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# **MAFIA & CO.**

THE CRIMINAL NETWORKS IN MEXICO, BRAZIL, AND COLOMBIA

**JUAN CARLOS GARZÓN**



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MEXICO, BRAZIL, AND COLOMBIA

Juan Carlos Garzón

Translated by Kathy Ogle

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# A Time of Anomalies and Transitions

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On September 10, 2007, in the municipality of Zarzal in the northern area of the department of Valle, the Colombian Army captured Diego Montoya, alias *Don Diego*, the head of one of the most powerful drug cartels of the country. Don Diego was on the top-ten most wanted lists for the DEA, CIA, and FBI; and the United States was offering a \$5 million award for information leading to his arrest. His arrest was probably the most remarkable achievement in the offensive against drug trafficking during a year in which the Colombian government arrested more than 57,000 people, 125 of which were subject to extradition requests. More than 100 were turned over the U.S. justice system.

In Mexico, the fight against drug trafficking has been a central focus for the government of Felipe Calderón, whose strategy has been based on an intensive deployment of both police and military agents with the purpose of reestablishing authority in areas controlled by criminal groups. Record amounts of drugs and money were confiscated in 2007, and four big *capos*, or drug lords, including Osiel Cárdenas, the head of the Cartel del Golfo, were extradited. Another 13,700 persons were arrested for drug trafficking, and extraditions increased by 43 percent over the previous year, with 86 people being transferred to the United States.

In Brazil, the military police intensified its operations against traffickers in the slums of Rio de Janeiro, clashing with a group called the *Comandos*. In São Paulo, similar actions were directed at the *Primeiro Comando da Capital* (PCC), the largest organized crime group, involved in the distribution of illegal drugs in jails and in the so-called *biqueiras* (drug retail centers). The Federal Police, for its part, dealt blows to transnational trafficking structures in operations that included the arrest of Colombian drug trafficker, Juan Carlos Ramírez Abadía, alias *Chupeta*, in São Paulo. Authorities in other states also carried out operations to try to contain various illegal factions.

In spite of all of these actions, analysts agree that drug traffickers continue to be active and are even gaining strength in some areas of these three countries; the operations do not appear to have significantly altered the illegal economy. In Colombia, cartels that were once large and powerful have morphed into what current Police Chief General Oscar Naranjo has called “baby cartels” (or, more recently, “micro-organizations”). To date, more than 300 of these structures

have been detected. In Mexico, sources differ on how these factions linked to drug trafficking are organized. According to the Public Security Secretariat, there are only three cartels—the Arellano Félix brothers' cartel (which has gotten smaller), the Cartel del Golfo (currently embroiled in internal disputes) and the Cartel del Milenio—and the Juárez cartels, the Amezcua Contreras brothers' cartel, and the Pedro Díaz Prada cartel are no longer in existence. The Undersecretary for Police Strategy and Intelligence has stated that, "...now groups are forming or breaking alliances as soon as they complete a shipment of drugs."<sup>1</sup> However, according to a report of Mexico's Attorney General's office, seven drug cartels have been identified which partner in one way or another with collaborator cells that operate with certain economic independence at various levels and are protected at all times by these criminal groups.<sup>2</sup> Two dominant sectors exist under this general framework: one that intends to control the Pacific routes and another that wants to maintain its dominance over the Gulf of Mexico. Both are willing to engage in direct confrontation with the State, and both have structures that look increasingly like the structures of corporations.

It is estimated that around 20 percent of the drugs that come into Brazil remain in circulation in the country. This market is controlled by the *Comandos* who operate out of the jails. One example is that of Luis Fernando da Costa, who, according to the *O Globo* newspaper, continued his drug trafficking activities from Campo Grande maximum security prison. Another is that of Fernandinho Beira-Mar, who continued directing sales of as much as ten tons of cocaine per month from the jail where he was being held.

Today organized crime, whose most notable representation (and market) is drug trafficking, presents a challenge of significant dimensions and has the capacity to adapt to changes in the illegal market as well as to government offensives. Illegal protection rackets are also changing in ways that have a direct impact on the security of the countries, these rackets are the primary agents of violence. All of this is occurring in the context of corrupt institutions that are providing conditions that allow criminal enterprises like these to flourish.

In Colombia, after the demobilization of the United Self-Defense Forces of Colombia (*Autodefensas Unidas de Colombia*, or AUC) new groups have

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<sup>1</sup>*La Jornada*, "En México sólo hay tres carteles: SPP," April 20, 2007.

<sup>2</sup>The seven are: the Tijuana cartel of the Arellano Félix brothers; the Colima cartel of the Amezcua Contreras brothers; the Juárez cartel, inherited from Amado Carrillo Fuentes; the Sinaloa cartel of Joaquín El Chapo Guzmán and Hector Luis Palma Salazar ("*el Guero*" Palma); Osiel Cárdenas' group called the Cartel del Golfo; the cartel associated with Pedro Díaz Parada ("the Oaxacan Cacique"); and the Milenio Cartel of the Valencia family.

appeared that the government has called “emerging criminal bands.” According to government reports, these groups now have a presence in more than 100 of the 1,099 municipalities of Colombia and in 20 of the 32 departments. Some see these factions as continuations of the paramilitary groups, while others say they are an expression of crime in a post-demobilization context. Meanwhile, drug trafficking factions are undergoing a process of fragmentation, shifting from large cartels to small organizations.

In Mexico, the Zetas have gained a great deal of strength. This group, which emerged in the late 1990s when the Cartel del Golfo was recruiting former members of the military elite, has been carving out a space in the protection market and trying to get a larger share of the drug business. A large number of armed structures are also at the service of the cartels: organizations like *Los Pelones* and *Los Números* from the Sinaloa cartel; *Los Narcojunior* from the Tijuana cartel; and *Los Chachos del Juárez*. These armed factions are main characters in the dispute between traffickers and government forces, and in the confrontations between the various cartels.

In Brazil, the Comandos continue to maintain armed groups that ensure control over certain territories and have the capacity to respond to public security force actions. As crime syndicates, they have woven a complex network in which different illegal factions with the power to intimidate interact. These structures guarantee control over entire sectors of cities like Rio de Janeiro and São Paulo where the illegal markets have been established, and government forces have not been able to recover the territory.

