Tell your cousin that this is the last time I cover him, because for him to be saying of you about the relation and what happened in the campaign in the town and all that, already are many things. He is very offended, with rage, and he himself*

*expressed: "I do not lose the hope to return" (...). Prove him, be near him, say hello to him and see how his relation towards you is.*

*Godoy: OK, I'm gonna be near him to see what he says. Hey, when I met those people who brought me up, they told me that what could be a problem to catch me is the statement of your boy, and what about the statement of that one who was here.*

*La Tuta: I'm dealing legally that issue of my son. About my son I will show you the statements and all that, as he never testified anything.*

*Godoy: Hey, and what did "El Cede" testify?*

*La Tuta: That guy is a protected witness.*

*Godoy: He is, right?*

*La Tuta: Buddy, he left, he accepted everything, that guy (wey) is a protected witness; he used of the program.*

*Godoy: Hey, one more thing, there is a journalist from here in Lázaro that you are paying him and that son of a bitch is betraying us.*

*La Tuta: Who's him?*

*Godoy: El Guachoma.*

*La Tuta: El Guachoma?*

*Godoy: Yesterday he went up to Quadratín and mass media and said that PRI was going to accuse us for some comment and "la chingada". And PRI only gave a press conference, but they never said that were going to file a denunciation.*

*La Tuta: What journal is it, Buddy?*

*Godoy: (inaudible)*

*La Tuta: Tell him, right now there is a person with you, the one who is right now with my authorization, tell him to go right away, that they send a boy and the person with you tell him to break him right away.*

*Godoy: He already was told about, in one and one thousand ways.*

*La Tuta: Who told him that?*

*Godoy: The Chamuco himself*

*La Tuta: Well, do me a favour, send somebody to tell him that I want to talk by phone with him, please (...). Go quickly Buddy, for the son of a beach to be calmed.*

*Godoy: Go, go!*

*La Tuta: Check what I am telling you, so you can see.*

*Godoy: I'm going to look for him. Hey, and about the other man, we cannot take a copy of such statement?*

*La Tuta: Of that man, No. Hey, my licentiate told me when we knew he made use of the program, that guy said everything, but about my son, Buddy, all the statements are available (...).*

*Godoy: Well, that cuate was saying mass before being brought up.*

*La Tuta: Buddy, Let's see what you are going to say.*

*Godoy: No, but do you remember when he was recently arrested, then he said that it was this and that it was that. They almost wanted to hit that guy (wey) for him to shut his mouth off.*

*La Tuta: To whom? To "El Cedés"?*

*Godoy: To "El Cedés"*

*La Tuta: Well, Buddy I cannot turn to God, ask God, and to pray daily to God, when I know that I am acting badly. Everybody knows Buddy that the guy (el bato) was a trash.*

*Godoy: Of course, but you see how.*

*La Tuta: Do you know what they told to that dummy? And of course, he spoke: La Tuta put you, and the guy (wey) spoke, a son of a bitch (...).*

*Godoy: Well, we have to be careful, because the thing is hot.*

From underground, the Michoacán Governor's relative looked for and won protections against the warrant of arrest pronounced by a federal judge. He not only won such protections, but also got his political rights restored, so he was able to protest—covered by the Democratic Revolution party—as a federal deputy. However, after the prosecutor's office disclosed the telephone recording on October 14, 2010, the downfall of Godoy Toscano started, so he was removed from his office and his privilege as a lawmaker was lost two months later.

Currently he is wanted by police to be subjected to a criminal process. This is another unresolved chapter.



## Expansion at any cost

The strategy is to support and politically drive different persons and party leaders in those zones where “The Family” is present, according to the summarized logic of “La Tuta’s” son: *“My father’s main goal is to expand the Micoacana Family.”* But the expansion of that group cannot be achieved just by having influence at a political level; it also has to be based in the use of intimidation with hired killers sent to different entities.

The Federal Police disclosed in November 2010, an analysis called “Outcomes regarding the Fight against The Michoacana Family,” wherein it is established that this criminal organization has training fields in Michoacán and other States. It was also pointed out that in those places where “The Family” is established, they recruit members for the criminal group, providing weapons and vehicles, so those recruited are able to carry out intimidation against traders, entrepreneurs, street sellers, piracy distributors, and all those performing any productive activity. In return, according to “The Family,” the recruited will have the right to protection.

In the document, the Federal Police pointed out that the salaries that “The Family” offers for those who join the organization go from \$8,000 Mexican Pesos to \$30,000 Mexican Pesos. The people recruited receive training in the handling of weapons. However, The “punishments” for the new members of “The Family” go from hits against a board, to death for disobeying. In addition, those recently joining “The Family” are moved to the mountains to be tested by torturing and killing individuals captured by the criminal organization. In fact, the Federal Police showed images of a video seized in the personal computer of Miguel Ortiz Miranda a.k.a. “El Tyson,” former director of Operations from the State Police in Michoacán, in which this practice was recorded.

In other document drew up by the PGR, entitled “Strategy of The Michoacana Family,” it is pointed out that in each site where “The Family” is present, its attitude consists of substituting the authorities under the excuse that with the organization, kidnappers, rappers, attackers, or delinquency affecting the city population will disappear. However, the “protection” they sell is not a proposal and is not optional; it is an imposition — those who offer resistance, are exposed to retaliations, or otherwise to be killed. Very few offer resistance to this extortion, because even before they attack



the population, the first thing these cells do is to subdue local police authorities. In this way, the population has no a way out.

The method used by “The Michoacán Family” to subdue the entire population and the authorities in different States of Mexico, allowed them to add the extortion as a source to fund its army of hired killers; this, in addition to the drug trafficking and production, in underground laboratories, of ice, crack, methamphetamines and other synthetic drugs. For this reason, PGR has pointed out that the degree of violence used by the criminal group to commit its crimes was just one of the elements which caused great terror among the citizenship and its enemies.

In this way, “The Family” has made incursions in the following States: México, Guerrero, Guanajuato, Querétano, Aguas Calientes, Hidalgo, and the Federal District. A recent report from the federal authorities even placed hired killer’s cells of “The Family” in Tamaulipas. Just in this latter entity, the Federal Police arrested in the border city of Reynosa, on July 23, 2010, four members from one of these commands in charge of paving the way for the organizations; they also have been commissioned to support “El Golfo” Cartel in its war against its former allies “Los Zetas,” which until early 2010, was its armed wing.

In addition to support “El Golfo” Cartel in its conflict with “Los Zetas,” “The Michoacana Family” also made an alliance with the Sinaloa cartel for the drug trafficking towards Tijuana and Mexicali, as well as the entering of loads of chemical precursors by Manzanillo, Colima. According to a report drew up by the Federal Police and disclosed in December 2010, “The Family” even supported Hector Bernal Leyva, “El H,” to expel from Acapulco Édgar Valdez Villarreal, “La Barbie,” in order to have an entrance for the ships coming from Central America. The federal authorities confirmed how convenient the alliances between criminal organizations are, but at the same time how weak and ephemeral they can be to the extent of disappearing and turning into a confrontation.

“The Michoacana Family” confronted “El Golfo” Cartel, but now the latter called the former to confront “Los Zetas” in Tamaulipas. Given the interest convenience, they have joined together to expel “Los Zetas” from that entity.

People arrested in that event, were commissioned to be links in the sending of drugs coming from Michoacán to the United States, to watch

and detect the presence of “Los Zetas” members and to take part in the killing of the latter. The official letter from the Police specified that these men, given that they were scarcely known in the place, were in charge of moving through the municipalities of Ciudad Mier, Gustavo Díaz Ordaz, Miguel Alemán and Reynosa, in Tamaulipas, in order to fulfill their duties until were detected by police officials.

When these people was intercepted by the Police, they accepted being part of “The Michoacana Family” and being sent by their chiefs to that entity in North Mexico, so as to participate in the fight between the Golfo Cartel and “Los Zetas.” The first captured, according to the police, was responsible for finding and killing members of the rival group; the second one was in charge of re-packaging the drugs coming from Michiocán, so it can be moved through the border between Reynosa, Tamaulipas, towards Texas, United States; the third one was commissioned to watch the group’s operation, while the youngest performed surveillance actions and enemy detection.

An example of the *modus operandi* of “The Michoacana Family” happened in a town in the Mexico State, when the police arrested several members of the group, among of which the following people were captured: Rey Miguel Carvajal a.k.a. “El Rey,” José Angel Rivera Magaña a.k.a. “El Abuelo,” Antonio González Vences a.k.a. “El Médico”, and Rafael Méndez Valenzuela a.k.a. “El Chester.” These people were arrested while trying to extort money from the owner of a sawmill in the town of Valle Bravo, three hours away from Mexico City. None of the arrested lost the calm, and one of them serenely spoke to their captors: *“We come in peace; we are not kidnappers or robbers. (...) We come to establish order and help you in those businesses you are not able to deal with.”*

According to the members of that “The Michocana Family” cell, in return for the payment of an installment, the traders — among them those in the piracy business— could perform their activities without any concern. The former would assure security to the latter, so the latter would not to be assaulted or robbed. However, those “protected” by “The

Family” denounced the desire of the cell to impose payments for their “protection.”<sup>106</sup>

It is interesting how the cell was captured. A local trader denounced to the authorities the impositions made by “The Family.” However, “The Family” immediately found out about the denunciation, so they went to the owner of the sawmill to warn him: “*Because you advised the police, the installment you have to pay now is MXN \$30.000 plus MXN \$10.000 a month.*” At the same time, another police agency which was tracking the criminal group, suddenly came up to the place and arrested those involved in the crime, but not without first listening to them astonishingly, how one of the delinquents told them that they really wanted to help improving the security of the place.

Today, “The Family” operation is not limited to Mexican territory. As a matter of fact, operators sent from Michoacán are in charge of the procurement of the chemical precursors in countries as remote as China, in Asia, and Netherlands and Belgium, in Europe. Those precursors are then sent to the port of Lázaro Cárdenas, in Michoacán, and even to that of Manzanillo, in Colima. At the same time, “The Michoacana Family” has exported to China hundreds of tons of industrial material stolen in mines located in zones under the influence of the criminal group, according to recent reports from the Federal Police.

These chemical substances are used in underground laboratories located in the State’s mountains, where drugs such as *ice*, *crystal* and methamphetamines are produced. Before reaching the United States, the drugs are moved across San Luis Potosí, Nuevo León and finally arrive to Tamaulipas. Another route starts in Manzanillo and is headed to

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<sup>106</sup> As a matter of fact, in order to pay their salaries and operation expenses, according to a report disclosed by the Federal Police in December 2010, “The Michoacana Family” has implemented the “charge of installments” by sectors and ranks. For example, (i) in the mining branch they ask 1,5 dollars per iron ton sold to china; (ii) in the livestock sector they ask one dollar per each kilo of meat to be sold; furthermore, (iii) they have 30% recovery installments over loans, plus 30% on defaulters, and (iv) charge of 30% in land recovery. They also assign (v) real estates, as long as they take the properties of the defaulters on account of drugs debts; (vi) they also charge for providing protection in the celebration of social events like popular festivities, bullfighting, cockfight, and massive concerts.

Guanajuato, goes to Chihuahua, passes across Sonora and reaches Mexicali and Tijuana.

That is why some places in the Michoacán geography have been identified as high-concentration spots of underground laboratories to produce synthetic drugs. For example, the city of Apatzingán is the place where the Army has destructed the highest number of narco-laboratories and “kitchens” where synthetic drugs such as *crystal*, *glass*, *hiropon*, *ice*, *shabu*, *shards*, *Tina* and *vidrio* are produced and then sent to United States, Africa and Europe. It seems that these are interesting drugs for the Cartels due to its low production cost and its growing demand.

In October 2010, the Federal Police captured a criminal cell devoted to “launder” money for “The Michoacana Family” and among its operations included the export of ferrous material — stolen from mines in Mexico — to China. This case allowed the Mexican authorities to confirm the transnational scope of that criminal organization. Under the command of “La Tuta,” Ignacio Javier López Medina a.k.a. Manuel Lombera Arias or Nacho López, Leonor Castañeda Farías, Silvio Téllez García and Yadira Esbeyde García, carried out money laundering operations.

This group was responsible for money laundering operations for an approx. amount of 90 million Mexican pesos, that is, the equivalent to 8 million dollars. An AK-47 assault rifle — also known as “goat horn” — with the legend “*Mafia does not forgive*” was confiscated. Regarding the illegal trafficking of iron, which was exported through at least three important international companies established in Mexico, this group moved in 2010 1,100,000 tons of iron mineral apparently extracted through illegal means, valued at 42 million US dollars.

## **All for Divine Will**

“*My father does have enemies, especially Los Zetas,*” said “La Tuta’s” son, Luis Servando Martínez Patiño. However, his enemies are not only “Los Zetas,” but everybody who is against his wishes, against the Tarot indications or against the Divine will incarnated — according to that criminal group — in the boss Nazario Moreno a.k.a. “El Chayo” or “*El Más Loco*” (“The Craziest”). “The Family” justifies the tragic events and the unusual violence under a religious veil adjusted to the parameters of its own

“Bible,” which is a document found in a safe box where it is established a Decalogue or conduct rules enacted by “*El Más Loco*.”

Bearing in mind that Michoacán is a traditional region perhaps with the greatest religious zeal in Mexico, “The Family” has taken advantage, consciously or unconsciously, of this fact on behalf of its organization. One of the most sinister chapters in the history of this cartel took place on September 6, 2006, when an armed command of hired killers violently burst in the cabaret “*Sol y Sombra*” (“Sun and Shadow”), located in a main street in the town of Uruapán, and threw the heads of five men into the center of the floor dance. This episode, which was known all around the world and shocked Mexico for a few hours, was a response against those who allegedly breached the “Family’s Bible.” A sign made by the killers reading was left with the heads: “*The Family does not kill for payment, does not kill women, does not kill innocents, it dies who must die; know it all people, this is Divine Justice.*”

The same message was already showed several times before, that same year, in eight homicides with decapitated victims. However, in some of those messages, “The Michoacana Family” also called itself “*La Empresa*” (“The Enterprise”). The night of September 6, 2006, was the first time when the executor group publicly introduced itself in order to claim responsibility for the punishment imposed to those it deemed guilty of killing a woman.

Another similar case was lead by “La Tuta,” who hired the services of “The Wizard” named Juan Víctor Fernández Castañeda, to make his mind up about not only the sites where he should be hidden from the police and military men, but also to know who his enemies were. “La Tuta” asked about his enemies, to identify them and immediately kill them. In fact, “*El Brujo*” (“The wizard”), as known in the ranks of “The Michoacán Family,” told “La Tuta” who had to die.

“La Tuta” also used “The Wizard” as a money launderer, even as a messenger among his different women. “La Tuta” was always accompanied by “The Wizard”, asking him about the future and the present — for example if there was any traitor around him, a persistent idea in the capo’s mind. Because the foregoing, in September 2007, after a military operative where weapons and vehicles were confiscated from “La Tuta,” in order to prevent his boss from getting angry or losing his trust, “The

Wizard” told him that an upholsterer, who lived in downtown Arteaga, had denounced him.

Without any doubt, “La Tuta” sent two of his closest hired killers to kill the upholsterer who worked in downtown Arteaga. Genaro Orozco a.k.a. “El 17” or “El Cholo”, and Fernando Fuentes Maldonado a.k.a. “El Rojo,” were the men in charge of committing the crime. Without any rational explanation whatsoever, another murder happened, under the influence of beliefs and faith; in this case, under the predictions of the stars that “The Wizard” consulted.

Different murders remain unsolved, related to the religious and esoteric thought expressed by “*El Más Loco*.” Some examples of the religious fanaticism promulgated by “The Family:”

*“Sow the seed of happiness in your soul by making others happy and share with pleasure something of what you have, for your happiness to be multiplied with those you share it with, and for you to reach and receive something, but do it with generosity and love.”*

*“A humble thought; we have to be too big in mind and heart for us not to get discouraged before any adverse circumstance, be strong for not to be afraid of anything and look for the happiness for not allowing the calamities to beat us and so to take the greatest advantage of problems.”*

Another statement showing the ambivalent and complex thought of “The Family”: *“The battle against the sin is won or lost in the mind. Anything that catches your attention catches you too.”*

## **Death catches “*El Más Loco*”**

The death of the leader of “The Michoacana Family, on December 10, 2010, during a confrontation with federal policemen, surprised the members of “The Family” leaving the criminal group without a spiritual guide. From now on, the organization future will be in the hands of Jesús Méndez Vargas a.k.a. “*El Chango Méndez*,” considered as the gang chief with the greatest economic power and support within police corporations.