These structures are often seen as criminal gangs that have repercussions at the local level but do not have the ability to compromise national security. However, the fact that military forces are being used to fight them shows that they have long since gone beyond the usual dimensions of police action and are now challenging government stability and control, not only in remote rural areas on the periphery, but also at the level of the central government. What happened in São Paulo in May 2006 is an example of how organized crime can lay siege to a main urban center. In the riots unleashed after the government announced it would transfer some of the leaders of the *Primeiro Comando da Capital* (PCC) to another prison, more than 80 people were killed, 30 buses were burned, and a great deal of private property was attacked. At the time, President Luis Inácio “Lula” da Silva said: “The attacks are a provocation and a show of force by organized crime, but there are no magic solutions for combating them.”

In Colombia, paramilitary commander Diego Murillo Bejarano, alias *Don Berna*, was able to paralyze Medellín, the second largest city in the country, when he rallied forces to block public transportation to prevent his transfer to a maximum security prison. Murillo was able to articulate and direct the criminal structures of the city, making illegal activity a monopoly that he was able to control even after his demobilization as a member of paramilitary forces. Now, the so-called “emerging bands” are increasingly gaining influence in areas surrounding capital cities like Barranquilla, Santa Marta, Valledupar, Bucaramanga, Cucuta, and Bogotá.

In Mexico, the Attorney General of the Republic, Eduardo Medina Mora, accepts the fact that the capital city has been a temporary shelter and a place for drug cartels to negotiate logistics and stockpile drugs and weapons. According to the Deputy Attorney General’s Office for Specialized Investigation of Organized Crime (SIEDO), the Federal District of Mexico (D.F.) has been both a pass-through point for large drug shipments mobilized by the cartels and a center for sending and receiving dollars. According to this institution, various structures are known to be operating in the Federal District.<sup>3</sup> In mid-February 2008, a bomb exploded in the Zona Rosa, a tourist area just a few yards from the central police station in Mexico City. According to some versions of the story, the bombing was retaliation for a drug seizure carried out by government forces.

The question must be asked then: what is the true dimension of these criminal phenomena? How can these situations be interpreted? Are they real events magnified by the press to get the public’s attention or perhaps by the public security forces in order to obtain more resources? According to Moisés Naím, the director of influential journal *Foreign Policy* and one of the most respected analysts in the world, it is more than that. In his book *Illicit: How Smugglers, Traffickers, and Copycats Are Hijacking the Global Economy*, Naím shows that today more than ever, these structures have the capacity to operate on a global scale, connecting remote places of the planet and the most cosmopolitan cities, with an economic power that moves more than 10 percent of world trade and, above all, with accumulated political power. Naím argues that never have criminals been so global, so rich, or so politically influential.<sup>4</sup>

Naím’s view is that governments are losing what he calls the “globalization wars:” the war against drugs, the war against human trafficking, the war against

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<sup>3</sup>These structures include the Sinaloa, Juárez, Tijuana, Milenio, and Golfo Cartels, as well as the so-called Tepito cartel. In 2007, more than 100 people were killed in Mexico City just as a result of drug-traffickers settling scores.

<sup>4</sup>Naím, Moisés, 2006. *Illicit: How Smugglers, Traffickers and Copycats are Hijacking the Global Economy*. New York: Anchor Books.

weapons trafficking, the war against money laundering, and the war for the protection of intellectual property. The Secretary General of the Latin American Faculty of Social Sciences (FLACSO) agrees with Naím in his *II Informe*: “We have to agree...with his characterization of the actions taken against these new threats as ‘wars’ in the sense that the state is forced to act with all its will and determination to confront the ‘enemy’ until it defeats its will to do battle.”<sup>5</sup>

In his book *El G-9 de las mafias del mundo*, Jean-François Gayraud maintains that “organized crime has abandoned marginality and set up shop in the heart of our political and economic systems.”<sup>6</sup> He adds, “Organized crime is already one of the main actors in real modern conflicts. We are no longer talking about military conflicts. These are civil conflicts, criminal conflicts.”<sup>7</sup>

Has organized crime in fact grown to such dimensions? In terms of political influence, cases have occurred in all three countries that suggest that organized crime is trying to influence or have a direct role in elections. In Colombia, the Revolutionary Armed Forces of Colombia (FARC) were the main threat to a normal course of elections in 2007, but it is undeniable that drug-traffickers tried to retain their influence, at least at the local level. For example, a few hours before the elections in the city of Cartagena, \$1,937 million pesos in cash (US \$970,000) transported in two buses apparently coming from the south was seized. Some versions say that the money was being sent for the purpose of buying votes in favor of one of the candidates and that the results of the elections would have been different had the confiscation not occurred.<sup>8</sup>

Furthermore, while movements closely tied with “parapolitics” did not gain significant representation in the departmental governments, they did expand their influence considerably at the level of the municipalities and congressional representatives.<sup>9</sup> One clear example of this is the *Convergencia Ciudadana*, which won in only 21 municipalities in 2003, but won in 72 of them in the 2007 elections, with particular concentrations in the departments of Santander and Valle.

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<sup>5</sup>Rojas, Francisco. 2006. *El crimen organizado internacional: una grave amenaza a la democracia en América Latina y El Caribe*. II Informe del Secretario General de la FLACSO. <http://www.flacso.org/download/II-informeSG.pdf>

<sup>6</sup>Gayraud, Jean-François, 2005. *El G9 de las Mafias en el mundo. Geopolítica del crimen organizado*. Barcelona: Ediciones Urano, p. 17.

<sup>7</sup>Ibid, p. 21.

<sup>8</sup>*El Tiempo*, “Hallan 1.937 millones de pesos en bus en Cartagena que al parecer iban a usarse en compra de votos.” October 27, 2007.

<sup>9</sup>The name given to the political scandal in Colombia in which politicians’ connections to paramilitary groups were revealed.

In Mexico in late November 2007, President Felipe Calderón urged politicians and governors to join forces to stop the power of drug trafficking gangs that were trying to intimidate or buy candidates in order to influence the results of the elections. “They are trying to control these authorities through intimidation and corruption,” Calderón said. “It is essential to act immediately to keep this kind of behavior from happening or from becoming more widespread,” he added. These words were spoken after the murder of Juan Antonio Guajardo, a former mayor in of the Mexican state of Tamaulipas, on the border with the United States. Guajardo, who was a candidate in the local elections being held that month, had reported receiving death threats from organized crime groups during his election campaign.