However, the new leader of this cartel must be able to surpass the ideological profile that “*El Chayo*” or “*El Más Loco*” provided to the criminal group. Otherwise, he must pretend to be a “new messiah,” by using the bible created by “*El Más Loco*.” Nazario Moreno, spiritual leader of “The Michoacana Family,” began as a migrant in California, United States, and continued as a dealer of marijuana in the Tamaulipas border. He ended up as one of the most wanted by the Mexico and the United States governments, while considering himself as the “people’s savior.”

Arrested for drug transportation in 1994, in McAllen, Texas, he disappeared from the authorities’ track during the following five years. But since the year 2005, the DEA knew that he was in the marijuana business operating from Reynosa, Tamaulipas, to MacAllen, Texas, under the protection of Carlos Alberto Rosales Mendoza, “*El Tísico*,” who was arrested in October 2004.

The United States Court for the Southern District of Texas, based in McAllen, had a warrant of arrest against “*El Pastor*” or “*El Chayo*,” accused of six drug transactions between June 15, 2002, and August 21, 2003, to introduce more than five tons of marijuana into the United States. According to the criminal dossier M-03-857-S1 in this Federal Court, at that time, “*El Chayo*” was not dealing with hard drugs. However, this situation changed since 2004, when the DEA presented new charges against “*El Chayo*” and other 23 accomplices. At that time, his criminal cell made up by Michoacans and Texans already had branches in Florida and Mississippi, where it was detected that they laundered their profits through financial procedures. Most of his co-accused men were arrested in Texas and some of them had already served short sentences.

Together with Carlos Rosales Mendoza a.k.a. “*El Carlitos*” or “*El Tísico*,” “*El Chayo*” became the main operator in Michoacán and started working with the Golfo cartel and “*Los Zetas*.” However, in October 2004, Rosales Mendoza was arrested by militaries in one of his residences in Morelia, Michoacán, so this was the key moment when Nazario Moreno took advantage of, to become the leader of that criminal group. From that time on, he decided to dissociate himself from the Gulf Cartel and “*Los Zetas*,” and expel them from Michoacán.

The PGR pointed out that Rosales Mendoza left a deep mark in Nazario Moreno, who defined the future of the organized crime in Mexico.



This mark consisted on the deep religiousness “El Tísico” professed, which was inherited by “El Chayo,” who re-interpreted it and used it to recruit delinquents and strengthen his criminal leadership. With Christian preaches, in 2006 the organization led by Nazario Moreno announced its birth as “The Michoacana Family.”

The “El Chayo’s” contradictory conduct was depicted in one of his last projects: The proposal made to the Mexican Government of a truce, and with it, the dismantling of the criminal group. Below appears the transcription of the last public manifesto, December 2010:

*“The Michoacana Family” was born in the year 2005, as an answer to the government incompetence to offer security to its citizens. It is made up by Michoacán men and women willing to give their lives to defend their State; human beings who with courage and dedication have expelled from Michoacán outsider groups that by violence and terror have tried to take possession not only of our state, but all the country; we are men and women looking for a better MICHOACÁN, willing to fight against the authorities inefficacy and lukewarmness to expel from our state thefts, drug traffickers and kidnappers.*

*Unfortunately the federal government continues showing its incompetence and has carried out a truly hunting against the Michoacana society, by using as a excuse the fact to end up our organization; it has committed innumerable outrages against our civil society, it has violated and looted domiciles, has killed and raped men and women, has invented anti-judicial figures such as the protected witnesses to fill the jails with innocent people accusing them for crimes they never committed.*

*Because of the atrocities against innocent Michoacans, we have been thinking on that and we have wondered whether The Michoacán Family should or not keep existing, whether we should or not continue securing our state security, in spite of the violations the authorities are committing against our civil society.*



*This organization does not want to be the excuse for the authorities to continue violating the human rights of our Michoacán brothers. For such reasons, and with the uncertainty of leaving again in the hands of the authorities our State security, we have decided to fall back and reintegrate us to our productive activities, should the federal GOVERNMENT, PFT and the other authorities promise to take the State control with strength and decision, with the objective of serving the citizens in an honest way, with the public commitment of safeguarding the Michoacans security from all those pretending to destabilize our beautiful State, with the commitment of dying for Michoacán. Should the government accept and comply with this commitment, The Michoacana Family will be dismantled, for not to continue being the flag with which the federal authorities continue violating the Michoacán's human rights.*

The last wish of “El Chayo” was not met. Federal forces killed him while he was attending a party. So, the future of “The Michoacán Family” is now in a critical phase, waiting for the days to pass to understand its future.

*By Francisco Gómez*

### **Alliances of “The Michoacana Family” with other criminal organizations**

- With “La Resistencia:” In January 2010, an alliance between “The Michoacana Family”, The Gulf Cartel (Cártel del Golfo) and The Milenio Cartel were established.
- While supporting the Gulf cartel in its conflict with “Los Zetas,” The Michocana Family sent hired killers from Morelia to Guadalajara, Reynosa, Rio Bravo and Matamoros, to expel “Los Zetas.” It also allowed them to obtain a permit from the Gulf Cartel for the free passing of the drugs through that border.
- With the Sinaloa Cartel: For the drug trafficking towards Tijuana and Mexicali, as well as the chemical precursors’ loads entrance through Manzanillo, Colima.
- With the Beltrán Leyva cartel: They supported Hector Beltrán Leyva a.k.a. “El H”, to expel Édgar Valdez Villarreal, “La Barbie” from Acapulco and to allow the entering of ships coming from Central America.

**Some additional data on “The Michoacana Family”**

<b>Total number of arrested of the criminal organization</b>	<b>570</b>
<b>For crimes against health</b>	<b>413</b>
Arrested in Michoacán	314
Arrested in State of Mexico	56
Arrested in Federal District	18
Arrested in Guerrero	15
Arrested in Tamaulipas	5
Arrested in Guanajuato	4
Arrested in Jalisco	1
<b>For kidnapping or extortion</b>	<b>157</b>
Arrested in State of Mexico	94
Arrested in Michoacán	41
Arrested in Queretano	11
Arrested in Federal District	10
Arrested in Guanajuato	1

**Confiscations by the Federal Police, carried out over “The Family,” from December 1<sup>st</sup>, 2006 to November 6, 2010.**

<b>Armament, Vehicles and Communication Equipment</b>	
Long Weapons	153
Short Weapons	101
Cartridges	11.603
Magazines	248
Grenades	23
Confiscated	158
Recovered	13
Radios, Telephones	270

q u t t e r

- Sharing of information between Mexico and the United States allowed capturing 322 members of “The Michoacana Family” so far.
- In June 2009, 4 of its members were arrested in Los Angeles, California.
- In October 2009, in an operative at the national level, 303 members of “The Family” were arrested in 19 States of the United States.<sup>107</sup>
- In November 2009, 15 of its members were arrested in Chicago, Illinois.<sup>108</sup>



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<sup>107</sup> See: Detenidos 303 miembros del cártel mexicano ‘La Familia’ en 19 estados de EEUU, Oct. 23, 2009: <http://www.europapress.es/internacional/noticia-detenidos-303-miembros-cartel-mexicano-familia-19-estados-eeuu-20091022185859.html>

<sup>108</sup> See: Caen 15 miembros de la Familia Michoacana en Chicago, Nov. 21, 2009: [http://www.elporvenir.mx/notas.asp?nota\\_id=354367](http://www.elporvenir.mx/notas.asp?nota_id=354367)

# PART VI

## ABOUT DRUG TRAFFICKING IN WESTERN HEMISPHERE

*In short, there is not any political party that can ignore its responsibilities (...). Hence the options of the political class are: 1. To develop a tight cooperation between the Federation, the States and Municipalities in order to apply the laws in force, which implies to create a consensus and to pursue a State security policy; 2. to let do and to let pass, which would imply the predominance of the criminal groups; 3. to establish mutual-interest agreements to co-govern under a mafia-paramilitary scheme. Options 2 and 3 do not contribute to keep democracy; they are authoritarian schemes based on the use of force.*

– Luis Astorga

*The information allows inferring intense processes of Instrumental Institutional Capture, and therefore a diversity of scenarios of State Capture and Co-opted State Reconfiguration, at different levels and sectors of the public administration in Colombia, Guatemala and Mexico*

– Luis Jorge Garay Salamanca &  
Eduardo Salcedo-Albarán



# A Comparative analysis of Institutional Capture and Reconfiguration

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

As stated in the Second Part, and in Garay *et al.* (2010), CStR may be interpreted and analyzed in empirical terms as a social situation. The fact that any case of Systemic Corruption (SC), State Capture (StC) or Co-opted State Reconfiguration (CStR) might be modeled and analyzed throughout SNA means that some individuals/agents interacting in a society configure these processes. This allows one to determine if a social situation related to corruption and different types of crime may be typified as a situation of SC, StC or CStR. In order to typify a social situation, it is needed to analyze some specific characteristics of those social situations by observing: (i) Concentration of agents participating in the social network, grouped by administrative level and public branch, and (ii) concentration of types of social relationships established by those agents.

To determine whether or not a social situation may be defined as SC, StC or CStR it is useful to tag, classify, weigh, and analyze the types of relationships established by the agents involved. Throughout this process it is possible to identify the predominant and determinant social interactions of a given social situation, which not only allows determining if the illicit network configures a situation of SC, StC or CStR, but also to identify the main purposes of the network. However, the concentration of social

relationships by itself does not allow one to diagnose the institutional scope of an illicit network, neither to identify the formal institutions and the levels affected by that process.

The Social Network Analysis (SNA), as applied in the current book, requires identifying the administrative level and the public branch in which each public servant involved in the Social Network develops its institutional capacities. This information might be also classified and analyzed in order to determine the administrative level affected by the network, and the public sector that has the largest amount of public servants involved in the social network. In this sense, the Social Network Analysis for Institutional Diagnosis (SNAID), which has been defined as a methodology complementing the information provided by SNA, allows diagnosing and identifying those institutions undergoing processes of AStC or CStR in a local, regional or national State levels.

As mentioned before, in terms of diagnosis, the purpose of this empirical analysis is to identify those institutions most negatively affected as a result of the participation of lawful and unlawful organizations and the establishment of specific social relationships. Therefore, it is necessary to differentiate the administrative levels mainly affected by the corruption, StC, or CStR processes. Such differentiation is important because it makes a difference from an institutional perspective if people involved in the social network belong to the public administration at either the local, regional, or national level. For instance, regarding a concentration of people from the executive branch, having the favor of a mayor in a small municipality is not the same as having the favor of the President of a country. The same may be said at the level of lawmakers or security agencies, because the involvement of a congressman is different than the involvement of a municipal lawmaker in a network. Additionally, having the favor of a local government official from a security agency is not equal as having the favor of a Director of a Federal or National intelligence Agency. Therefore, to fully complete the institutional analysis, the following graphs distinguish at which specific administrative level the agents participating in the network belong to.



## **Determining the existence of StC or CStR through the types and importance of social relationships**

### ***Social Relations in the Guatemalan-Llort Network***

When calculating the concentration of social relationships, it might be stated whether or not a given social situation is closer to traditional SC, StC or CStR. For instance, a process boosted only through bribery or intimidation and not through political or electoral agreements, may be interpreted *a priori* as a situation more closely related to SC or perhaps to a situation in the boundary between SC and StC. In contrast, a social situation boosted mainly through Institutional Instrumental Capture (IIC) and Instrumental Capture of Political Institutions (ICPP), *ceteris paribus*, would be expected to be closer to CStR rather than to StC.

In Table 5, concentrations of the Llort Network are presented. As it can be observed, it might be stated that the main purpose of this network is to carry out a process of money laundering throughout the establishment of administrative or political agreements. This is coherent with the concentration of agents that will be presented below, in which it is registered an important participation of public servants, drug traffickers and private bankers working together to accomplish the money laundering purpose. Since almost half of the total of social relationships established were oriented to money laundering throughout agreements, it can be argued that this network is closed to a situation of CStR and not to one of SC or StC. Bribery or coercion are not registered as social relationships in the network, which means that the instrumental capture of institutions (IIC) was the main procedure applied to achieve the purpose of the network. In this sense, the Llort Network is a good example of a CStR scenario in which social relationships established between unlawful agents with high-level public servants, allowed massive and systematic process of money laundering. Paying bribes or exercising coercion do not allow the stability in the fluxes of information required for committing high-scale crimes as those involving public, private, domestic, and international banks in Guatemala.

**Table 5. Concentration of Social Relationships. Llort network.**

Social Relationship in the Llort Network	%
Political or administrative arrangements for money laundering	47
Intra-agency	11
Requesting for information	9
Providing information	8
Testifying against	4
Family	3
Interfering in the custody of money laundering	3
Business Acquisition	2
Criminal Complaint	2
Drug Trafficking	2
Friendship	2
Marital Relationship	2
Owning company	2
Blackmail	1
To know	1

The second concentration, related to intra-agency relationships, does not provide relevant information about this illicit social network because it describes those relationships established only between lawful officials pertaining to the Drug Enforcement Administration in Guatemala and Honduras. However, the other social relationships do provide information about *modus operandi* and purpose of the network. For instance, the high concentration of provision of information describes how important the direct exchange of information was between those lawful and unlawful agents involved. Additionally, in operative terms, it can be observed that interfering in the custody of money laundering and acquisition of firms were some of the procedures employed to achieve the goal. Also, it is found that familiar relationships were important in the exchange of direct information, providing, at the same time, a background of confidence between agents.

In the Table 6, the concentration of interactions of “The Michoacana Family” Network is presented. This means that, includes social relationships

that were registered in judicial records until 2009, mainly under the investigations related to the so-called *Michoacanazo*.

**Table 6. Concentration of Social Relationships.  
“Michoacana Family” Network.**

<b>Social Relationships in “The Michoacana Family” Network</b>	<b>%</b>
Intra-organization	37
To Know (generic)	18
Collaboration (generic)	11
Bribe	10
Brothers	4
Collaboration for Protection	4
Works for “The Family”	3
Homicide	3
Support and political management commitment (agreements with political agents)	2
Collaboration for drug distribution	2
Collaboration for providing information	1
Family relationship	1
Intermediation	1
Intra-organization to carry out a rescue	1
Sentimental relationship	1
Collaboration with the Golfo Cartel	1
Participation in homicides	1
Friendship relation	1

Note that in this network, of all the categories of social relationships, political collaboration is not as important as bribes or homicides, which are perhaps the most important functional social relationship of the network. This means that the social network established by “The Michoacana Family” is, according to the available judicial information, largely articulated by bribe and coercion, which are typical mechanisms of illicit networks whose functionality still does not configure a CStR scenario. In this sense, the Social Network of “The Michoacana Family” contrasts

with other illicit analyzed networks, for example for the Colombian case, where instead of bribe and coercion, different mechanisms allowing the establishment of long-term structural commitments are observed, like those in the case of political and administrative agreements. As a matter of fact, “The Michoacana Family” network also contrasts with the Llort Network, where bribery or violence does not appear in place.

However, by observing those social relationships other than bribery and coercion, it is found that this network cannot be interpreted as a single scenario of systemic corruption (SC), because there are also, but in a low percentage, political or administrative agreements oriented to provide information, guarantee the security of the members of the illicit network, rescue members of the illicit network, and to complete the drug trafficking process. Although these political and administrative agreements do not have the relevance observed in the case of the Llort Network, a beginning of a process towards a CStR is found in the case of “The Michoacana Family.” In short, the social situation observed in “The Michoacana Family” Network configures a scenario that would be nearer to the Advanced State Capture (AStC), with some advances towards CStR.

In the Soledad Network it is observed a complex scenario with political and administrative collaborations between different types of lawful and unlawful agents. The following are the results of the concentrations of social relationships (Table 7).