In terms of the economic dimensions of organized crime, the World Bank calculates that criminal activities cost the region more than US\$23 billion a year—a number almost equal to the Gross Domestic Product (GDP) of Ecuador—just for repairing infrastructure and beefing up security services. One Inter-American Development Bank study published in the late 1990s estimated that the costs of violence to property and people represented a destruction and transfer of resources amounting to approximately US\$ 168 billion per year or 14.2 percent of the GDP of Latin America. This estimate includes the effects of crime on productivity and investments as well as its impact on employment and consumption. If other social costs were included, it would be the equivalent of an additional 4.9 percent of the regional GDP and would include the costs of loss of life and health, police costs, and criminal court system costs.<sup>10</sup>

In the document they produced for the Consulta San José, Mauricio Rubio and Bjorn Lomborg estimate that the number of homicides by firearms in Latin America—between 73,000 and 90,000 per year—is triple the world average.<sup>11</sup> Violence is the main cause of death in the region for people between the ages of 15 and 44. While the indices of criminality differ a great deal between countries (and within them), the homicide rates reported for Colombia, El Salvador, Venezuela, and Brazil are among the highest in the world.<sup>12</sup>

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<sup>10</sup>Londoño, Juan Luis; Gaviria, Alejandro & Rodrigo Guerrero (Eds). 2000. *Asalto al desarrollo. Violencia en América Latina*. Washington: Inter-American Development Bank.

<sup>11</sup>The Civil Society Consultation Process which took place in San José, Costa Rica, was a joint initiative of the Inter-American Development Bank’s Research Department (RES) and the Copenhagen Consensus Center (CCC). The general objective of this program is to help the region formulate a clear and well supported list of proposals for efficient solutions to some of the most significant challenges faced by the region.  
<http://www.iadb.org/res/consultaSanJose/index.cfm?language=Spanish>

<sup>12</sup>Lomborg, Bjorn & Rubio, Mauricio. 2007. “El costo de terminar con el crimen.” In *Caretas*. September. <http://www.iadb.org/res/files/CostoCrimen.pdf>

According to the 2007 Annual Report of the United Nations Human Settlements Program (UN-Habitat), organized crime and violence in Mexico produce costs equivalent to 12 percent of the Gross Domestic Product.<sup>13</sup> Estimates for Venezuela are similar. Compared to the other countries of Latin America, Mexico is in the middle. In Colombia and El Salvador, crime generates losses of 25 percent of GDP; the figure is 11 percent for Brazil, and 5 percent for Peru. The report states that between 1980 and 2000, the crime rate in the world rose by almost 30 percent to a rate of 2,300 to 3,000 crimes per 100,000 people.

These numbers generate a number of speculations and doubts, but one thing we must ask ourselves is if these factors point to the possibility that, as Gayraud says, organized crime is a fundamental protagonist of modern conflicts. In the spring of 2007, I spoke at a seminar called, "Conflict Resolution Practices in Latin America," held at the University of Deusto in Bilbao, Spain. I shared a table with Professor Kjell-Ake Nordquist from the Department of Peace and Conflict Research at Uppsala University. His presentation was entitled, *From mediation to reconciliation: policies and actors in the contexts of violence*. After his talk, two students—one Brazilian and one Mexican—questioned the professor, saying that what was happening in their countries was also conflict and, in fact, that it was armed conflict. Were these students right? According to the Uppsala Conflict Database, an armed conflict exists when two parties maintain incompatible positions regarding the government or territory, one of the parties is the government, and at least 25 deaths have occurred. From this perspective, neither Brazil or Mexico qualify as active armed conflicts according to the Center, and Colombia is included because there is a confrontation between the government, the FARC, and the ELN—though paramilitary groups are not included. The same thing happens with Yearbook 2007, from the Stockholm International Peace Research Institute (SIPRI).

Why should these other situations not also begin to be considered? We must open the debate because, in some cases, they are generating more violence than several of the armed conflicts that fit within the proposed definition. In the São Paulo metropolitan area alone, at least 82,235 homicides were reported between 1992–2002, along with more than a half a million aggravated assaults, over a million armed robberies, and 21,751 other cases of violence.<sup>14</sup>

In addition, images of the Army confronting organized crime are increasingly frequent. Since January 2007 in Mexico, the Armed Forces and other

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<sup>13</sup><http://www.unhabitat.org/>

<sup>14</sup>Cardia, Nancy. 2005. "Miedo y violencia en São Paulo. A qué se deben y qué se hace frente a ellos." In *Foreign Affairs* in Spanish, January–March.



federal agencies are engaged in an ongoing battle against crime in the areas where drug trafficking has the greatest presence: Coahuila, Nuevo León, Baja California, Durango, Michoacán, and Guerrero.

In March 2006, nine communities of Rio de Janeiro *favelas*, or slum areas, were occupied by the Army, which was searching for ten FAL rifles and one pistol stolen from a military facility in the northern zone. Authorities themselves admit that the items stolen by the armed gangs who took refuge in the *favelas* didn't exactly constitute an arsenal, but the show of force was impressive: 1,200 soldiers, bullet-proof vehicles, a helicopter, and reinforcement provided by other states who were on stand-by in case violence got out of control.<sup>15</sup>

Confrontations with alleged drug traffickers were also reported in Rio de Janeiro in June 2007 in one of the largest *favelas*, el Complexo do Alemão, in the northern part of the city. This time more than 500 agents of the Brazilian federal police, national forces, and military police were involved. A nine-year-old child, three adults, and one policeman were wounded in the crossfire.

On December 6, 2007, the United Nations High Commission on Human Rights, Louise Arbour, criticized the violent police raids in the *favelas* of Rio de Janeiro. A few hours before her speech, some 700 police agents supported by helicopters and bulletproof vehicles entered the Penha de Rio de Janeiro *favela* in an antidrug operation. At least two people, including one passerby, were wounded.

In Medellín, Colombia in the Comuna 13, on December 5, 2007, more than 1,000 agents of the public security forces were deployed in the context of "Operation Independence." Some community leaders from the area—which has a population of 130,000—say that the image of post-Orion peace promoted by several sectors of the government does not correspond to the reality of many neighborhoods.<sup>16</sup> While there is talk about the public security force's "control" over the area, several analysts are asking why five years after Operation Orion, there continue to be reports of restricted areas, protection money (or "*vacunas*") being paid to gangs, confrontations between gangs, turf disputes, recruitment of youth, and forced intra-urban displacement.<sup>17</sup>

In Colombia, the armed forces are also directly involved in actions against the emerging bands, which are a complex mix of hit men, extortionists,

<sup>15</sup>Alvarez, Valentina. 2006. "Brazil: Cerco a las favelas." In BBC Mundo.com [http://news.bbc.co.uk/hi/spanish/latin\\_america/newsid24780000/4780996.stm](http://news.bbc.co.uk/hi/spanish/latin_america/newsid24780000/4780996.stm)

<sup>16</sup>Orion was the name given to the 2002 Public Security Force operation aimed at recovering this vast area of the city from the armed groups that had a presence there.

<sup>17</sup>*El Espectador*. "Medellín desde la comuna 13." December 22, 2007. <http://www.elespectador.com/elespectador/Secciones/Detalles.aspx?idNoticia=19581&idSeccion=22>

traffickers, crime groups, former combatants who have been demobilized from paramilitary groups, and mid-level commanders who know how the criminal structure works at the local level.

This militarization of public security is not a novelty and has been fed by the growing demand for protection from organized crime, but it runs counter to the Latin American post-dictatorship trend of returning armies to their barracks. Human rights organizations are concerned, and military intervention in internal matters could allow armies to once again exercise the kind of political pressure they had in what some see as a sinister past.<sup>18</sup> In this context, in October 2007 George Bush asked Congress to pass the Merida Initiative, an assistance package for the fight against drug trafficking. The provisional budget (US\$1.4 billion) was aimed at purchasing military equipment (helicopters and intelligence materials) and at funding joint trainings of the U.S. and Mexican armies. A complementary budget of US\$50 million was to have been directed at the “war against drugs” in Central America.

One of the main reasons for involving the public security forces (military and police) in operations against organized crime is the fact that organized crime has obtained a weapons capacity far beyond that which police forces typically have. In statements made to the *Journal do Brasil*, made in May 2007, Lieutenant Colonel Pinheiro Neto, from the Special Operations Battalion of the Military Police (BOPE), a Rio State government force, admitted that drug traffickers have anti-tank weapons, anti-air machine guns, and rifles capable of hitting targets 1300 to 1500 meters away. According to the newspaper, the BOPE has two kinds of rifles while drug traffickers have eight, in addition to Uzi submachine guns and explosives.

In Mexico, according to the National Center for Planning, Analysis, and Information in the Fight Against Crime (CENAPI) of the Attorney General’s Office, in the document called “*El tráfico de armas y municiones en México*” (“Weapons and Munitions Trafficking in Mexico”) published in April 2007, the members of the drug cartel now have an anti-air arsenal, Barrett-type submachine guns that can penetrate bulletproofing, grenade launchers, and AR-15 and AK-47 assault rifles. They also have 5.7–28 caliber weapons known as cop-killers that can pierce bulletproof vests, as well as night firing missiles. In Colombia, the so-called emerging bands sometimes have a powerful war arsenal as well, including M-16s, SP-1s, AR-15s, Galils, FALs, AKMs, M-14s, and AK-47s.

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<sup>18</sup>Dammert, Lucia & Bailey, John. 2007. “Militarización de la seguridad pública en América Latina?” *Foreign Affairs en Español*, April–June.

In reality, this situation is not very different from what academics and analysts have found in typical armed conflicts where the violence is politically induced. In 1994, Robert Kaplan published an article called “The Coming Anarchy,” in which he describes what he finds in Western Africa:

Disease, overpopulation, unprovoked crime, scarcity of resources, refugee migrations, the increasing erosion of nation-states and international borders, and the empowerment of private armies, security firms, and international drug cartels are now most tellingly demonstrated through a West African prism.<sup>19</sup>

In the third paragraph of this article, he refers to the cities of the region, which at night are the most dangerous zones of the world, and when armed criminals abound.

When I was in the capital [of Sierra Leone], Freetown, last September, eight men armed with AK-47s broke into the house of an American man. They tied him up and stole everything of value... An Italian ambassador was killed by gunfire when robbers invaded an Abidjan restaurant [capital of Ivory Coast]. The family of the Nigerian ambassador was tied up and robbed at gunpoint in the ambassador’s residence.

Kaplan believes that this scenario is the new type of conflict, in which “crime and war are no longer distinguishable,” a situation that could lead to low-intensity conflicts merged with racial, religious, social, and political motivations.

Seven years later, Mary Kaldor’s book, *New and Old Wars: Organized Violence in a Global Era*, was published. In it, she states:

What appear to be armies are actually horizontal coalitions of breakaway units from the regular armed forces, local militia or self-defense units, criminal gangs, groups of fanatics, and hangers-on who have negotiated partnerships, common projects, divisions of labor or spoils.<sup>20</sup>

In this scenario, armed conflicts (wars) have increasingly taken on criminal characteristics (Mary Kaldor even refers to mafia characteristics), and this leads

<sup>19</sup>Kaplan, Robert. 1994. “The Coming Anarchy: How scarcity, crime, overpopulation, tribalism, and disease are rapidly destroying the social fabric of our planet.” *The Atlantic Monthly*, February.

<sup>20</sup>Kaldor, Mary. 2001. *Las Nuevas Guerras. La violencia organizada en la era global*. Barcelona: Tusquest Editors. Kaldor, Mary. 2006 *New and Old Wars: Organized Violence in a Global Era*. (Cambridge: Polity), p. 95.

us to think in terms of a different kind of war. Why not venture to think, then, that organized crime can, in certain spaces and time periods, take on economic, political, and social dimensions that make it necessary to talk about a new type of conflict. Perhaps the students in Bilbao were right.

Stathis Kalyvas, Director of the Yale University Program on Order, Conflict, and Violence questions the idea of “new wars” and asks whether this is really a valid distinction: “Most versions of distinctions between old and new civil wars stress or imply that new wars are characteristically criminal, depoliticized, private, and predatory; old civil wars are considered ideological, political, collective, even noble.”<sup>21</sup> Kalyvas asserts that what we are seeing today is essentially a breakdown in the conceptual categories used to interpret civil wars and an incomplete and biased handling of the information used to support such analyses. Is it possible the same thing is happening with organized crime? Is it valid to make a distinction between what used to happen in decades past and what we are seeing today? Is what we are seeing only a change in the way we define our categories?

Surprisingly, contemporary crime analyses still take a romantic view of the criminals of yesteryear while maintaining a more dramatic perspective on the new bandits. In Brazil, Mexico, and Colombia it is common to hear people say things like: “the *capos* used to help the community,” “thieves used to look out for their neighbors,” and “it used to be that criminals didn’t mess with the population.” Today’s outlaws, however, are described as: “kids who have no respect,” “criminals with no relationship to the population,” and “only interested in money.” The question we have to ask is: In what ways are they really different?