**Table 7. Concentration of Social Relationships. Soledad Network.**

<b>Social Relationships in the Soledad Network</b>	<b>%</b>
Political or administrative agreements	27
Political or administrative agreements with AUC	16
Agreements to commit crimes	10
Threats	9
Coercion	3
Collaboration with AUC	9
Collaboration with FARC	2
Belongs to the political committee of the AUC	2
To know that	8

Directs operation	8
Revenue sharing agreements for state contracts	2
Belongs to the internal structure of the municipality of Soledad	6
Belongs to the internal structure of the AUC	2
Belongs to the internal structure of the FARC	2
Involved in misappropriation of public funds	4
Intermediation	5
Sentimental relationship	2

**Source: Elaborated by the authors.**

As it can be observed, in the Soledad Network, those social relationships consisting of political and administrative agreements are the most important ones in the configuration of the network. Even though *threats* and *coercion* are relevant categories of social relationships, registered as the fourth one and the fifth one in terms of concentration, on the other hand, bribes do not appear as a relationship in the social network. This means that this network was mainly established through long-term administrative and political agreements, and complemented with violent coercion executed throughout threats against public servants and officials who were reluctant to accept the political and administrative deals offered by the AUC. In fact, if the *Social Relationships in the Soledad Network* and *Political or administrative agreements with AUC* are grouped, those long-term relationships account for the 43% of the total of social relationships established in the Soledad Network.

Bearing in mind that this illicit network was established mainly at the local level of a municipality, it calls the attention the level of social legitimacy achieved by the agents involved. Since the political and administrative agreements or the coercive power of local authorities is limited to a small region, this situation can be interpreted as the result of an institutional isolation and State fragility at the local level, which allow unlawful agents to capture and manipulate institutions in order to dominate decisional instances of the local government.

Political and administrative agreements in the Soledad Network are as important as in the Llort Network. However, since the public

servants involved in the Llorc Network acted in the highest levels of public administration, a great level of discretionary decisions can be expected. For instance, few administrative controls are imposed on the day-to-day decision of the President in Guatemala, who was one of the agents involved in the Llorc Network. However, at least in principle this should not be the case of public servants and officials acting in the local levels of public administration in a country like Colombia, where different administrative and budgetary controls are, or should be, applied. In this sense, it is interesting how those public servants subjected to those controls, were able to establish different types and levels of agreements with unlawful agents. Therefore, the Soledad Network is a good example of a situation in which decentralization does not necessarily consolidate democracy, but instead can reproduce conditions favorable to institutional capture.

It can be stated that the Soledad Network is not a typical situation of Systemic Corruption (SC), but one between the Advanced State Capture (AStC) and Co-opted State Reconfiguration (CStR) at the local level of the Municipality.

As it has been stated in the Second Part of this book, the illicit network configured in the province of Sucre, Colombia, is a sub-network or a module of a bigger illicit network configured in five neighbor provinces of Colombia. For this reason, the institutional impact of this network is analyzed in the next section. In the Sucre Network the following social relationships were identified (Table 8).

**Table 8. Concentration of Social Relationships. Sucre Network.**

<b>Social Relationships</b>	<b>%</b>
To Know	43
Intra-organizational support	17
Testifies against	17
Political or administrative agreements	11
Support for the illicit network	4
Family	4
Violence	2

## **Diagnosing the institutional scope of StC or CStR in Colombia through the analysis of agents involved**

The Casanare Network registers a high concentration of agents in charge of legislative functions, mainly at the local and regional level, which is the category registering 36% of all the public servants participating in the network.

A similar situation is observed in the Soledad network, with a great participation of nodes/agents belonging to the executive branch and political agents at the local level. Since this is an illicit network mainly operating in a municipality, it is found that 89% of the public servants and political leaders belong to the local/municipal level. In this 89%, 72% are public servants who belong to the executive branch.⑤

The Casanare network consists mainly of legislative public servants, while the Soledad one consists mainly of executive public servants. This illustrates different procedures according to the interests of the illicit network: operating mainly through the legislative branch allows deciding on laws and decrees at the local level; on the other hand, operating through the executive branch allows deciding on the public policy design. This is coherent with that narrated regarding the Soledad administrative situation where it was registered serious corruption characterized by scandals and investigations of officers intervening in the hiring processes, as well as irregular situations in the town budgetary management.

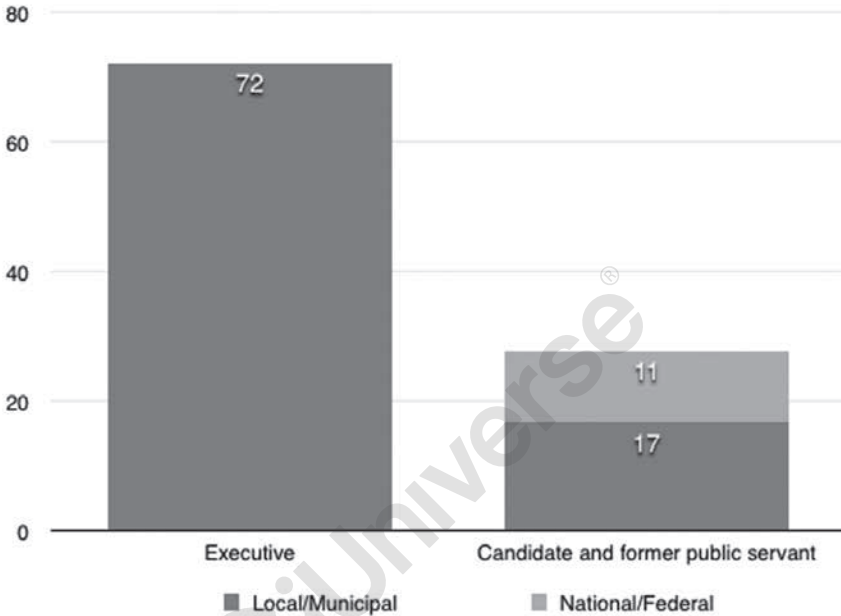
The second greatest concentration of nodes/agents operating in the Soledad network is the group of political leaders, with a participation of 11%. This also is coherent with the situation in which even individuals who did not hold public positions, have power to influence the municipality political and administrative decisions. This is the case of former mayors of Soledad who continued exercising decisional power after leaving the office.

As from the concentration of interactions observed in the Soledad network, it can be inferred that the corruption observed in Soledad results of the interaction of both some public servants in the mayor's office and nodes/agents with electoral power that established agreements with illegal agents—in this case with the AUC. Now, bearing in mind the types of nodes/agents intervening in this structure, it can be expected that this is a situation of systemic corruption (SC). However, this network is also

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functional for the advance of a CStR process that, once consolidated at the municipal level, affects the national level.

**Graph 22. Soledad Network. Concentration of nodes/agents classified by sector and level of public administration.**



Source: Elaborated by the authors

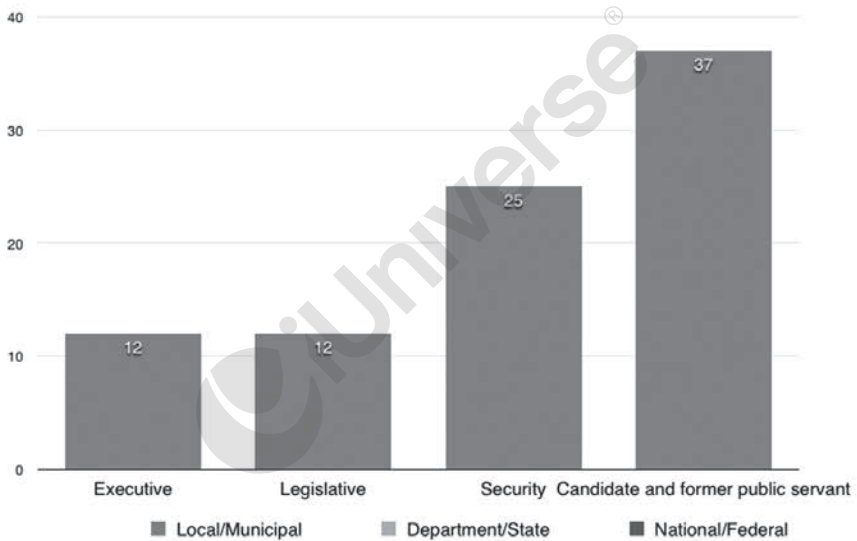
In the Sucre network there is a greater diversity of types of nodes/agents than the one observed in the cases of Casanare and Soledad. It is worth remembering that the Sucre network can be defined as a sub-network of an illicit network operating nationwide and which was configured in five Colombian provinces.

In the Sucre network participated nodes/agents belonging to the executive, legislative, and judicial branches, as well as other nodes/agents belonging to security agencies and political leaders (Graph 23). It calls the attention that all the nodes/agents analyzed in the Sucre network belong to the municipal administrative level, being the sector of politicians, which includes former public servants, the most relevant. Specifically, it can be inferred a CStR process at municipal level because the affectation of all administrative branches is registered, in a way that executive, legislative and



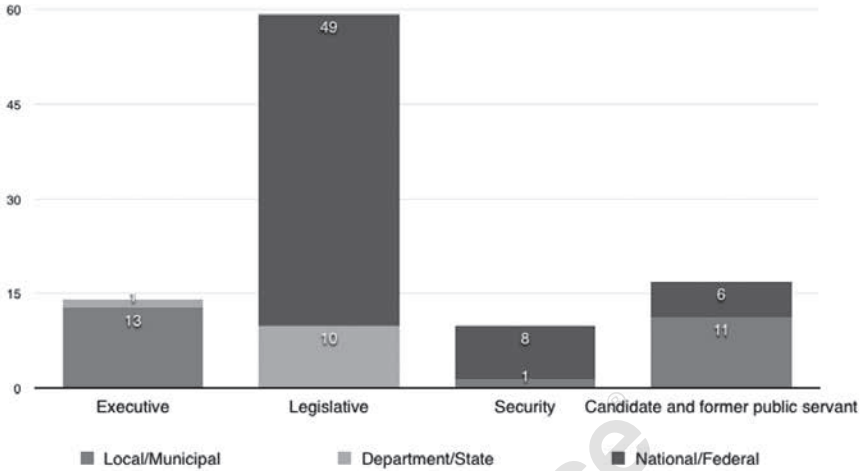
judicial institutions were used for the performance of the AUC criminal interests, and because in the concentration of social interactions, political and administrative agreements were registered as relevant, as well as collaboration with the AUC organization. In this way, it can be supposed a structure in which public servants from different administrative branches established long-term political and administrative agreements, as well as agreements of collaboration with the AUC. For that reason, the situation of the Sucre network is not just about administrative corruption, but also constitutes a situation of municipal Co-opted State Reconfiguration.

**Graph 23. Sucre Network. Concentration of nodes/agents classified by sector and level of public administration.**



**Source:** Elaborated by the authors

**Graph 24. Atlantic Coast. Concentration of nodes/agents classified by sector and level of public administration.**



Source: Garay *et al.* 2010

The Atlantic Coast network is an extreme example of Co-opted State Reconfiguration with an impressive concentration of nodes/agents in charge of legislative functions, as well as candidates for public office elected by popular vote, at the local, regional, and national levels of the Colombian public administration. The conspicuous concentration of nodes/agents observed in the Atlantic Coast network is accompanied by a concentration of interactions that mainly consisted on political agreements. This means that paramilitaries, politicians, and lawmakers, among others, interacted mainly through political and administrative agreements. It may be noted that in this situation, electoral and legislative institutions were affected. The deepest institutional effects result from the high concentration of nodes/agents belonging to the legislative branch at the regional and national level. As pointed out, the more perverse structural effects arise when the CStR takes the form of direct manipulation of lawmaking institutions, as observed in the Atlantic Coast network.

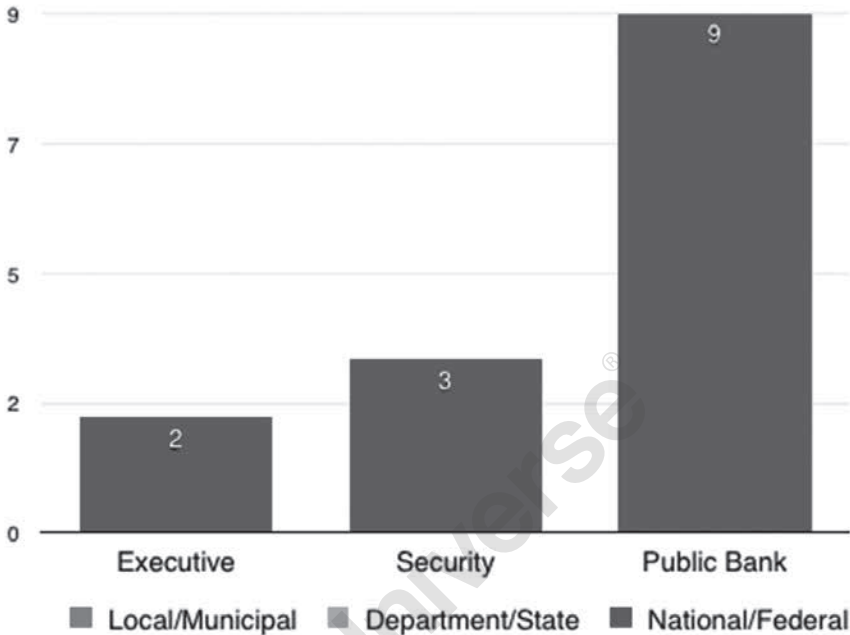
## **Diagnosing the institutional scope of StC or CStR through the analysis of agents involved**

The Llord network is also a good example of a Co-opted State Reconfiguration (CStR) situation established at the highest administrative levels of Guatemala. The Llord network does not have the complexity of types of nodes/agents observed in the Atlantic Coast network. However, this network is also peculiar because it was established through the co-optation of institutions such as the Presidency at the national level of the Guatemalan State; therefore, the Llord network was an example of a *top-down* process of CStR. Public servants from other administrative level are not registered in the network (Graph 25), which means that national institutions were manipulated to accomplish those criminal objectives identified in the social interactions of the network, mainly related to money laundering.

The results of the Social Network Analysis for Institutional Diagnosis (SNAID) for the Llord network evidence institutional weakness of the Guatemalan State, not only because unlawful nodes/agents were able to co-opt the most important decisional instance at the executive branch, but also because the institutions in charge of monitoring the public and private banks did not react on time and did not take appropriate actions to stop the situation, which means that the regulations and controls were neutralized.

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**Graph 25. Guatemala/Llort. Concentration of agents in the Guatemala/Llort Network, by sector and level of public administration.**

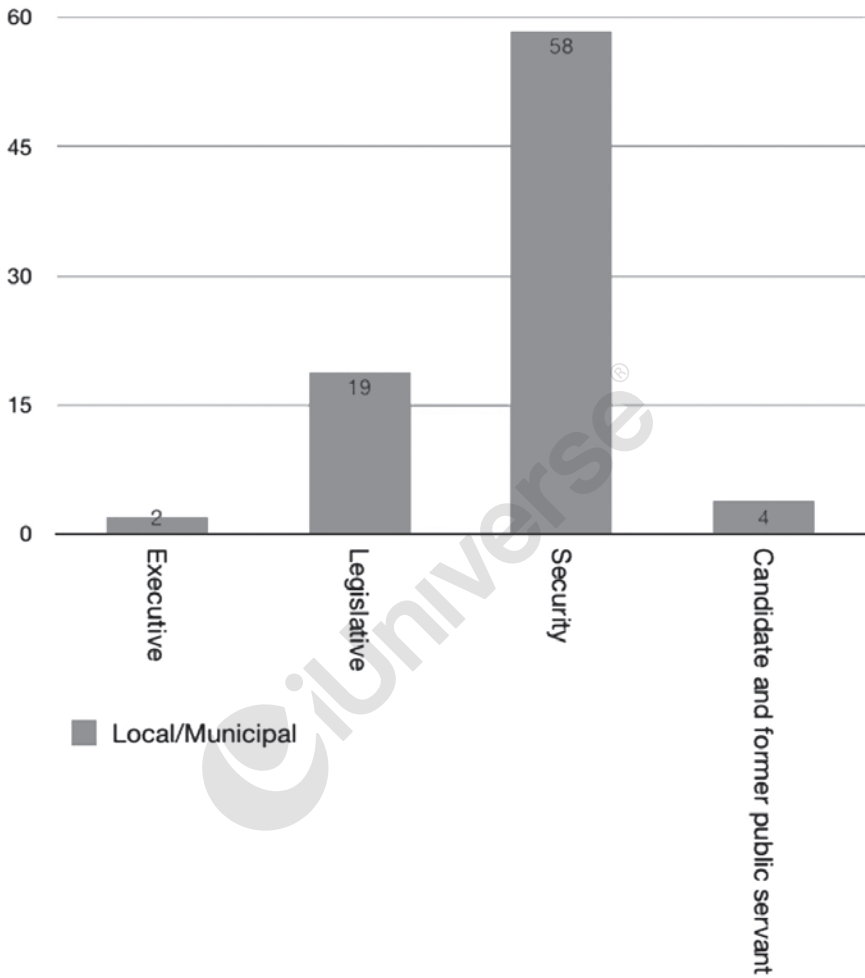


**Source:** Elaborated by the authors.

On the other hand, “The Michoacana Family” network, when modeled with information including facts until 2005 (Graph 26) reflects a concentration of nodes/agents belonging to State agencies of the judicial and security branches, mainly at the local level. Given the low concentrations of political, administrative and electoral agreements, it can be inferred that until 2005 The Michoacana Family network mainly affected institutions in charge of security and judicial functions of the Mexican State, consolidating a process of State Capture (StC) at the municipal level, and to a much lesser extent, at the provincial level.