Organized crime learns and adapts quickly to changing environments. If a change occurs in the conditions in which they operate, crime organizations respond by transforming themselves. So, while the labels may still apply—criminal gangs, cartels, or commandos—their ways of organizing, operating, and exerting influence on the society around them undergo alterations.<sup>22</sup> What is disturbing is that traditional conceptual models do not appear to respond adequately to the interpretation of this reality. Anomalies, defined by theoretician Thomas Kuhn as the inability to account for observed phenomena, are occurring more and more frequently.<sup>23</sup> In this time of transition, we must look

<sup>21</sup>Kalyvas, Stathis. 2001. “New’ and ‘Old’ Civil Wars: A Valid Distinction?” *World Politics* 54:1, 99–118.

<sup>22</sup>Even some of the oldest crime organizations have undergone changes; for example, the Sicilian mafia, *la Cosa Nostra*, the Japanese *Broyjudan*, and the Chinese Triads.

<sup>23</sup>Some anomalies may be missed and justified as errors in interpretation, while others are said to require some small adjustments of the current paradigm (if a paradigm as such actually exists).

at which external and internal factors have changed, how organized crime and its dominant structures are adapting, and what influences these changes have on society, not only in terms of the use of violence, but also in terms of social, political, and economic dimensions.

Our inability to understand this phenomenon is one of its primary strengths; and denial is its greatest advantage. While the State has been dealing with organized crime as a marginal matter, crime has taken up residence inside our systems. It even negotiates directly with government institutions in spite of the fact that its motives cannot be described as political. Its future is promising – ours, uncertain.

# Defining Organized Crime

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What do a terrorist, a weapons trafficker, a smuggler of migrants, an organ trafficker, a child pornography group, a money laundering organization, and a human trafficker all have in common? They are all part of a not-so-select group of organized crime in Brazil and Mexico.

According to the federal law against organized crime in Mexico, “when three or more people make an agreement to organize or form an organization to engage, in an ongoing or reiterated fashion, in activities that by themselves or together with other activities have as a goal or a result the commission of any or several...” of the crimes listed above “... they will be legally classified and penalized because of these actions as members of organized crime.” Recently, in Brazil, a legislative committee unanimously approved a bill defining organized crime and punishing it with up to 20 years in prison. It defines organized crime as: “... an association of three or more persons, structurally organized and characterized by a division of labor, with the purpose of obtaining, directly or indirectly, advantages of any kind.” The text contains a long list of crimes that range from terrorism and drug trafficking to international trafficking in children and teenagers or human body organs. How do such different actions and phenomena fall into the same category?

Colombia does not have any specific law aimed at combating “organized crime.” The term used is *concierto para delinquir*, or “agreement to engage in criminal behavior.” This crime was defined for the purposes of dealing with kidnappings, the formation of illegal armed groups, terrorism, and extortion, among other things. For a crime to be classified in this category, an organization with criminal purposes must exist in a continuous manner, and members of the structure must have organized voluntarily with a common goal that endangers public security. What is remarkable is that the punishable conduct is deemed to exist even if there is no prior agreement among its members about the specific crimes that they will commit, or about the time, place, people, or goods that will be affected. The definition only establishes that their primary activity will be a crime, which doesn’t seem any more concrete than the previous examples.<sup>24</sup>

In the rest of the hemisphere, the situation is not so different. The Special Conference on the Security of the Americas, held in Mexico in 2003, defined

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<sup>24</sup>Sentencia C-241/97 <http://web.minjusticia.gov.co/jurisprudencia/Corte-Constitucional/1997/Constitucionalidad/C-241-97.htm>

seven new threats to the region: terrorism, transnational organized crime, the world drug problem, corruption, assets laundering, illegal weapons trafficking, and the connection between them. Once again, activities of very different dimensions have been grouped together.

The United Nations Convention against Transnational Organized Crime, signed by Mexico, Colombia, and Brazil, defines the term “organized criminal group” in the following way:

A group made up of three or more persons that exists during a certain period of time and acts in a coordinated fashion in order to commit one or more serious crimes, or crimes, defined according to this Convention, for the purposes of obtaining, directly or indirectly, an economic benefit or some other material benefit.

Serious crimes are understood as “... behavior that constitutes a crime punishable by at least four years in prison or by a more serious sentence.”

The conclusion is that national legislation and international agreements define organized crime in what is basically a tautology: organized crime is an organization formed for the purpose of committing crimes. It could include a network of immigrant smugglers that takes Chinese citizens to Colombia (in fact, more than 2,700 Chinese citizens arrived in Colombia without a visa in 2007); a complex organization that sexually exploits about 40,000 boys and girls in Mexican tourist areas like Acapulco, Puerto Vallarta, Cancún, Tapachula, Tuxtla Gutiérrez, and Tijuana (Mexico is fifth in the world in the production of child pornography and third in terms of consumption); or a group that traffics in human organs, operating in Recife, the capital of Pernambuco, Brazil, that is sending kidneys to South Africa for US\$10,000 apiece. It would also include powerful criminal organizations like drug trafficking groups in Colombia, Mexican cartels, and the Comandos of Brazil.

The definitions in current legislation can be somewhat useful for sentencing or acquitting in particular cases, but they are difficult to apply to a rigorous study of organized crime.<sup>25</sup> Michael Levi says ironically that, according to these definitions:

Organized crime can be anything from a large group of Italian mafia to three thieves with a window-wiping business, where one chooses possible targets, the other threatens and robs people in their homes, and

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<sup>25</sup>Resa, Carlos. 2005. *Crimen organizado transnacional: definiciones causas y consecuencias*, Editorial Astrea, 2005.

a third acts as a money launderer. They might also sue any newspapers that suggest that their business has a questionable reputation.<sup>26</sup>

In academia, definitions of organized crime abound and they come from a variety of perspectives.<sup>27</sup> We have to ask ourselves whether it might be necessary to resort to a position similar to that of the British National Criminal Intelligence System, which stated that: "...it is easier to talk about organized crime than to define it... We know what it is, but it is complicated to describe it." This position might be the most comfortable one, but of course it establishes too broad of a universe and makes it difficult to choose which kinds of dynamics and structures you might want to focus your attention on. It is necessary therefore, to go ahead and try to define organized crime, keeping in mind the references made in various studies and the recent change in the dynamics of these organizations.