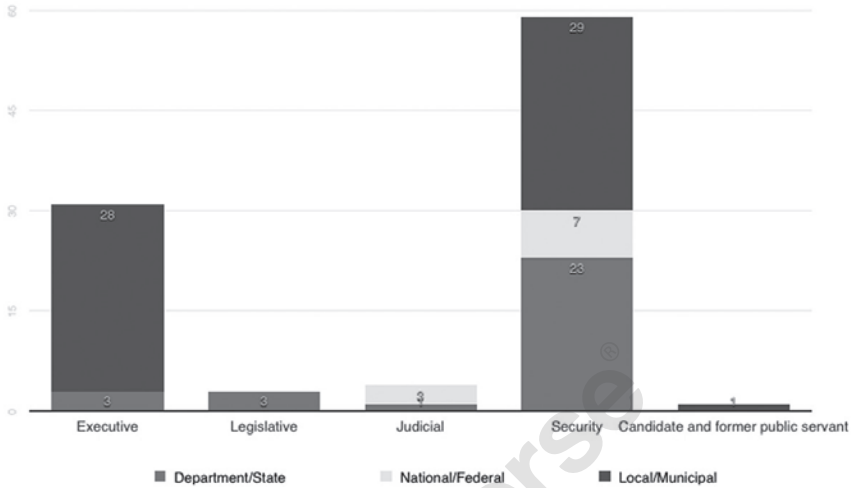
However, when the concentration of agents involved is calculated with information including facts until 2009 (Graph 27), it is found a higher proportion of public servants involved in the network.

**Graph 26. Michoacana Family Network, 2005. Concentration of agents in the Michoacana Family Network, 2005, by sector and level of public administration.**



**Source:** Elaborated by the authors.

**Graph 27. Michoacana Family Network, 2009. Concentration of agents in the Michoacana Family Network, 2009, by sector and level of public administration.**



**Source:** Elaborated by the authors.

When applying SNAID to The Michoacana Family network including facts until 2009, it is found a Co-opted State Reconfiguration (CStR) process at the municipal level and a State Capture process in advanced state (ACtS) at the provincial level. These results coincide with the information that drug trafficking networks have infiltrated 70% of Mexican municipalities (Albarrán, 2010). Since the legislative branch has not been affected at the national level, among other reasons, the existence of a process of CStR at the national level still cannot be confirmed.

In addition, by considering the high percentages of nodes/agents concentrations belonging to both the executive branch and the security agencies sector at the municipal level, acting either by agreement or by coercion, it can be inferred the advancement of a CStR process under the *bottom-up* scheme. This means that there is a high risk that institutions in the executive branch as well as security agencies have been gradually manipulated and used for the accomplishment of “The Michoacana Family” objectives, facilitating a reconfiguration of those same branches. This same trend, although in lesser degree, is observed at the provincial/state level, with the additional burden of the legislative branch affectation,

which implies the risk that “The Michoacana Family” objectives can be realized through the influence of the legislative decisions at the provincial level.

As above mentioned, and given the fact that the legislative branch has not been affected at the national level, an evident process towards CStR cannot be confirmed in the Mexican institutions at the national/federal level. Additional information that could sustain (i) the establishment of agreements of mutual benefit, between criminals and public servants at the national level, as well as (ii) affectation on the national legislative branch, among others, such as the situations being observed in Colombia, would prove the existence of an ongoing solid process towards CStR at the national/federal level of the Mexican State.

Notwithstanding, it is worth to point out, especially in the Mexican case, that it is always possible that public institutions have been affected since time ago and just until now the judicial investigations allowed clarifying this situation. Also, it is possible to conceive an additional scenario in which from time ago, an advanced level of CStR was already established, but the judicial machinery subjected to such a co-optation did not operate. In this sense, the results of institutional impact showed in from Graphs 22 to 27, are the *most recent known state of things*, that is, the nearest known state of things to the present period  $t$ , which can be explained by any of the following scenarios:

Scenario 1. In a former period ( $t-1$ ), the illicit networks of drug trafficking did not affect the public institutions, and therefore, did not advance in the Co-opted State Reconfiguration both at local and provincial level. This implies that in the present period  $t$  a non-cyclic CStR process is observed, which occurs for the first time in the analyzed administrative unit.

Scenario 2. In a former period ( $t-1$ ) the illicit networks of drug trafficking affected the public institutions in an aggressive and deep way. An inefficient and endemically weak judicial branch lacked the capacities that allowed investigating the action of those illicit networks in  $t-1$ . Therefore, the situation remained unknown. This implies that in the

present  $t$  period a cyclic CStR process is observed, even when it is interpreted as the first cycle in epistemic terms.

**Scenario 3.** In a former period ( $t-1$ ), the illicit networks of drug trafficking would have affected the public institutions in such a serious way, that those illicit networks co-opted the Judicial System at every level of the public administration. The result is the same observed in Scenario 2; however, Scenario 3 is not the result of the Judicial Branch weakness. Scenario 3 is the result of the infiltration and co-optation carried out by the illicit networks; a co-optation that, like in Scenario 2, remained unknown. This implies that in the present  $t$  period a cyclic CStR process is observed, even when it is interpreted as the first one in epistemic terms.

Scenarios 2 and 3 imply that in the  $t$  period a cyclic CStR process is observed. In fact, it is possible that the present CStR, occurring in  $t$ , was preceded by periods ( $t-1$ )**1**, ( $t-2$ )**2**, ( $t-3$ )**3**,..., ( $t-1$ )**n**, wherein levels of CStR similar to those observed in  $t$  were already reached, but not had been disclosed before.

### **Active CStR processes occurring in the analyzed networks**

The information included in the graphs presented above identifies the concentration of nodes/agents according to their organizational and institutional characteristics. Those graphs complemented with information regarding the concentration of social interactions, suggest a variety of directionality and procedures, among paramilitaries, drug traffickers, public officers, candidates and lawmakers. These pieces of information allow inferring the presence of intense processes of Instrumental Institutional Capture, and therefore a diversity of scenarios of StC and CStR, at various levels and sectors of the public administration in Colombia, Guatemala and Mexico. However, it must be stated that those processes are currently affecting institutions; therefore, some common but also differential measures are required in each one of these States. This issue is addressed in the following Part of the book.



### **Additional features of the analyzed networks**

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albaran*

The illicit networks analyzed here have some common characteristics and other well-differentiated ones, resulting from specific conditions, for example, of geographical or institutional nature. However, the transnational nature of drug trafficking, requires that even those differentiated characteristics, that facilitate the boom of drug trafficking in each State, should be jointly tackled by different countries of the western hemisphere.

In the previous chapter, some particular characteristics were identified and analyzed, specific of each modeled illicit network. This allowed identifying those distinctive traits that facilitated the design of actions aimed to face causes and effects of such criminal networks, but always considering the institutional conditions of each country. However, in the analyzed cases, the transnational nature is relevant. Even in those specific cases at both municipal and departmental level being analyzed in Colombia and Mexico, in which no obvious transnational nature is manifested, the drug trafficking and its “transnationalism” is as relevant. For example, public servants, candidates and politicians in Colombia, set agreements with the United Self-Defense of Colombia (AUC), a paramilitary and drug trafficking network, leadership of which is currently being tried for drug trafficking crimes in the United States. Something similar goes on

Mexico with “The Michoacana Family.” Through State Capture (StC) and Co-opted State Reconfiguration (CStR) processes in countries such as Colombia, Mexico and Guatemala, a circular phenomenon in which drug trafficking, insecurity, institutional weakness and corruption are mutually reinforced. Some conclusions resulting from both the network analysis and the institutional diagnosis developed in previous chapters are presented below. Such conclusions sustain the proposals of public policy presented in the final part of this book.

## **Transnational integration**

The drug trafficking market, mainly consisting of cocaine and marijuana, has been typically transnational in the Western Hemisphere during the last few decades. As shown in the information used herein, something similar can be said of amphetamines and synthetic drugs that with more and more efficiency are currently produced in Mexican territory.

For reasons not discussed in this book, the most representative producers/suppliers and applicants/consumers of the illegal drug trafficking market have rarely resided in the same country. Such situation has required not only the permanent transnational movement of nationals of the different countries, but also the international carriage of input shipments and elaborated illegal drugs. In other words: the main consumers of cocaine and marijuana are not located in Colombia and Mexico, nor the main producers of cocaine are located in the United States. In addition, amid the most representative producer and consumer countries, are those countries serving as transit for this transnational activity, as a result of their institutional weakness, social vulnerability, geographical location, or because of the lack of institutional instruments specifically designed to fight drug trafficking.

In addition to the mentioned dynamics, the process of money laundering resulting from the illegal drug trafficking activities must be added. Increasing tax and financial controls to prevent the money laundering are usually imposed on those countries where the main producers or users of illicit drugs are located. However, much of the drug trafficking profits are incorporated into the legal economic system through operations carried out in countries with reduced controls. That

is, those countries that have not been commonly known for concentrating the production of illicit drugs become target places to carry out asset laundering operations. For example, given the fact that Chile has not traditionally been interpreted as an attractive country for the production of drug, from a geographical point of view, its relative passivity has been signaled regarding the controls on the move of chemical inputs used for the production of cocaine paste, which is then sent to Bolivia and Peru (El Mercurio, 2011). Therefore, while the international pressure is focused in Peru, because of its increasingly relevance in the chain of cocaine production, Chile becomes an attractive environment because it still has great maneuver margins for drug traffickers. In this sense, the traffic and transportation of chemical inputs from Chile to other bordering countries has been recognized as a growing problem. And it is easy to understand why. In countries such as Chile and Argentina, that has not captured the world attention as a typically indispensable countries for drug trafficking, no criminal, judicial, tax, financial or political controls have been imposed as the ones adopted in Colombia and that, surely, increasingly at a larger extent, will be adopted during the next years in Mexico and other countries in Central America as a result of both the political pressure exercised by other countries, such as the United States.<sup>109</sup> and of those explicit needs in the affected countries themselves. Thus, Chile, for example, during the last decade has seen the enactment of laws and instruments aimed not only to prevent and control the movement of illegal money through the financial system, but also the movement of physical money through its ports.

In general, it has been found that both the institutional quality and the corruption levels are conditions of “generous environments” for drug trafficking. Notwithstanding, States with good comparative levels of institutional quality and corruption control, such as Chile, also are under risk of being attractive for drug trafficking because of the lack

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<sup>109</sup> Apparently, a dynamic where those countries with different ways of institutional and corruption weakness can be inferred, since they become arresting countries for the drug dealers business; but, at the same time, those countries in the region presenting certain institutional strength, and low levels of corruption, as is the case with Chile, would be increasingly arresting for the drug dealers business, since they lack both legal technologies and institutional arrangements specifically designed for the drug trafficking control.

of institutional arrangements, legal technologies and institutional arrangements specifically designed to control and fight drug trafficking; the latter, as a result of failing to face the activity of strong criminal networks as those seen in Colombia, Mexico and Guatemala. In this sense, the institutional gap seen among some Latin American countries the lack of border controls as those imposed by the United States on its frontiers, allow the assumption of an increasingly flow of drug dealers who harness the comparative advantages of each country regarding the production and transportation processes of illicit drugs. Thus, the major controls imposed to the cultivation of coca leaf in Colombia, have affected the levels of cultivation in Bolivia and Peru; the major controls in the receipt and sending of cocaine from Colombia to United States through Mexico, have had repercussions on the quantity of illicit drugs that go through Guatemala; the controls imposed on the movement of chemical inputs in Peru, have had repercussions in the traffic of these substances from Chile. In short, the coercive pressure exercised by any State, has immediate effects on the neighboring States; a situation that becomes more serious in those States that traditionally have not faced intense processes of criminal infiltration, and which could only be prevented with a regular institutional quality in the region.

Such dynamics, eventually, sustain the assumption that some countries of the western hemisphere that traditionally have not faced State Capture and Co-opted State Reconfiguration, in the next few years could be targeted by drug trafficking activities. In this same sense, initiatives against drug trafficking and other forms of transnational crime will be more urgently required in order to integrate and harmonize the initiatives and mechanisms of each country.

## **Drug trafficking and corruption are mutually strengthened**

As above mentioned, institutional, geographical and social conditions make some determined countries to become a “generous environment” for the implementation of illegal networks such as those focused on drug trafficking. Such conditions, eventually, configure processes of perverse circular causality in which the structural weaknesses get worse in democratic institutions at local, regional and national state levels. Those

States failing on guaranteeing security, at different administrative levels, with high levels of corruption, with weaknesses when it comes to a proper management of the public budget, with very fragile democratic systems and citizenship participation, and lacking effective information systems, accountability and tax inspection, generate an environment that makes easy the development of illicit networks such as those linked to drug trafficking. In turn, these illicit networks, by their corrupt and coercive power, exacerbate such initial flaws. In effect, it has been found that high levels of public corruption are an institutional condition associated to the drug trafficking development (Beltrán & Salcedo-Albarán, *Entornos generosos para el crimen: Análisis del narcotráfico en Colombia, 2007a*).

Drug trafficking, in turn, facilitates the convergence of various criminal activities that directly or indirectly are required to produce psychotropic substances and to transport, and market them in bulk, distribute and sell them retail, and to launder and invest the resulting capitals in the illegal and legal scopes. The successful execution of those tasks requires, for example, paying bribes or the use of violence by the drug dealers, not only to interact with those public servants responsible for the prevention, investigation, judgment and charging of drug dealers, but also to: (i) regulate the market by protecting territories and routes of production, transportation and distribution, (ii) establish entrance barriers against the competition, and (iii) make the established agreements with the social legal and illegal agents to be met. Those tasks require violence tools that in general result from the technology transfer coming from illegal scopes and other better trained illicit networks, or from legal scopes such as military/police training spaces (Beltrán & Salcedo-Albarán, 2007).

Indirectly, those technologies of violence, even those initially used to prevent, investigate, judge and penalize drug trafficking, can then be useful to commit any type of crime, not necessarily related to drug trafficking, such as car theft, bank assaults (Beltrán & Salcedo-Albarán, 2007), contract killings (hired murderers), assault operations or extortions. This is due to the fact that the technologies for executing violence, such as any other technology, is neutral in terms of purposes and the agents handling it. This process of transfer of technologic, eventually, allows the diversification of illegal activities and the possibility that criminal networks as those operating in Mexico, complement drug trafficking with other

business that, although may not be so profitable, do produce economic profits. Although the possibility of diversification of illegal activities will be discussed below, at this point it is important to point out how routes crossing Honduras, Guatemala and Mexico, which were established by violent confrontations, are currently used among other illegal activities, such as trafficking of arms or illegal immigrants. As a matter of fact, according to information from mass media, “*The Zetas cartel controls the routes and the bands trafficking with illegal immigrants in southeastern Mexico and along the border of Tamaulipas with the United States, since at least ten years ago*” (La Nación, 2010).

On the other hand, corruption conducts generate an institutional and social space of opportunities for the drug dealers and other criminals to gain the favor not only from the public servants at different levels and branches of the public administration — from local security authorities to governors, deputies or congressmen — but also from diverse social agents such as politicians and candidates to positions of public responsibility, among others. Therefore, drug trafficking and corruption work together, to the extent that higher levels of drug trafficking, due to their economic and coercive power, *ceteris paribus*, tend to increase the corruption risks, and vice-versa. This perverse causal circle, as below discussed, tends to strengthen the generalized environment of criminality.

The effect of self-strengthening between drug trafficking and corruption, and illegality in general, and institutional weakness, resulting in processes of Systematic Corruption (SC), State Capture (StC) and State Co-opted Reconfiguration (CStR), reproduces and makes structural weaknesses acuter, that not only are materialized in crimes of different kind recorded in the local, regional or national administrations, but also in quality, functioning and the possibility of consolidation of the entire democratic institutions.

These structural damages are reproduced when illegal social agents such as drug dealers, directly act over those institutions in charge of persecuting and penalizing crimes by using mechanisms ranging from bribe at low and high scale, to the establishment of short-term “win/win” agreements, going through the exercise of different modalities of coercion and violence. In turn, these structural damages tend to become endemic, even through wide sectors of society, when democratic institutions start

to be functional for the performance of criminal interests, such as those of drug trafficking. For the latter to happen, it is necessary that drug dealer overtly agents, intimidate, infiltrate and co-opt entities and decision instances. However, you can also reach this structural self-weakening situation, when illegal interests as those of drug trafficking are assumed or defended by supposedly legal social agents in charge of the functioning of formal institutions, of the management of public affairs, of the democratic representation of the civil society. In general, suffice is the infiltration of criminal interests,<sup>110</sup> in this case drug dealers, and the co-optation of the functioning of democratic institutions, for such institutions to gradually lose their rationale: Promoting the collective interests under the guiding principle of the common good.

As illustrated above, this dynamics is not only possible using traditional coercion and corruption, but also through the establishment of free will agreements between social legal, illegal and paralegal agents. These agreements may result from the initiative, either from the legal social agents (*bright*), or from the illegal social agents (*dark*) or from the paralegal social and undetermined agents (*grey*) that can be inside or outside the State formal institutions. Each one of these social agents, *dark*, *bright* or *grey*, has formal or informal institutional capabilities, which can be offered to any of the others. This possibility of negotiating institutional capabilities, being configured as a market of institutional capabilities, is precisely, the *quid* allowing the establishment of middle and long-term agreements among social agents that, at least in principle, should confront one another rather than cooperate.

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<sup>110</sup> In connection to this, it is worth stating that the process of “interests’ infiltration” can, in some cases; result from a process of viral-memetic replication which does not obey the intentional direction of any person or group of people. Already in other scopes [Dennett, D. (2007). *Dan Dennett on dangerous memes*. Retrieved Dec. 18, 2011, from Ted: [http://www.ted.com/talks/dan\\_dennett\\_on\\_dangerous\\_memes.html](http://www.ted.com/talks/dan_dennett_on_dangerous_memes.html)] it has been discussed how memes de, for example, messages of religious radicalism, are adopted by different social sectors, in a process or viral and evolutionary replication, lacking theology. This means that some types of cultural messages, in certain societies, are massively self-replicated and adopted. This appears to be the drug trafficking case in some societies where principles and even drug dealer-conduct ideals are adopted, at the level of the institutions in charge of confronting these same ideals.

This is further exacerbated when advancing to the CStR given the reproduction of agreements with agents and illegal groups promoted *from within* by institutional instances of the State, so as to take advantage from the capabilities of such agents and groups in order to obtain individual illicit interests, even of openly criminal nature, at the expense of the collective wellbeing. This, with the aggravating factor that the *predatory* impact these processes have on the institutionalism get enhanced with the intervention of a variety of illegal groups with major territorial and institutional power, as well as with a major organizational capacity and skills in the use of violence technologies, as has going on the Colombian case with alliances of drug dealers with paramilitaries and guerrilla groups of different regions.

This process, in which corruption, drug trafficking and illegality in general are mutually strengthened, and so leading to the weakness of the democratic institutions, becomes worst when it happens within the framework of transnational processes as those currently seen. Although drug trafficking in Colombia has been transnational from its origins, the established collaboration between Colombian and Mexican drug dealers, specially in the last few decades, not only generates negative effects on the institutions of each country, but also on the institutions of other States: those with high levels of consumption of illicit drugs and those in which their territory is used as a corridor and strategic space for trafficking illegal drugs, inputs and arms, among other products in connection with drug trafficking. The foregoing, to the extent that in these States there is a trend to reproduce a perverse circular process of institutional weakness, similar to that above mentioned.

## **Integration of illegal markets and advance towards the organization of mafioso-like structures**

The process in which corruption and drug trafficking and illegality in general are mutually strengthened, leading to the weakness of democratic institutions, gets worse within the context of an integration of transnational crime or, as referenced in the specialized literature: Transnational Organized Crime (TOC)<sup>111</sup> (Walsh, 2007), a phenomenon that in the

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<sup>111</sup> TOC, *Transnational Organized Crime*.



last few years has called attention of analysts and security agencies of different countries due to its effects in transnational terrorism (Shelley, et al., 2005). In the Convention Against Transnational Organized Crime of United Nations (2004), the definition of *organized criminal group*<sup>112</sup> was adopted to refer a situation of transnational organized crime. However, in this and in previous books (Garay Salamanca, Salcedo-AlbarÁN, & De LeÓN-BeltrÁN, 2010), conceptual approach of *illegal networks* is preferred instead of *organized crime*.

Situations as those currently observed with drug trafficking in Colombia, Guatemala and Mexico, in which criminal networks carry out criminal actions through borders, are interpreted as transnational crime (Shelley, et al., 2005). Such transnational nature causes serious difficulties to pursue, investigate, judge and punish criminal acting in different countries and takes advantage from the differences in the institutional quality among countries. There is a trend to reproduce a perverse process of institutional self-weakness, similar to the one described in the former section.

Now well, in addition to the already explained transnational integration of individuals, interests, networks and operations, it is observed another process that, at least in Mexico, appears important in both the strengthening of illegality: markets and illegal activities, additional and different from those of drug trafficking, which also generate important economic profits. For the particular case of “The Michoacana Family,” at least the following illegal complementary activities, integrated to drug trafficking, are identified: (i) production and trafficking of illegal substances different than cocaine and marijuana, such as the synthetic drugs, (ii) extortion with economic purposes, (iii) piracy, (iv) arms trafficking, (v) illegal marketing

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<sup>112</sup> Although during the development of the book, this definition was already presented, below it is presented again, the definition of *Organized Delinquent Group*, adopted by United Nations in its convention held in 2004 against the Transnational Organized Crime: “By *Organized Delinquent Group* will be understood a structured group made up by three or more people existing during certain time and acting by agreement so as to commit one or more serious crimes (...) aimed to obtain, direct or indirectly an economic benefit or other material benefit.”

of natural resources and by-products and (vi) narco-retail or domestic<sup>113</sup> micro-traffic. In this sense, the illegal network of “The Michoacana Family” illustrates a certain capacity to replicate and innovate illegal technologies that, although they are initially applied to drug trafficking activities, also are used to commit other crimes. Technologies such as the exercise of violence, the extortion and international transportation and marketing of illegal products also are susceptible of being replicated for the development of piracy markets or for the illegal trafficking of other drugs and products and natural resources, as is the case with the export of above described ferrous material.

In this context, it can be inferred a situation in which illicit networks, initially concentrated in drug trafficking activities, acquire the character of a *mafia* that increasingly covers spaces of the social life; spaces that, in the beginning, should be regulated by legal formal institutions. For the case analyzed in Mexico, the similarity of “The Michoacana Family” with a *mafia* begins with the title: “*The Family*,” referring a pyramidal and closed hierarchy that requires practices and rituals for entering and leaving the group (Bovenkerk, 2011). Such hierarchical and ritualistic structure,

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<sup>113</sup> By the way, there is news in Mexico that “*the previous inquires for crimes against health increased to 163% in the last decade, and the number of Mexicans who have used drugs at least once lifelong, went from 2.5 million to 4.2 million*” [Muedano, M (June 27, 2011). *Narco-crimes and addictions grow at the same time*. Retrieved 17 de Jul. de 2011 from El Universal.com.mx: <http://www.eluniversal.mx/notas/775160.html>]. Regarding this, it has been stated that the strong border controls imposed for the sending of illegal drugs to the United States, would cause a concentration of efforts of the drug dealers to improve the sale of such drugs in the same countries where they are produced; a strategy that although would not report the same economic profits compared to those obtained -thanks to the sale of such drugs in United States and Europe- by way of extension of the market and *quantity* it would facilitate a favorable economic conditions for the existence of these networks. Mass media have assured that a similar strategy has started in order to sell illicit drugs in those countries that traditionally have not been affected by drug trafficking and therefore, they lack institutional arrangements required to confront this crime, as is the case with Argentina or Chile. Although it is early to confirm that there is a trend to substitute markets or activities, it appears to be important to pay attention to the economic, social and institutional consequences that such transformations would bring with it, at both networks and the affected communities level in those affected countries.

typical of those groups operating by intimidation, bribe and corruption, is used to characterize criminal groups such as the southern Italian *Mafia*, the Chinese *Triads*, or the Japanese *Yakuza* (Bovenkerk, 2011). Such mafias, that not only are focused to drug trafficking take advantage from the formal and legal institutional weakness, as well as from the low levels of trust among particular people (Varese, 2006; Gambetta, 1993). To this extent, the network of “The Michoacana Family,” in terms of its structure and distinctive characteristics being analyzed in this book, could be understood as comparatively similar to mafia groups above mentioned—*Mafia, Yakuza or Triada*—than to the Cali Cartel or Medellin Cartel, which were groups traditionally concentrated in drug trafficking.

Although it is reported that Pablo Escobar or Carlos Ledher gave groceries to poor families or built soccer fields for poor neighborhoods in Medellin (Salazar, 2001), there are no reports that these criminal networks had made systematically incursions into activities such as the massive business of piracy or the illegal exploitation of mineral resources.

The Mafia, the Yakuza or the Triada appear in societies facing modernization processes and economic expansion, but lacking the legal formal structure to protect the property rights. Those groups, therefore, execute some documented activities such as: (i) providing safety services and protection against thieves (Gambetta, 1993) (Varese, 2001), (ii) supplying informal credits, (iii) intimidating and regulating competition in certain markets, and (iv) settling disputes among particular people (Varese, 2006; Chu, 2000):<sup>114</sup> *“In its foundation, mafioso power has a military essence: the exercise of force to get wealth and legitimacy (...). Violence continuous to be its source, its rationale and its ultimate foundation. On the other hand, Mafioso power is autonomous, self-sufficient. Its vitality and legitimacy are internally justified”* (Gayraud, 2007).

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<sup>114</sup> However, it should be warned about the need of a deeper historic analysis regarding “The Michoacana Family” in order to generate enough theoretical and empirical elements to determine if the drug dealer networks making up it, have traditionally operated in assimilable way to *mafias* or otherwise in the last decade an increase in quantity and quality of complexity of the type of executed activities has been presented, turning it more and more into a Mafioso group, instead of being purely a drug dealer group.

Although attention has been drawn about the importance not to use the term *mafia* to refer to any form of organized crime (Paoli, 2002) since it represents a higher level of organized crime (Gayraud, 2007), it seems right to infer that “The Michoacana Family” presents some characteristics similar to a *mafia* and, as such, it could show a trend to increasingly make incursions in the supply of the different illegal services and products. This, of course, does not mean that all drug trafficking groups in Mexico operate as a gradually *mafioso*-like scheme, since with the high number of active criminal networks in Mexico, it is always possible to find some groups focused only to drug trafficking. However, there is recent evidence that “The Family” is not the only network that has gradually adopted a scheme similar to a mafia. For example, the capacity of transnational expansion, the structure of the closed pyramidal hierarchy and the incursion in business other than drug trafficking such as the hydrocarbons traffic (Milenio, 2009; CNN, 2011) and the illegal migrants traffic (La Nación, 2010), which characterize “Los Zetas” network, also illustrate a progressive structuring towards a mafia-like modality rather than a drug trafficking group or “cartel” structure. Criminal networks such as “The Michoacana Family” or “Los Zetas,” which will be analyzed in future investigations, allow inferring a process of criminal structures that, to a certain extent, are more difficult to be confronted than those devoted to drug trafficking only. This latter has clear implications on the type of public policies to be used to confront these networks: whether it is necessary to confront increasingly complex structures of crime, and not just drug trafficking cartels, the actions aimed to confront drug trafficking will have partial effects.

Considering the complexity of the current criminal networks involved in drug trafficking, even a radical change in the international policy approach for the treatment of the illicit drugs would not lead to eliminate those networks, specially, given the they act in different illicit markets, with a high capacity in the exercise of violence and with a high capacity to capture and co-opt. This means that, as it will be discussed, even under an approach of regulated international decriminalization of drug production and consumption, several Mexican criminal networks could continue existing and committing crimes, not necessarily with the same economic profits as those currently obtained from drug trafficking, but probably with profits enough to assure its existence, at least in a foreseeable future.

## **Criminal progressive expansion and transplantation towards a mafioso type: Towards transnational domain and transformation of the exercise of violence**

A process of transnational integration was already discussed above, in which criminal networks of different countries, have established collaboration schemes in order to participate in different activities directly or indirectly related to drug trafficking. In this chain of activities money laundering is also considered as accompanying production, transportation and distribution of illicit drugs within the framework of transnational integration processes of domestic networks.<sup>115</sup> Those processes of integration and collaboration among individuals and networks of different countries is not the unique transnational phenomenon registered within the drug trafficking framework in the Western Hemisphere.

Currently in Mexico it is observed an intense confrontation among criminal networks focused on drug trafficking activities. Although it is almost impossible to determine the real limits of a network, it is possible to infer the existence of a high number of criminal networks differentiated in terms of their geographical range. In this sense, while the final draft of this book was being prepared, the Mexican mass media talked about the existence of six new networks that were added to those already analyzed above. So, additional to Sinaloa, Golfo, Pacifico, Los Zetas, Arellano Félix, Carrillo Fuentes, The Family, Beltrán Leiva and Norte del Valle *cartels* —the latter counted as an active cartel of Mexico — news informed about new “*organized crime structures: Cartel de Jalisco, La Resistencia, La mano con ojos, La nueva administración, El cartel independiente de Acapulco, and La Barbie and her father-in-law gangs*” (El Universal, 2011h). The severity of the current violence in Mexico, can be explained as a result of illicit networks pretending to increase and consolidate their own territorial

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<sup>115</sup> For example, in July 2011, some mass media recorded the capture of some members which was described as the largest transnational network of assets laundering detected to date in Europe that included Spanish and United States individuals [Univisión. (July 15, 2011). *Money laundering network caught while selling cocaine in Spain; arrested people in Miami included*. Retrieved July 17, 2011 from Univisión 23: <http://univision23.univision.com/noticias/estadosunidos/article/2011-07-15/miami-cae-red-de-lavado-dinero-cocaina-espana>].

domain by resorting to direct confrontation and the use of extreme violence, and also, of course, as a consequence of the State authorities action against crime, corruption and organized crime in connection with activities such as drug trafficking. While the domestic confrontation process is taking place in Mexico, another one is taking place beyond the borders, aimed to increase and consolidate the transnational territorial domain through processes below described. Therefore, it can be expected that the relentless confrontation dynamics will continue until a less unstable type of situation is reached, a situation susceptible of being reached by agreements among illicit networks for the arrangement of the territorial domains in different regions of the country.

This book has analyzed an example of integration among Mexican and Colombian drug traffickers that established agreements to transport and market illicit drugs in the United States. In such Colombia-Mexican network, it was also registered the collaboration of commercial and private individuals and firms, in Spain and China, which intervened in money laundering processes that resulted from the same drug trafficking activities in Colombia and Mexico. However, transnationalism goes beyond schemes like this, in which individuals and networks of different countries participate. Specifically, situations in which the Mexican criminal networks extend its range of action across the borders of neighboring countries, including the United States, have been identified. “Los Zetas” are a good example of transnational presence, for example, considering their presence in Guatemala including multiple killings since 2008 and a massacre committed in May 2011 (Pachico, 2011). In addition, there is also evidence of activity of the criminal network of “Los Zetas” in Tennessee and Oklahoma, United States (Solis, 2011). This situation may be understood as a phenomenon of criminal expansion in which the same criminal network operates across borders (Varese, 2006). However, it is earlier to assure that the scheme under which “Los Zetas” operate across the Mexican borders really can be defined under that of the characteristics of an *expansion*, since it must be considered the possibility that the activity of “Los Zetas” also consists on a *transplantation* scheme.