#### **A system of relationships with temporary hierarchies, and associations.**

Organized crime can be defined as a system of clientelistic relationships in which roles, expectations, and benefits for participants are based upon agreement and obligation.<sup>28</sup> From this perspective, the various criminal factions are far from being bureaucratic organizations; they are constantly interacting, creating a series of temporary associations or partnerships.

Today the heads of criminal organizations don't look much like Vito Corleone.<sup>29</sup> They look more like the managers of businesses based on illegal economies that have some formal characteristics like the division of labor, coordination between areas, and a loose hierarchy.<sup>30</sup>

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<sup>26</sup>Levi, Michael. 1998. "Perspectives on 'Organized Crime: An Overview.'" In *Howard Journal of Criminal Justice*, Vol. 37, pp. 346–58.

<sup>27</sup>The following web page lists more than 100 definitions: <http://www.organized-crime.de/OCDEF1.htm>

<sup>28</sup>Albini, Joseph. 1997. "Donald Cressey's Contributions to the Study of Organized Crime: An Evaluation." In Ryan, Patrick H. & Rush, George E. (Eds.) *Understanding Organized Crime in Global Perspective: A Reader*. Sage Publications.

<sup>29</sup>Vito Corleone is one of the main characters of the movie *The Godfather*, based on Mario Puzo's novel and directed by Francis Ford Coppola. Corleone is the head of a Sicilian mafia family in New York between 1940 and 1950. His type of character expresses a way of organizing with a single chain of command and control of a specific market (of territory or services).

<sup>30</sup>Anderson says that only the highest level leaders of a crime organization are members of a structure. A multitude of actors move around them in a clientelistic relationship and are instrumental for the acquisition of benefits. It is a kind of clandestine government. See Anderson, Annelise. 1980. *The Business of Organized Crime: A Cosa Nostra Family*. Hoover Press; and Conklin, John E. 2007. *Criminology*. Boston: Pearson.



Imagine any business (or think about a place where you work if you are part of this sector). Ask yourself how your boss makes decisions (unless you are the boss). It's possible that your boss acts like the Godfather, that he or she maintains a hierarchical structure that makes unilateral decisions from the top down, with a defined framework of rules.

However, it is also possible that you work in a place that has incorporated technology and functions like a dynamic network with decisions that are made more horizontally. This place will also have a hierarchy, but it won't be as strict and it will be focused on partnerships or common investment projects. It could be called the Facebook model: a platform any developer or business can use, accessing a dynamic network.<sup>31</sup> Anyone can participate and offer his services to other users, who can be added, or not, to his profile. Even this model has rules, and members can be expelled from the service without any opportunity to complain to the site administrator. Organized crime can configure itself in this way. In the three countries addressed in this book, the crime organizations studied combine characteristics of the *Godfather model* and the *Facebook model*, in a strange mix of clientelism and an orderly network, with temporary hierarchies and partnerships.<sup>32</sup>

A good example of this kind of organization might be the *Bloque Heroes de Granada* (BHG) of the *Autodefensas Unidas de Colombia*.<sup>33</sup> The biggest name in this group was Diego Murillo, alias *Don Berna*, better known in the underground world of Medellín as *El Patrón* (The Boss). The BHG had two components: one rural, with characteristics of an irregular army; and one urban, with a structure that operated like a network and included both their own armed groups and the services of outsourced groups. The urban component, called the "*Oficina de Cobro de Envigado*" was made up of about 70 people and relied on the services of a group of gangs located in various areas of the metropolitan area of Medellín.

BHG did have a dominant figure, *Don Berna*, and in some ways it looked like an organization with defined hierarchies that operated with a Godfather style model of clientelistic relationships (both with the criminal groups that were part of its structure and with the communities in their area of influence). In reality, however, it functioned with a series of liaisons with different criminal

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<sup>31</sup>Facebook is a website of social networks ([www.facebook.com](http://www.facebook.com)). Initially created for students at Harvard, it has been opened up to anyone with an email account. Users can participate in one or more networks.

<sup>32</sup>In an effort to reproduce the clientelism of Latin American political social systems.

<sup>33</sup>This Colombian paramilitary structure was demobilized in July 2005.

components that offered their services to this larger group that sought to have a monopoly of the crime network—more of a Facebook model.

Surprisingly, a closer look at crime group structures reveals that they are not that different from legal business structures. They may seem like primitive groups that resolve everything with violence, but sometimes they are actually on the cutting edge of ideas in corporate organization. Consider the following descriptions of good businesses:

- Not only do they have well known brands, innovative processes, efficient management systems, and sophisticated technologies, but they also have access to wide reserves of talent and financing.
- Their familiarity with the local context allows them to identify and satisfy the needs of their clients efficiently.
- Some businesses have used their knowledge of local production factors and supply chains to create a world class enterprise.
- From their countries of origin, they are seeking to meet the needs of clients in advanced markets.

These ideas can be found in the article “Emerging Giants: Building World Class Businesses in Developing Countries,” written by Tarun Khanna and Krishna G. Palepu and published in *Harvard Business Review* in 2006. The article highlights the patterns found in 134 large businesses in ten emerging markets. In reality, these patterns are not very different from the ways in which criminal groups have been operating recently in the transnational market.

**They don’t just prey on others. They also supply illegal goods and services (generating value added) in a diverse market.** Thomas Naylor points out a fundamental difference between organized crime and other kinds of crime: organized crime produces and distributes new goods and services, while other crime simply redistributes previously existing goods.<sup>34</sup> This is precisely what distinguishes a group of bank robbers, a gang that attacks passersby, or a band of car thieves from a network that manages businesses like prostitution, gambling, or drug trafficking. While the former are simply predatory in nature, the latter are creating a new economic activity.

In reality, they are not incompatible activities. Generally, large crime organizations try to monopolize illegal activities, both predatory activities and those that generate an added value. Nonetheless, in order to be considered part

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<sup>34</sup>Naylor, R. Thomas. 1997. “Mafias, Myths, and Markets: On the Theory of Enterprise Crime,” in *Transnational Organized Crime*, Vol. 3. No. 3, p. 4.

of organized crime, they would have to supply illegal goods and services, not just redistribute existing ones.

The repertoire of possible businesses is varied: trafficking can be done in weapons, women, children, art, organs, animals, drugs, undocumented migrants, or nuclear materials, and one might add the all-important protection market as well everything that can be sold and that someone is willing to buy. In the words of Beirne and Meserschmidt: "... everything society demands."<sup>35</sup> This implies a complex connection with at least a part of society, which consumes these services. When the crimes of robbery and murder occur, victims have an incentive to make a police report. But in the case of trafficking and illegal trade, there is a relationship established between the buyer and the seller, in which neither is interested in having information about the matter circulate.<sup>36</sup>

Organized crime handles its illegal activities in two ways: some organizations are versatile and adapt to different economies; other groups specialize in a single market. It is rare, however, for an organization to put all its eggs in one basket. Drug cartels tend to also get involved in extortion, kidnapping, money laundering, migrant smuggling, and contraband. One good example of this is found in Brazil. Between January and November 2007, about five auto thefts were reported every hour in Rio de Janeiro. The city's Data Processing Department (PRODERI) says that its investigations are showing that drug traffickers are increasingly involved in this type of crime. Ronaldo de Oliveira, captain of the Automobile Theft and Stolen Property Division (DRFA), observes that drug traffickers are "diversifying" their criminal activities. "The head of trafficking funds car theft operations, lends them weapons, and keeps part of the profit from the sale of the sold vehicle," he explains.

**Coercive capacity and use of violence against those who challenge it (rival crime groups or the State).** One of the distinct traits of organized crime is its ability to use intimidation to keep internal and external factors from getting in the way of its criminal activities. It must also be prepared to actually use violence in cases where the threats don't work.<sup>37</sup>

A criminal organization usually prefers to make threats before murdering someone; but the credibility of its coercion will depend on its reputation as an

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<sup>35</sup>Beirne, Piers & Messerschmidt, James W. 2006. *Criminology*. Roxbury Publishing: Los Angeles, CA.

<sup>36</sup>Economist Milton Friedman has frequently referred to this idea.

<sup>37</sup>Finckenauer, James. 2005. "Problems of Definition: What is Organized Crime?" In *Organized Crime*, No. 8. pp. 63–83.

actor capable of and willing to use violence, which is why violence will always be part of its actions.

In this context, violence is used systematically against those who try to challenge illegal monopolies, those who break with the discipline of the organization, or those who give the public security forces or the courts any information or evidence that can be used against these groups.<sup>38</sup> Violence also allows criminal organizations to eliminate competitors and in a certain way to regulate illegal activity.

When organized crime comes to have a significant presence in a certain geographical area, it will try to impose its own rule in such a way that part of society will end up involved in its criminal activities, generating loyalties that will protect the criminal group from government action against it. In this scenario, the criminal group aspires to acquire a monopoly on the use of force, usurping the function of public authorities.<sup>39</sup> Sometimes, when their capabilities permit them, they can form parallel “justice” systems where conflicts are frequently resolved with the use of violence. In the western part of Rio de Janeiro, in a place called Bangú, a pregnant woman who had a dispute with a neighbor received the following punishment: after her child was born, her head was shaved, and she was not allowed to leave her house for three months. In some neighborhoods of Medellín, parents ask criminal groups to reprimand their children when they take drugs or get bad grades.

Organized crime also tries to corrupt public officials in each of the branches of the government in order to ensure impunity and protect their enterprises. In the legislative branch, criminal groups try to influence the rules that could impact their illegal activities, block initiatives that would increase sentences or strengthen restrictions and controls, and ensure a flow of economic resources that can be used for extortion. In the judicial branch, their goal is to block investigations, obtain information about witnesses and informants, and ensure favorable verdicts. In the executive branch, organized crime tries to neutralize repressive measures, obtain public resources for private use, and ensure influence trafficking. They also try to corrupt security forces in order to obtain information about possible operations, prevent offensive actions, and even get security forces to protect their criminal structures. Of course customs officials and tax collectors are also subject to corruption as well as those who work in the penitentiary system.

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<sup>38</sup>Anderson, Annelise. 1980.

<sup>39</sup>Schelling, Thomas. 1973. “Economic Analysis and Organized Crime.” Conklin, J.E. (Ed.) *The Crime Establishment: Organized Crime and American Society*, Prentice-Hall, 1973.

**Organizational longevity.** Part of the definition of organized crime is that the group continues to operate over time. This depends in large part on its ability to establish certain rules and regulations and to maintain relationships with legal structures.<sup>40</sup>

Rules and regulations in this case simply mean a system of rewards and punishments that govern the behavior of the organization's members and is enforced collectively.<sup>41</sup> In early November 2007, Salvatore Lo Piccolo, the head of *Cosa Nostra*, was arrested. That day, he had with him what some have called the manual or set of rules on how to be a "perfect mafioso." In one section, entitled "RIGHTS AND RESPONSIBILITIES," typed in all caps, there is a list of Ten Commandments.

### **The Ten Commandments of the Perfect Mafioso**

1. You shall not loan money to a friend personally. If you do, you must do it through a third party.
2. You shall not mess around with your friends' wives/girlfriends.
3. You shall not have any relationship with the police.
4. A man of honor does not frequent taverns or social circles.
5. You must be available at any moment and circumstance, even if your wife is about to give birth.
6. You must be punctual and respectful in meetings.
7. You must respect your wife.
8. You must tell the truth at all times and in all situations.
9. You can kill, extort, and traffic, but you cannot steal money from other people or mafia clans.
10. Anyone who has family members in security forces, has betrayed a woman's affections, behaved badly, or not demonstrated moral values will not be a part of *Cosa Nostra*.

The Primeiro Comando da Capital in Brazil actually has statutes, or by-laws, spelling out its principles. One provision states that both free and structured members must contribute to other members who are in jail. The punishment for those who don't is "to be condemned to death without pardon."

Most criminal organizations do not have a written set of rules; rather, the rules tend to circulate orally and become part of the group's customs. The members of these groups know that betrayal is paid with death, that there are few possibilities

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<sup>40</sup>Grennan, Sean, Britz, Marjie T. 2006. *Organized Crime: A Worldwide Perspective*. NJ: Pearson Prentice Hall.

<sup>41</sup>Carlos, Resa. 2005.

of leaving the group, and that the rules are always established and imposed by the dominant group. On occasion, the rules also make reference to territorial limits, the structure of the organization, and how to relate to communities.