*Transplantation*, unlike expansion, consists on the capacity to operate across not necessarily neighboring countries. Therefore, transplantation mainly consists on the capacity to make foreign individuals, living in

countries other than the origin ones, to be incorporated as “members of the origin organization” (Varese, 2006, p. 414). *Trasplantation* may be interpreted as a signal of complexity in the structure of a criminal network, because it implies the capacity to operate in different institutional conditions, taking advantage of the institutional weakness observed in various countries. Due to these circumstances, Varese (2006) by considering specialized literature, points out that mafioso networks tend to have a geographical focus, in the sense that, for example, *Mafia* is fundamentally located in south Italy, while *Triadas* concentrates good part of its activity in Hong Kong. Although these criminal networks can participate in transnational crimes, Varese (2006) argues that almost never are they relevant in operations in other countries. Therefore, there are reasons to infer a process not just of transnational expansion, but of transplantation of “Los Zetas,” which would be significant in terms of both complexity of the criminal structure and the negative effects for the affected institutions. As mentioned, in May 2011 there was news regarding a slaughter in which “Los Zetas” murdered about 29 peasants in the Petén Department, in northern Guatemala. This, of course, manifests a process of transnational expansion to the extent that “Los Zetas” are a criminal network originated in Mexico. However, it calls the attention that according to information provided by the Guatemalan President at that moment, Alvaro Colom, that in the cell that committed the slaughter, “Z-200”, Guatemalan nationals took part, among them, former *Kaibiles* trained by Guatemalan army (La Prensa, 2011).

The participation of individuals such as ex-Kaibiles, illustrates a process of integration or technology transfer between members of Guatemalan military elite groups and members of the Mexican criminal network. At least one ex-Kaibil who had been suspended by the Guatemalan government in 2004, was charged and arrested for being one of the leaders of the cell “Z-200,” and for ordering the slaughter of May 2011 (Milenio, 2011). Although no sentence has been pronounced yet against this subject being identified as “*Comandante Bruja*,” in case such link is proved, both technology transfer and the advance of a process towards expansion and later transplantation by “Los Zetas” in Guatemala, could be confirmed. Therefore

It is therefore necessary to develop the academic and legal investigations required to determine whether such process of technology transfer is



happening through *expansion* or *transplantation*. In any case, at least in principle, it could be expected that the criminal network of “Los Zetas” has the capacity for advancing in a process towards both the State Capture (StC) and Co-opted State Reconfiguration (CStR) in Guatemala; a process which would probably be accompanied by a progressive domain of the border Mexico-Guatemala and even in strategic regions inside Guatemala. Thus, given the origin and the initial military training of “Los Zetas,” its current capacity of expansion, its eventual capacity of transplantation and domain inside and across Mexico and Guatemala, certain transformation on the structures to exercise violence of that group could be expected.

In Colombia, a transformation in the structures used to exercise violence as well as the recruitment and the use of private armies rather than sporadic groups of hired killers, has been observed. These transformations were also affected by the fact that legal and illegal elites wanted to control territories so as to get self-defense, or in some cases to carry out illegal activities, (Duncan, 2005; Duncan, 2006; Romero, 2002). At the same time, this transformation aimed to increase and make more effective and lasting the territorial domain, including a degree of influence on the social, political and economic scopes of certain regions. In this way, since the early eighties, and with increasing intensity, the conformation of private armies that were able to develop coordinated and complex field and assault operations, in order to control regions of Colombia, was experienced.

This process was initially promoted as part of the fight against insurgency, in response to the increasing power of armed guerrillas with organizational structure similar to that of the regular army, in diverse regions in Colombia.<sup>116</sup> This, with the peculiarity that the intensification of the military confrontation for territorial dominance between guerrillas and paramilitary groups, being the FARC the most important Colombian guerrilla, made alliances and agreements with drug traffickers a source of funding and in order to facilitate expansion and consolidation.

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<sup>116</sup> This subject is analyzed in detail in the coming books by Garay Salamanca and Salcedo-Albarán, where the links and effects from the relations established by public servants, political leaders, public servants and candidates to positions of popular election in certain regions in Colombia are analyzed.



Therefore, considering what happened in Colombia, no wonder that criminal networks such as “Los Zetas” will make progress in the formation of coordinated and trained groups by adopting techniques typical of Kaibiles otherwise by hiring foreign mercenaries. Such process is more permanent than when it is developed through hired-killer groups operating intermittently, which was the case of Colombian cartels in the eighties and the nineties. This scenario of escalating violence would be exacerbated if legal elites also decided to use and support private armies at the margin of the legal enforcement bodies, aimed to the protection of their safety and the defense of their individual purposes, even at the expenses of transgressing long-term collective interests such as the preservation of monopoly of enforcement as a condition of a legitimate State.

In this sense, an eventual process of transplantation of “Los Zetas” through different countries of the western hemisphere, alerts on an escalating violence, and transnational processes of State Capture (StC) and Co-opted State Reconfiguration (CStR). As stressed and analyzed for the case of the Colombo-Mexican network, there is no evidence sustaining that Mexican drug traffickers have already initiated processes of StC or CStR in Colombia, or vice versa. However, insofar as “Los Zetas” continue advancing in a process of transplantation and transfer of criminal technology, it is possible to register processes of StC and CStR carried out by this network in countries other than Mexico, first in bordering territories, later in other inner regions of neighboring countries and eventually in non-neighboring countries with obvious fragilities and institutional structural faults.

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# PART VII

## THINKING PUBLIC POLICY TO CONFRONT STATE CAPTURE AND CO-OPTED STATE RECONFIGURATION

*“The participation of new generations is crucial in order to successfully affront a process of transition towards the construction of a new modern and lawful society.”*

– Luis Jorge Garay Salamanca &  
Eduardo Salcedo-Albarán

 Ei Universe®

### Preamble

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

#### **How do drug trafficking and corruption become mutually stronger?**

During the last few decades, drug trafficking and corruption have turned into factors that catalyze and fuel criminal dynamics. In this mutual interaction, structural weakness of local, regional, and national democratic institutions are both capitalized and accentuated. Such States suffering from failures of their operative capacities to ensure security, with high corruption levels and significant technical weakness to manage their public budget, lacking proper information systems, and poor accountability, *inter alia*, are favorable environments for developing unlawful drug trafficking networks. In turn, such unlawful networks will, throughout their corrupting power, increase the original State weakness. As a matter of fact, it has been specifically stated that high public corruption levels are institutional conditions associated to drug trafficking progress (Beltrán & Salcedo-Albarán, *Entornos generosos para el crimen: Análisis del narcotráfico en Colombia*, 2007a).

Drug trafficking, on the other hand, increases the interaction of criminal dynamics that are directly or indirectly required to produce, transport and distribute psychoactive substances, as well as to launder and

invest the resulting profits in lawful and unlawful activities. The successful performance of such unlawful actions requires, for instance, bribes or threats on public servants responsible for prevention, investigation, impeachment, and prosecution of drug trafficking and other associated crimes. For such reason both producer and consumer countries suffer from unwanted effects that increase crimes associated to production and consumption, and also weaken the institutions responsible for preventing and controlling such crimes, as they become the target for bribes and violent actions.

Drug trafficking networks need technology of violence to (i) regulate their market and protect their territories for production, transport and distribution routes; (ii) reinforce barriers to avoid competitors, and (iii) enforce and accomplish the agreements established with lawful and unlawful agents. Those tasks require competences of violence, which usually result in transfer of technology obtained from (i) unlawful sources such as other illicit and more trained networks, or (ii) legal sources, such as sites of military and police training (De León-Beltrán & Salcedo-Albarán, 2007).<sup>117</sup> In any case, and omitting the source of the technology of violence, the technology of violence, as any other technology, can be purchased by the most powerful agents or institutions, which in recent years tend to be drug trafficking organizations.

In this sense, even in an indirect way, the technologies of violence — including those initially used to prevent, investigate, prosecute, and punish drug traffickers in lawful terms — may be used afterwards to commit any crimes not necessarily related to drug trafficking, such as theft of cars and assault of bank assaults, hiring of paid killers or extortions activities. In fact, it has been determined that the drug routes crossing Honduras, Guatemala and Mexico, that were established as a result of violent confrontations

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<sup>117</sup> For example, as stated before, “Los Zetas” resulted from a group of military officials who supplied services on technology of violence to drug trafficking networks, and subsequently, “Los Zetas” by themselves became a “Cartel” and currently they control several routes both of drug-trafficking and illegal immigrants and smuggling. Other example of violence technology transference happened in Colombia, when paramilitary and self-defense armed groups received support and training given by Colombian military officials, and also by Israel mercenaries, like Yair Klein.

between criminal organizations, some of them primarily focused to drug trafficking, are currently used by those organizations for smuggling and illegal migration.

On the other hand, corruption creates institutional and social opportunities for drug traffickers and other criminals to obtain advantage from public officers in all levels and branches of public administration — from local security authorities to governors, deputies, and congressmen. In this sense, drug trafficking and corruption are mutually reinforcing a causality in which the higher volume of drug trafficking, due to its economic and coercive power, *ceteris paribus*, tends to increase the corruption risks, and vice versa.

### **How does corruption and drug trafficking weaken democratic institutions?**

The result of mutual criminal support in which drug trafficking and corruption strength each other, and the institutional effects such as StC and CStR, reproduce and worsen the structural weaknesses which are evidenced at local, regional and national level, as well as the impairment of quality, operation, and consolidation of democratic institutions as a whole.

Such structural damages are reproduced whenever drug traffickers directly operate on those institutions in charge of pursuing and prosecuting crimes. This action can be carried out through mechanisms like low and large scale bribery, or through “win/win” long-term agreements. Additionally, those structural damages become endemic, across ample social sectors, when democratic institutions favor drug traffickers’ criminal interests. For this latter to occur, drug traffickers might infiltrate official entities and decision-making bodies; however, it is also necessary that drug traffickers’ objectives are assumed or defended by agents supposedly serving

government institutions. In general, when criminal interests infiltrate<sup>118</sup> and co-opt democratic institutions, such institutions will gradually lose their *raison d'être*, to wit: the promotion and defense of community and collective welfare.

As discussed in this book, these dynamics are possible either by traditional coercion and corruption, or by mutual agreements sustained in a free will basis. These agreements may result either by *bright* agents' initiative or by *dark* agents operating inside or outside the State institutions, since each one of these agents has institutional capacities to be offered. This is the *quid*: allowing the establishment of long-term and structural agreements between agents that, in other scenarios of no collaboration, should be confronting each other.

This process, whereby corruption and drug trafficking are mutually strengthened, leading to weakening democratic institutions, is even more distressing when it occurs in transnational processes, such as those ones currently observed consisting in collaboration between bright and dark agents across countries. Even though drug trafficking history in Colombia and other countries has been transnational from its very beginning, the current cooperation structure agreed between Colombian drug traffickers and Mexican drug traffickers (Malkin, 2001), is producing negative effects both on the institutions of Colombia and Mexico (Chabat, 2002), and on the institutions of countries as those of Central America that are used for moving drugs. In fact, "*the illegal drug industry has marked Colombia's development (...). In no other country has the illegal drug industry had such*

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<sup>118</sup> This "infiltration of interest" process may, in some instances, result in a mimetic viral replication process that is not the result of the intentional direction of an individual or a group of people. In other scenarios it has been found that memes, for instance, religious radical messages, are adopted by several different social sectors, in a viral and evolutionary replication process which has nothing to do with teleology [Dennett, D., February, 2002, *Dan Dennett on Dangerous Memes*. Retrieved December, 2010 from TED: [http://www.ted.com/talks/dan\\_dennett\\_on\\_dangerous\\_meme](http://www.ted.com/talks/dan_dennett_on_dangerous_meme). This means that some types of]. This means that some types of cultural messages, in some given societies, are self-replicated and massively adopted. This seems to be observed in drug trafficking in societies in which institutions responsible for fighting such wrong ideals, adopt drug trafficking principles and even cultural ideals based on those unlawful principles.



*dramatic social, political, and economic effects* (Thoumi, 2002). This situation of institutional weakness can be observed even in those countries that are not directly engaged in production or consumption of illicit drugs, since they are surrounded by countries where such phenomena are rampant. For such reasons, those countries are prone to be used as transportation points of illegal drugs, as it indeed happens in Guatemala. Therefore, the same circular causality between corruption, drug trafficking and institutional weakness happens in different countries of the Western Hemisphere.

The appropriate and timely recognition and analysis of the characteristics of those processes between corruption, drug trafficking and institutional weakness, will allow one to design and propose public policies and public/private measures and actions addressed to prevent, counteract, or at least, to alleviate the negative effects. Some of these actions are listed below as proposals to be discussed by public policy-makers, experts/analysts and public opinion in general. It should be underlined, however, that drug trafficking and connected criminal actions are perhaps the most profitable activities in the world, and with the greatest potential to generate and provide criminal power at both domestic and transnational level.

For such reason, there is a very low probability to completely succeed in fighting drug trafficking in a unilateral and isolated manner by one single country, specifically in the context of an international agenda where prohibition purposes are prevalent. The probability to control drug trafficking activities is even lower when the actions are implemented by developing countries with structural State failures and instable political and social regimes. In this sense, it seems evident that, considering the internationalization of illicit drug problems, any action should be adopted in the context of a solid international coordination, under mutual accountability principles and under criteria beyond the “anti-criminal” fighting, and rather taking into account varied instances and venues such as international human rights law (HRL) and International Humanitarian Law (IHL).

As stressed throughout this book, the transnational dimension of drug trafficking activities demands that any action to prevent, control or sanction the activities, even those entirely domestic actions, must be implemented in line within the context of transnational cooperation and harmonization. For the reason above, the recommendations proposed below are not detailed by country, only by the urgency of implementation level.

### Short-term actions

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

This Chapter presents a discussion about actions proposed and considered urgent — to be implemented in order to protect institutions both of the countries analysed in this book, and of those countries with similar institutional characteristics, even if they were not analysed in this book. Some recommendations given below will have some impact at the medium- and long-term; notwithstanding, they are proposed in this section, as *short-term actions*, due to the urgency of their implementation.

1. *Rethinking the concepts used to understand political and administrative decentralization, in order to recognize the risks faced by decentralized administrative entities suffering from systemic criminal presence.*

Positive effects of decentralization on democracy consolidation has been usually accepted because decentralization “*promotes good governance by providing an institutional framework to bring decision-making closer to the people, and building partnerships and synergies among actors and organizations at many levels to achieve economic and human development goals*” (Shabbir Cheema, 2005, p. 19). Nevertheless, in those countries suffering from systemic criminal presence, and even impacting the institutions responsible for pursuing and punishing crime and drug trafficking, there exists a high risk for decentralization process to be capitalized by those agents holding

economic, social and political power at the local level, even if those are unlawful agents. In this situation, there exists the risk for decentralization to be only a formal condition manipulated by unlawful groups.

At the local level, especially in those societies with a fragile democratic regime, there exists an administrative structure prone to the emergence of “sub-national authoritarianisms” (Gibson, 2006), resulting from the action of *para*-State or even *counter*-State agents. For this reason, risks to reproduce StC and CSR processes will increase in those administrative units carrying out processes of decentralization and suffering presence of endemic criminality.

Evidence from the Colombian situation (Garay & Salcedo-Albarán, Crimen, Captura y Reconfiguración Cooptada del Estado: Cuando la descentralización no contribuye a profundizar la democracia, 2010) and now current Mexican situation, support the existence of StC and CStR processes, either cyclic or generic, which under a *bottom up* scheme are promoted from decentralized levels of public administration. Decentralized administrative units characterized by (i) failures of a democratic participative system, (ii) absence of transparency standards, (iii) imperfections in the electoral process, (iv) budgetary, technical and operative deficiencies to ensure compliance of law, and (v) failures of the information systems, are a favourable environment for reproduction of *de facto* and non-democratic local regimes. Drug traffickers as those observed in Mexico or narco-paramilitary groups as those observed in Colombia, obtain advantages capitalizing those structural failures, even sometimes satisfying some institutional and formal democratic processes. For instance, in Colombia it has been observed that narco-paramilitary groups, instead of imposing candidates just by force, satisfied some rules of electoral processes in order to obtain social and political legitimacy. In this way, under the combination of decentralization processes and institutional weakness, StC and CStR processes are reproduced under a *bottom up* scheme in which local authorities are initially co-opted and then higher levels of the public administration are affected.

It is always advisable that “*decentralization does not lead to a Paradox of the Rule of Law because, in this situation, decentralization would be leading to a scenario in which democracy (...) is structurally weakened.*” (Garay & Salcedo-Albarán, Crimen, Captura y Reconfiguración Cooptada

del Estado: Cuando la descentralización no contribuye a profundizar la democracia, 2010). When decentralizing models initially designed for institutional environments without endemic crime, are mechanically applied in regions with endemic crime and weak democratic institutions — such as local entities of the countries analysed in this book — this increases the risk of co-optation of such administrative entities by unlawful agents and criminal interests.

For the reason above, any decentralization process shall be based on the recognition of those factors affecting the general well being, like specific forms of criminality. For such purposes, it is necessary not only to recognize the participation of lawful agents in the local political arena (Shabbir Cheema, 2005), but also it is important to identify and understand the purposes of those unlawful agents attempts against the community's welfare and distorting the *raison d'être* of democratic institutions. To reach this purpose, "(...) it is necessary to restate and reformulate basic categories of the traditional concept of political-administrative decentralization, fitting them to the actual condition of the decentralization process in those countries where there is a great presence of criminal organizations, such as drug trafficking. This restatement must, among other objectives, clearly identify those conditions potentially giving rise to scenarios of Co-optation of the Rule of Law" (Garay & Salcedo-Albarán, 2010, p. 133).

Until basic premises on decentralization models will be restated, it will not be enough to introduce some marginal adjustments to the prevailing relatively unregulated model of decentralization in countries like Colombia, with highly decentralized sectors and an automatic system of transfers from the Central government to municipalities and provinces, such as the case of royalties that have been misappropriated by narco-paramilitary agents in the Colombian case. "Therefore, the key is neither to go back to centralization nor to deregulated decentralization, but instead move towards a regulated centralization within an integral framework of mutual territorial responsibility under the principles of competition, complementarity" (Garay, Salcedo-Albarán, & De León-Beltrán, 2010). It is necessary to avoid a discussion limited to the traditional dichotomy between recentralizing/ decentralizing, which is an improper and deficient approach in scenarios like Colombia or Mexico.

2. *An an intra-institutional diagnosis and re-designing process focused to enhance competences harmonization between security agencies, including those of different administrative level is suggested.*

The great number of decentralized agencies in Mexico in charge of public security makes it difficult to design and implement public policy decisions, such as reactive operations against illegal networks of drug trafficking. For this reason, it is necessary to elaborate a matrix involving all responsibilities and competences of the agencies at the local, regional and central levels of security in Mexico, with a view to identify contradictions and redundancies of competences and thus to avoid the elusion of responsibilities and the reproduction of institutional failures. Without this diagnosis, it is quite difficult to identify the agencies in charge of specific security tasks, and the individual agents responsible for failures and errors such as filtration of highly sensible information or the breaching of custody chain. Listed below are some activities required to set up this action:

- Elaborating an inventory of regulations, decrees, and instructions of public policy supporting current institutional competences concerning security.
- Determining redundancies and “empty spaces” in current institutional competences.
- Suggesting proposals for institutional and legal reforms to solve the redundancies and failures identified.
- Validating with the regional responsible agencies of public security policy, the problems identified and the solutions proposed.
- Defining and specifying with political parties, representatives of civil society, and expert analysts and scientists, the constitutional and legal reforms required to implement the solutions proposed.
- Identifying the current institutional evaluation processes as well as the indicators of institutional effectiveness of the security sector, across the different administrative instances and levels. This, in order to enhance the evaluation mechanisms and the incentives in the institutional competences.

- Preparing local, regional and national projects to implement a scheme of incentives and sanctions.
- Determining financing requirements of reforms identified, including the evaluation procedures.
- Discussing a bill about incentives and sanctions related to the compliance with or the default of institutional responsibilities in connection with security.
- Designing a legal scheme to accomplish social audits and evaluations to the competences identified. It will be required, for instance, to implement mechanisms allowing:
  - o The organization of “Vigilance and Civil Committees to follow up the Implementation of policies and security actions.”
  - o The Project of “Vigilance and Civil Committees to follow up ...” could consider the participation of Foundations, Think Tanks, Universities and those groups developing activism for the quality in security policies.
  - o For such purposes, the “Vigilance and Civil Committees to follow up ...” must be legally supported to request information related to the compliance with goals, activities and public security duties by the respective Mexican federal authorities. It is initially suggested the implementation of this mechanism only at the Federal level because the high insecurity risks registered in several Mexican Municipalities and cities, make it almost impossible for the members of civil society to directly intervene or follow up the development of civil audit activities.

3. *Design and develop Technical and Operative Accompaniment Units for administrative and coercive topics to be applied in those decentralized entities showing high corruption levels and drug trafficking influence, or in general, StC and CStR processes, in order to prevent the progress of bottom-up co-optation processes.*

If advanced StC and CStR processes are observed, affecting legislative and executive branches at the decentralized level, national partial

intervention commissions could be implemented which, based on pre-defined administrative protocols, re-establish basic institutional functions of the intervened entity.

Local authorities usually reject technical accompaniment or intervention by the central level on decentralized entities, because it is considered as the result of their own incapacity or inability. Notwithstanding, in Mexico there have already been interventions by National Army and Federal Police, mainly in the Northern Mexican region (El Nuevo Diario, 2010). Omitting the complex discussion that arose about the advantages, disadvantages and risks of the intervention of Federal forces in local entities of Mexico, it is possible to consider that this intervention does not resolve but could even exacerbate distortions and institutional failures in security issues at the local level, therefore, increasing risks of intra-institutional confrontation. For this reason, administrative commissions addressed to increase operative capacities of the local entity should accompany any military Federal intervention. If this support is not present, the result of the intervention would be turned into a deeper local weakness in the long term.

It is necessary, however, to consider the possibility that more than just a military support provided by the Federal level is needed. When the executive and legislative branches of a local entity are affected by StC or CStR processes, the deployment of army and police forces will not suffice — because in this situation an institutional impairment would occur which could be aggravated by the intervention of new coercive actors, even lawful agents, given the risk that they would become manipulated by powerful unlawful agents. For such reasons, the development of operative units of partial and transitional intervention addressed to re-establish the functions of the affected entities should be considered as well.

4. *Design and execute an information system to be fed by all local police bodies of the State. This system should allow monitoring, processing, and consolidating real-time data about public security, in order to facilitate the design and to set up coordinated control strategies and the prosecution of illegal groups, such as drug trafficking ones.*

In order to operate at the short term, and even before solving the debate about the convenience of a unified command of Federal Police in Mexico, or the convenience of assigning the management of local security to authorities of the national level, it requires a real-time information system to be fed by all local police bodies. In the absence of a unified command between agencies and administrative levels, a robust and comprehensive information system is a *sine qua non* condition to design and implement preventive and corrective actions against criminal groups.

Taking into account the risks of lack of relevant and reliable information, as a result of the eventual manipulation by unlawful agents over the local information systems, a monitoring process carried out by expert authorities at the National State level should be implemented. It is required, therefore, to establish a Federal-local link, in every municipality, in charge of monitoring the feeding process of the system.

5. *Design technical unified procedures and protocols to gather and manage judicial evidence in order to enhance the quality of the judicial proofs submitted to the courts, and to harmonize such gathering activity between agencies, even from different administrative levels.*

The network of “The Michoacana Family,” previously analysed in this book, is based on judicial information gathered on the judicial process known as “*El Michoacanazo*,” in which several Mayors of Michoacán State were arrested because of the suspect bonds with members of the “Family.” This event was widely known throughout communication mass media. As of this date, however, most of those public servants were released because the courts did not find enough evidence to convict. This judicial result could be explained because: (i) There was not enough and solid judicial evidence, even to arrest such public servants, or (ii) there was evidence but it was not technically supported before the courts.

Some journalist, analysts, and opinion makers consulted during the elaboration of this book, alleged the existence of serious failures when collecting and presenting legal evidence before courts. Although this assertion is not considered as a sufficient and definite diagnosis, it seems so urgent, however, to design technical protocols oriented to collect solid and sufficient evidence leading to arrests duly supported before courts, so



they will have warrants to arrest people based on proper evidence. In turn, it is important that those technical protocols can be used among agents and agencies, even those of different administrative levels, in order to coordinate and harmonize the proper flow of judicial information.

6. *At an international level, reinforce intervention and tracking of the economic structure of drug trafficking networks by using intelligence and information agencies in the financial sector, investigating properly in depth the role of domestic and transnational financial systems.*

In addition to the international movement of illegal drugs, financial transactions are also an important element supporting the unlawful activity of drug traffickers. Those transactions are susceptible of tracking and seizure in order to weaken the finances of the drug trafficking organizations. The capacity to exercise violence and the economic power, added up to a flexible structure allowing for quick innovations to face government restrictions, are the major comparative advantages allowing drug trafficking networks to pursue procedures oriented to StC or CStR. In order to attack the drug organizations finances, it is important to reinforce financial monitoring mechanisms, in charge of the domestic Financial Intelligence Units (FIU). In this sense, the Colombian FIU and the Mexican Financial Intelligence Unit of Treasury and Public Credit Secretariat (SHCP)<sup>119</sup> must be strengthened. However, it has to be established as a Bilateral Agency of Financial Investigation (BAFI) to allowing for monitoring and transmitting harmonic information between Mexican and Colombian agencies on a permanent basis.

Since 1995, the EGMONT Group became an important tool to exchange information between FIUs around the world, allowing progress mainly in the identification of judicial, coercive and hybrid mechanisms to prevent money laundering. This framework, or any other provided by any multilateral agency such as UNODC, can be taken as the context to begin bilateral or multilateral activities required advancing in the development of the BAFI. In fact, the creation of a Trilateral Agency of Financial Investigation (TAFI) with the participation of the Special Verification

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<sup>119</sup> *Unidad de Inteligencia Financiera de la Secretaría de Hacienda y Crédito Público, SHCP.*

Intendancy (IVE)<sup>120</sup> from Guatemala could be considered. The following activities are proposed in order to implement this recommendation:

- Reviewing and identifying constitutional and legal schemes prevailing in Colombia, Mexico and Guatemala, that can be used as legal framework for the BAFI or the TAFI.
  - Identifying the agencies which (i) due to their scarce historical infiltration, (ii) high confidentiality, and (iii) high efficiency and quality to produce judicial results, in Colombia, Mexico and Guatemala, can be designated as local links to ATIF, complementary to the respective Financial Analysis Unit (FAU) in each country.
  - Establishing a bilateral, in the case of the BAFI, or a trilateral agenda if Guatemala participation is considered, to draw up and discuss the guidelines of the cooperation agreement that, after executed and ratified by the Colombian, Mexican and Guatemalan Congresses, would allow the incorporation of TAFI into the legal system of each member country.
  - Upon the execution of the cooperation agreement, and while ratification procedure is accomplished by the respective parliaments of Colombia, Mexico and Guatemala, its financial structure must be designed: Sources, domestic resources and grants obtained from multilateral agencies.
  - Designing an information platform allowing for the mutual connection between the domestic intelligence systems from Colombia, Mexico and Guatemala.
7. *For Guatemala, measures to promote and assess the development of local abilities gained from international mechanisms and commissions of control and investigation, such as the International Commission Against Impunity in Guatemala (CICIG) are recommended.*<sup>121</sup>

The activities accomplished by an international commission as CICIG must finally facilitate the development and consolidation of local

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<sup>120</sup> *Intendencia de Verificación Especial, IVE.*

<sup>121</sup> *Comisión Internacional contra la Impunidad en Guatemala, CICIG.*

institutions responsible for the investigation, prosecution and sanction of criminal networks. Even though in Guatemala, CICIG is not a commission focused to local institutional enhancement, it is necessary to capitalize to the most possible extent, the institutional, cultural, and psychosocial effects resulting from their investigations and from the severe sanctions issued by this Commission. For this reason, in order to ensure CICIG long-term permanent effects, it is necessary to keep and reinforce knowledge and skills transmission and development of local capacities, such as those observed thanks to its relationship with the Special Unit of Prosecutions under the International Commission against Impunity in Guatemala (UEFAC).<sup>122</sup> For those purposes, the following actions could be useful:

- Designing and monitoring the application of investigation protocols to facilitate the information transmission between CIGG and UEFAC, and gradually, between CICIG and other local instances in Guatemala, through UEFAC.
  - Extending the application of professional selection process and criteria used by CICIG in the UEFC, to be incorporated in the modernization of other investigation, prosecution and sanction instances in Guatemala.
  - Strengthening the training process to CICIG officers, prosecutors, local and national judges of Guatemala, in order to harmonize local protocols and procedures between investigative, prosecuting and sanctioning instances.
8. *Considering the frequent cooperation relationships established between Colombian and Mexican drug trafficking organizations, it is advisable to strengthen technical and logistic cooperation agreements between Mexico and Colombia.*

The establishment of the BAFI or the TAFI is not the sole area requiring cooperation and permanent information transfer between Colombia, Mexico and Guatemala. The increasing number of successful reactive operations developed during the last few years between Colombian and

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<sup>122</sup> *Unidad Especial de Fiscalía Adscrita a la Comisión Internacional contra la Impunidad en Guatemala, UEFAC.*

Mexican agencies, such as “*Operación Frontera*” (“Frontier Operation”), sustains the need of creating bilateral commissions and offices using schemes similar to those proposed for BAFI or TAFI, in order to establish a permanent legal and logistic framework for the development of operative and preventive operations.

Some activities requiring the organization of bilateral offices are:

- Developing reactive operations jointly by Colombian National Police and Mexico Federal Police, among other bodies intervening in operations against drug trafficking in Mexico.
- Transferring technical investigation technology between Colombia National Police and Mexico security agencies.
- Joint training on intelligence and contra-intelligence techniques to Colombia and Mexico security agencies.
- Designing protocols for verification of the intelligence reports sent from Colombia to Mexico, and *vice versa*. This, in order to prevent leaks of information and to identify those individuals in charge of providing intelligences reports between countries.

Drug trafficking activities developed and described by Guatemalan drug trafficker Byron Berganza, as presented in the third part of this book, are evidence of the increasing drug trafficking activities across clandestine corridors connecting different countries of Central America, Mexico and the United States. Therefore, it is important to harmonize investigation activities to be accomplished between the agencies of those countries. It is therefore necessary for Guatemala to adopt an active stance in the execution of bilateral cooperation agreements. It is also advisable to establish international coordinating offices, mainly between Mexico and Guatemala. In order to carry out this recommendation, international agencies widely experienced in management of intelligence information, should advice and monitor the agreements between the Mexican and Guatemalan agencies. It is important to establish those offices, at least at this time between Mexico and Guatemala, since there is increasing information supporting the existence of drug trafficking organizations acting through the borders of those countries. This is a common task

that should be expanded to, and incorporate, other countries in Central America in the next coming years.

9. *To reinforce, consolidate and evaluate the proper operation of international commissions, such as CICIG, in order to consider their application in countries such as Honduras and El Salvador.*

Bearing in mind the situation of State Capture and Co-opted State Reconfiguration evidenced in the network analysed in Guatemala, it seems rather difficult if not impossible to apply domestic instances of control, investigation, and sanction to effectively confront such complex criminal groups.

Similar situations characterized by structural failures in institutions in charge of controlling, investigating, prosecuting, and sanctioning transnational criminal networks, are observed in other countries of Central America: States with poorly developed democratic regimes, low institutional quality, and deeply rooted structural failures that prevent the prevalence of the Rule of Law. For example, Honduras and Guatemala are ranked in the group of Latin American countries with a “minimum” democratic development, according to the Development of Democracy Index, 2010. In the same way, other countries of the Central America/Caribbean region, such as El Salvador, Nicaragua, Honduras and Guatemala, are ranked as the weakest countries in terms of Rule of Law (El Salvador: 22.6%; Nicaragua: 21.7%; Honduras: 20.8%; Guatemala: 13.7%) and Control of Corruption (Nicaragua: 24.3%; Honduras: 20.5%; Guatemala: 32.4%), according to the World Bank Governance indexes, 2009.

Therefore, one could expect to find systemic corruption processes at different levels and branches of the public administration of those countries. This does not mean that all the institutional levels and instances of those countries are captured or co-opted by criminal networks, because it is always possible to find a significant number of officials honestly complying with their public and civil duties. Notwithstanding, when the institutions as a whole are fragile, as evidenced in the analysis carried out in this book and by different indexes, the honest officials of those fragile institutions have no proper conditions to comply with their duties, especially if one takes into account the dysfunction between the processes

of investigation, prosecution and sanction. As a consequence, it must evaluate the possibility of applying mechanisms like such of international commissions oriented as a first step to recover the institutional functions and to confront different expressions of systemic corruption, State Capture and Co-opted State Reconfiguration.



### Middle and long-run actions

*By Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán*

After mentioning some short-term actions in the previous Chapter, some guidelines of public policy to be applied at the middle and long term are suggested below. As it will be seen, these guidelines are oriented not only to confront drug trafficking, but also to improve and consolidate the democratization of some Latin American societies, under modern principles of modern civility.

1. *Promote the modernization and professionalization of the judicial machinery, including the improvement of transparency of information produced by it, in order to achieve a major institutional efficiency.*

On one hand, in every country analyzed in the present book, it is recommended to promote transparency in the judicial information required to study and understand the structures, causes, effects, information flows, relationships, agents and the institutional context facilitating processes of StC and CStR. When the institutional quality of an administrative unit is not entirely understood, and the action of unlawful agents and criminal processes over the institutions is omitted, there is a great risk of applying public policies and administrative models that will not have the expected impact. In general terms, opacity in the information needed to understand the institutional quality leads to an inadequate diagnosis, and

this in turn leads to the improper design of public policies and then to their ineffectiveness.

On the other hand, any effort oriented to strengthen the autonomy of the judicial bodies in relation to other branches of the public power, and also against the criminal networks coercive and corrupt efforts must be promoted. For such a purpose, it is always necessary to assure the proper provision of technical, budgetary and logistic resources to the Judicial Branch, as a necessary condition to effectively avoid and combat StC and CstR processes at all levels of the public administration.

2. *Promote and consolidate the legitimization of the State in its capacity of the entity responsible for the public affairs and “the common good.”*

The insufficient democratic representativeness and the weak state institutional framework in some Latin American countries, have favoured the cracking of basic and inalienable functions and duties of a democratic Rule of Law. In countries such as Mexico, Guatemala and Colombia, the State's lack of authority, that is sometimes worst at the local or regional levels, has caused a gradual substitution of these inalienable duties by private and powerful groups, lawful or unlawful, promoting egoistic and sometimes criminal interests. As a result of this substitution, the Rule of Law is relegated on behalf of individualist purposes that are not representative of the long lasting collective interests. By arguing the purpose of overcoming some of these State weaknesses, criminal networks such as *United Self-defense Forces of Colombia* (AUC) and “The Michoacana Family” in Mexico, have claimed that their unlawful actions are “justified” in the search of the legitimate defence of the inhabitants. In this way, they can even get popular favouring, with the high cost of constructing a short-term temporary and apparent security. Since this temporary security is not based on long-term legitimate and democratic State institutions, those groups only end up deepening the absence of a solid State able to guarantee public security along with all the civil, political, economic and social rights to the general population.

The dynamics of the appearance and reproduction of *para*-State agents and groups, lawful or unlawful, looking for assuring security due to the ineffective presence of the State, mainly consist in the application



of non-democratic and private security principles and procedures. This application is focused in the consolidation of partial and non-regulated security, provided to those who can pay it, at any social, political or cultural cost, even against the provision of a true security for the population as general. Therefore, even when those *para*-State agents do not pursue perverse interests but the interest for assuring its own security in the short term, there is great risk that they end up reducing its operative expression to “death squads” or “cleansing groups,” especially given the lack of promotion of modern law principles and strengthened long-term judicial institutions.

In addition to the above mentioned, there is another structural issue that must be addressed: The fact that technology, not only the coercive one, is neutral. This means that any technology can be used to promote or hinder the social welfare. In this sense, it is always necessary to proclaim principles of lawful obedience as part of the doctrine of all the State coercive bodies, in order to ensure that the enforcement technology is applied only in defence of the general welfare of the population. For this reason, when *para*-State agents embrace the defence of its own security and assume the right of substituting, even if partially, the State legal authority to guarantee the public security, there is a high risk that the coercive technologies for such a purpose, by virtue of its moral neutrality, are applied to promote criminal interests, especially as a result of the huge economic power of illegal activities, as drug trafficking.

Therefore, it is critical to guarantee that certain State responsibilities and functions, in a democratic arrangement, are inalienable and non-delegable. Those State responsibilities and functions must also be transparent and legally auditable by the civil society. Therefore, the following tasks must always be of obligatory compliance by modern contemporary States, so as to promote the compliance of the democratic values sustaining the social life:

- To assure the prominence of the public affairs and the “common good.”
- To ensure the Rule of Law.
- To guarantee, under any circumstance, full respect for human rights.

- To apply the commutative justice under equality conditions.
  - To fully exercise the monopolistic power of the coercive authority only and exclusively by the legitimate State, based on the Rule of Law.
  - To implement principles of distributive justice constitutionally established to sustain the Social Rule of Law.
  - To secure the integrity of the national territory.
3. *Promote a political reform addressed to issue a set of rules (i) demanding controls to prevent and punish the links between criminal networks and candidates and political leaders, and (ii) imposing penalties to the political parties whose members are criminally convicted for links with criminal networks.*

This regulation and auditing process can be developed by imposing social and political punishments to political parties and movements which fail to prevent the establishment of “free will” agreements among criminals, candidates to positions of popular election and public servants, as has happened in a good number of cases which have already been documented, investigated and sanctioned in Colombia, for example. For such a purpose, it is must be preserved the compliance of the ethical codes agreed both at social level and inside the political parties, through the formulation of sanction schemes to those members whom have been proved with high-quality evidence, linked with criminal networks such as those of drug trafficking. On the other hand, the executive branch of the national level should be in the capacity of imposing sanctions to those political parties and movements that, at any administrative level and by lack of preventive measures and controls, are used as a platform to promote criminal interests.

4. *Reconsider explanatory frameworks currently applied to understand relationships between the State and criminal groups in order to overcome “naive” notions suggesting an unchangeable and permanent confrontation between State and criminal groups. This is in order to have better judgment elements for the design of public policies and legal reforms.*

In the networks analysed in this book, demonstrate that social relationships established among nodes/agents are not limited to prosecution

of delinquents by public servants, or confrontation and bribery by delinquents towards public servants. By contrast, among others, it is usually to observe relationships like: (i) Friendly relationships or family bonds between public officers and drug traffickers, (ii) cooperation, political and electoral relationships usually offered by criminals, in this case drug traffickers, to candidates running for positions of popular election or (iii) supportive relationships requested by candidates or public officers in order to capitalize the criminal's capacities to exercise coercion, intimidation and violence. As a result, those criminals obtain administrative, economic and judicial benefits related to impunity.

These types of relationships, and other particulars observed in Colombia, Mexico and Guatemala, such as commitments to assign contracts to unlawful groups, allow recognizing the degree of influence of the illegal networks over Government institutions. The more infiltration obtained by the criminal networks and greater levels of traditional corruption, StC or CStR, *ceteris paribus*, the less capacity to control, pursue, prosecute and sanction the crimes, and in turn, a vicious causality and perverse circle is established: A major scope of the criminal networks generates a major institutional weakness, and *vice versa*.

This vicious and perverse causality has particular characteristics in each local, regional or national administrative context. Such characteristics will only be recognized if the wide range of social relationships are identified and analysed: social relationships that, in some situations, end up mediating the relation between the State and the criminals. For such purposes, it is necessary to recognize that several instances of State institutions, the society and the mass media, are exposed to criminal interests and, consequently, at the same time, are sometimes interested in obtaining benefits, by action or omission, of the possibilities offered by the criminal networks. This framework of an ample diversity of relationships should be understood in order to generate public policies oriented to effectively confront different organizations, dimensions and scales of criminality.

5. *Promote the integral and transdisciplinary analysis of social phenomena resulting from connections between corruption, drug trafficking, and institutional weakness, in order to provide good-quality inputs for the design of public security policy and decentralization models. This task is*

*mainly needed in those countries where democratic institutions are still facing processes of consolidation.*

The psychosocial, economic, cultural, anthropological and political causes and consequences of the CtS and CStR processes are mutually connected. This means that partial psychological, economic, anthropological or political analyses will always provide explicatory analyses that are conceptually limited when one attempts to explain and intervene in social reality. This does not mean that there are existing models which, from an epistemological standpoint, would be complex enough to explain every detail of the social reality, because in a strict sense, a model as a simulation, is always developed based on a partial image of reality, with a series of explanatory variables that are different from the amount of casual chains of ontologically happening in reality (Fodor, 1991). Even when there is not a single perfect model in terms of its complexity, it is a moral duty that should be imposed to any social scientists to provide the best model available by integrating the greatest amount of analysable variables and hypotheses. The quality of the scientific explanations provided by social scientists has not only technical but also moral implications because those explanations are used for public policy design and, therefore, are related to the social transformations that will result.

On one side, it is therefore necessary that scientific procedures and protocols sustain procedures of diagnosis and design of security policy. As an example, with the purpose of advancing in this direction, the President of the United States issued, on December 17, 2010, through the Office of the Director of Science and Technology Policy, a memorandum addressed to the directors of agencies and departments of the executive branch, wherein the Government Scientific Security bases were specified. In this sense, not only the incorporation of scientific procedures, protocols, and results are promoted as inputs for public policy formulation; additionally, parameters for such incorporation were established. This incorporation of scientific protocols and results even seems to be insufficient in the States with low levels of scientific disclosure and patents, among other parameters of scientific performance.

On the other hand, it is not enough to include scientific inputs into the public policy formulation processes, it is also necessary that those

inputs are integral by including variables derived from several different scientific bodies and formulating explanations coherent with each specific institutional context.

6. *Promote the citizens' peaceful coexistence, to encourage the culture of legality and to disseminate democratic values stressing education and divulgation strategies that include the latest neuro-psychology, neuro-economics, and neuro-politics findings, in order to make it easier to internalize such values into the cultural practices.*

Without the strict compliance with law, favourable conditions for societal impairment are prevalent, resulting in the rupture of those basic rules sustaining citizens' coexistence. This coexistence shall be regulated, on one side, by principles and behaviours that are not strictly communicated through the formal education, but through the most diverse aspects of the everyday social life. On the other hand, that coexistence shall be regulated by the enforcement of some legal standards, dissuasive and even coercive, mutually agreed upon "social contract" among the members of the society.

A fragile citizens' peaceful coexistence affects multiple instances of the social system. As a consequence of this fragility, coercion is increasingly applied to mediate social relationships. Those groups with economic or violent power, including criminal networks like those analysed in the present book, take advantage of this situation in order to reach criminal, or at least selfish, objectives (Garay L. J., 1999).

During the last decades, the strengthening of drug trafficking as a highly profitable activity has facilitated the incorporation of a set of social anti-values in the culture of several Latin American societies. Those social anti-values consist, for example, of the violent resolution of conflicts, which means that progressively it is accepted that "any mean is valid", including the unlawful ones, in order to achieve egoistic objectives.

In order to stop and reverse this situation, to promote the pacific resolutions of conflicts, and to impose modern civility principles and values, a kind of "cultural revolution" is needed. This revolution should be sustained through the application of the most recent education and neuro-psychological findings that explain how and why some cultural patterns emerge and are transmitted and consolidated as cultural protocols

in specific human groups. This process requires formulating a trans-disciplinary approach that has to take into due account (i) the kind of social networks configured as a result of those unlawful cultural patterns, such as the case of those analysed in this book; (ii) the psycho-neurological causality that underlies the transmission, adoption and compilation of those cultural patterns and other social decisions (Camerer & Loewenstein, 2004; Camerer, Loewenstein, & Prelec, 2004); and (iii) the institutional impacts resulting from those dynamics.

Therefore, citizens should advance in the development of a new cultural *ethos* by valuating individual's moral values and civil duties. This development appears almost as a requisite for the formation of deliberant and self-reflexive citizens as the main protagonists of these societies (Garay L. J., 2002).

7. *Promote and apply a societal agreement based on the fundamental principles of distributive justice and social inclusion.*

Given the levels of exclusion, inequality and poverty in several Latin American countries, in order to reject in the long-term those procedures and criminal interests, it is needed a political and social agreement on some key values concerning social equity. Besides the basic principles of equality granted by the political and civil rights, and other fundamental rights, every organized society should address principles ensuring equality of social opportunities at the intra and inter-generational levels. The new cultural values must call to attention promoting social opportunities for the new generations, especially when ample groups of recent generations have lacked the necessary mechanisms to advance in the realization of a dignified project of life, under adequate socioeconomic conditions according to international standards.

Lawful life projects will be possible as far as fair and equitable socioeconomic conditions are ensured. When the basis of equality of opportunities are established, it is then possible to pursue reciprocity between (i) personal and moral efforts and (ii) economic benefits. This is the field of the distributive justice in which principles and institutions are established with the objective of ensuring social and economic justice among citizens who are free and equal before the law. The State is the

responsible entity in charge of enforcing distributive justice as far as it is legitimately constituted through democratic procedures, and not imposed by coercive and *de facto* means.

When distributive justice is democratically pursued, citizens are motivated to harmonize their own interests and their own life projects with the “collective well being.” In this sense, when there are not minimum conditions to participate in the social game, egoistic and even unlawful interests appear and are progressively strengthened by a collective imaginary that objectives must be realized by any means, no matter if those means are unlawful and affect the others’ interests and life projects. In general, drug trafficking has affected and changed the collective imagery of different Latin American Societies (Polit Dueñas, 2006). As a result, a progressive predominance of egoistic interests deeply distorts moral restrictions. Hypothetical situations configured by two groups of citizens may be useful to illustrate the consequences of these moral distortions, as follows:

- (i) Those who keep respecting and complying with the institutional lawful rules of the social game, even when basic principles of equality are not guaranteed. Only a type of *moral optimism* sustains the respect expressed by these citizens but, in the end, these agents are more likely to lose in the social game and frustrate their interests and projects.
- (ii) Those who do not respect the institutional lawful rules of the social game and, therefore, adopt interests and life projects sustained in unlawful basis and *moral shortcuts*. These life projects are not necessarily easier to accomplish than those observed for the previous group of citizens. However, these citizens are more likely to obtain social and economic benefits.

The practical result is that the later attempt higher economic profitability in the short-run, and in some contexts, better social positions, while the former remain associated, in the social imaginary as it occurs in many Latin America Societies, to less profitable life projects and in some contexts, to worse social positions.

It is finally expected to find increasingly less first group citizens, as a result of the social disadvantage they are subject to, and by virtue of the compliance with the lawful rules of the game, which in anomic situations will increasingly report less social and economic practical benefits. The first group probably will draw less social attention and obtain less success from an economic, social, cultural, and even sexual standpoint. It is not a coincidence that in social contexts characterized by extreme violence as a result of gangs or drug trafficking activities, the most admired young people, attracting more sexual partners, are also the most violent, the strongest, and the most prone to live at the margin of the formal institution which sustains modern States: The Rule of Law (Rubio, 2007).

At this point, violence and illegality become almost the sole methods available to obtain the new social goals: Wealth obtained rapidly by any means such as unlawful procedures and social power sustained in violence and illegality. Progressively, ample groups of people of the new generations become *ipso facto* immersed into illegal, informal institutions imposed by a few individuals through coercion and taking advantage of the corrupting power of the illegal wealth. The final result is a great part of the society adopting life projects imposed by unlawful powerful groups and based on informal, unlawful and temporary institutions, like those usually established by drug trafficking and other forms of crime.

For the aforementioned reasons, it is necessary to establish the bases to consolidate a democratic culture regulated by the principles of a tolerant citizenship and the legality, as the guides of the social relationships. Only if it is ensured that new generations will be able to reach social success by legal and legitimate means, new citizens will have strong reasons to adopt legality as the basis of their life project; otherwise, while illegality remains causally linked to cultural success, the Rule of Law will also remain as a social unattainable utopia. Only when the life projects of new generations may succeed under the framework of lawful and formal institutions, those new citizens will accept the social contract proposed by the modernity, and only then will they accept the imposition of formal and harmonic institutions for the individual and collective well being.

This process and the short run recommendations proposed in the previous chapter are oriented to reduce the social, cultural and political impacts of drug trafficking networks acting across different countries.



In this sense, consolidating a general culture of legality appears as one of the most important conditions to confront drug trafficking and other forms of criminality. However, it must be highlighted that the short-term actions proposed above are conceived under the current global policy against drugs, in which consumers and producers of illegal drugs are usually interpreted as *criminals* under most of the current penal systems. This means that a different global approach on the policy against drugs — perhaps a preventive one with a general institutional strengthening (Benoit, 2004) — would lead to different measures mainly based on public health measures. Additionally, this change in the drug policy approach would allow decreasing the profitable conditions attracting new generations of citizens to participate in drug trafficking, facilitating a progressively transition to the adoption of a generalized culture of legality. Therefore, bearing in mind the change in the global policy approach against drugs, and other conditions mentioned in the present chapter, Latin American societies will be able to develop and adopt a modern State: Tolerant, deliberant, and legally creative, only and only if it is sustained in a social inclusive and democratic regime, based in a citizenship committed with a positive societal transformation.

Therefore, it is necessary that some key powerful social and economic agents, as well as the greatest part of society, adopt a compromised role oriented to promote social, economic and political inclusion. The participation of new generations is crucial in order to successfully affront a process of transition towards the construction of a new modern and lawful society, compromising all the possible societal efforts to fulfill a realistic utopia.

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