Criminal organizations situate themselves within the established social order and make use of it for their own benefit, establishing relationships with legal structures. This is one of the big differences between them and terrorist groups, which situate themselves outside of the system and fight to destroy it. Through money laundering operations, crime groups seek to legitimize their capital so it can circulate in the local and world economy. It is estimated that in 2000, in Italy alone, one out of every five stores and one of every seven corporations in the industrial sector may have been in the hands of the mafia. Its annual volume of business was more than US\$155 billion, which is 15 percent of Italy's GDP.<sup>42</sup>

Through corruption, they seek to protect their illicit activities and keep the authorities from getting after them. In this sense, criminals have vital interests in molding political institutions to protect themselves and their assets. They can also come to have a determinant effect on the social and physical context of democracy, giving citizens a distorted idea of the lines that separate legal from illegal, generating loyalties that go beyond loyalty to the state, and causing changes in public opinion that negatively affect the system's ability to function.<sup>43</sup>

As with other living organisms, the longevity of organized crime groups will also depend on their place of origin (birthplace), their habits (how they live), and how they develop. The life expectancy of human beings has continued to increase since 1840. In a similar way, it is possible that criminal organization will survive for longer and longer periods of time, adapting to the changing conditions.

In sum, our definition of organized crime would be:

A system of relationships with temporary hierarchies and associations, focused not only on predatory activities, but also on the supply of illegal goods and services in a diverse market; with coercive capacity and the capacity to use violence against those who challenge it (whether rival criminal groups or the state), and which last for a certain, lengthy, period of time.

Within the overarching category of organized crime are a number of structures with different characteristics and tasks. News, reports, and books on all three countries, and especially on Mexico and Colombia, contain many references to what are

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<sup>42</sup>Gayraud, Jean-François, 2005, p. 249.

<sup>43</sup>Resa, Carlos. 2005

called *cartels*. This is an economics term that refers to an agreement made between similar businesses in order to avoid competition in a certain market. Generally they focus on controlling production, distribution, sales, and price, by forming monopolistic market structures. One example is the Organization of Petroleum Exporting Countries (OPEC), an association of oil-producing countries created in 1960 with the express purpose of influencing prices by controlling supply.

The term cartel also began to be used to refer to a criminal organization's management of a particular illegal market. The dictionary of the Royal Spanish Academy recently included a new definition of cartel: "illegal organization linked to the trafficking of drugs and weapons." Unlike the OPEC situation, however, it would be difficult for any organization to control the production, transportation, and distribution of drugs like marijuana, cocaine, or heroine. Generally, production and processing happens in one place and distribution occurs in another. For example, in the case of cocaine: the coca leaf is grown and processed in certain areas of Colombia and then turned into cocaine; then it is taken to countries like Mexico, Venezuela, and Brazil, where it is trafficked to the United States or Europe, soon to be distributed on the streets of their largest cities. The price is regulated by the market, which is subject to the amount of the drug available. But availability does not depend only on controlling production; it also depends on the possibilities for export. In any case, the drug trafficker will try to circulate as many kilos of drugs as possible.

Generally, the so-called cartels need violent structures to protect them from other armed organizations that might take away their possessions, their merchandise, their money, and their participation in the business (routes, markets, laboratories) and which could take advantage of their superior strength to impose prices that would be disadvantageous in the transactions.<sup>44</sup> These armed structures are focused on guaranteeing local protection for the business, especially within the context of particularly sensitive disputes. They are also focused on preserving the ability to coerce people involved in the production, processing, and distribution chains: farmers, laboratory employees, mules (people who transport drugs), airplane pilots and ship captains, and distributors, among others.

Cartels may have their own armed structures and they may also outsource. According to Carlos Nestares, for several years the drug cartels in Mexico had the country's Attorney General as its structure for violence. With Benjamin

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<sup>44</sup>Duncan, Gustavo. 2005. "Narcotraficantes, mafiosos y guerreros. Historia de una subordinación." In Alfredo Rangel (Comp.) *Narcotráfico en Colombia: Economía y violencia*. Bogotá: Fundación Seguridad y Democracia.

Arellano Felix, they began to build their own private protection racket, hiring former policemen among others.<sup>45</sup> In Colombia, there are two models: private armies like Los Machos and Los Rastrojos in el Norte del Valle, and subcontracted paramilitary groups. In Brazil, in cities like Rio, the so-called *soldados* (soldiers) are used for internal security and discipline and as a specialized protection structure. Frequently, this type of organization is called a *banda* (a band or gang) by the authorities and the media.

These *bandas* may reach the level of a mafia when they turn protection into a market in itself, taking on certain functions, which Gambetta suggests are similar to the functions of a government: to ensure that contracts are honored, they resolve disputes, discourage competition (restricting access to actors in the market), and regulate the underground criminal world. All of this occurs in a context of a lack of trust.<sup>46</sup> In this category, for instance, you can find the Cartel del Golfo and its armed structure, Los Zetas in Mexico, or the Primeiro Comando da Capital in São Paulo.<sup>47</sup> In Colombia, the illegal private protection market is much more consolidated, though it is in a period of transition. After the demobilization of the *autodefensas* (paramilitary groups with mafia characteristics located in several regions of the country), factions involved in illegal coercion have readjusted and reorganized to continue protecting illegal activities.

While these structures can be differentiated conceptually (cartels, bands or gangs, and mafias), in organized crime—as Gambetta says—any distinction between dealers and executors, trade and protection, the protectors and the protected, is more likely to be blurry than clear.<sup>48</sup> It is common for drug traffickers to sell protection or for mafia members to sell drugs. What we have in reality is a complex network, through which different criminal factions relate to each other by cooperating and competing for the control of illegality, impacting democratic environments and transforming themselves into a real force that could end up determining the destiny of institutions and communities.

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<sup>45</sup>Resa, Carlos. 2006. *El comercio de drogas ilegales en México. Violencia, drogas, y transición política*. Notas de Investigación. Universidad Autónoma de Madrid.

<sup>46</sup>Gambetta, Diego. 2007. *La mafia siciliana: El negocio de la protección privada*. Fondo de Cultura Económica.

<sup>47</sup>Though, it must be said that the illegal structures that offer protection in Brazil have been diverse throughout the last few decades. So called “death squads” have been present in the country since the 1970s also been recorded.

<sup>48</sup>Gambetta, Diego. 2007





# The Rebellion of the Shapes

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*“Anyone who has a shape can be defined,  
and anyone who can be defined can be defeated.”*

Sun Bin

What do a planet, an apple, the point of a pen, and a fish egg have in common? We have a huge number of objects around us, but they seem to have taken on a fairly small number of shapes. Hexagons, spirals, helixes, parabolas, cones, and spheres are particularly frequent. Why these and not others? How do they emerge? How are they preserved? These are the questions that Jorge Wagensberg, a Spanish physicist and professor of the theory of irreversible processes at the University of Barcelona, tries to answer. Wagensberg says that most objects in the world (particles, atoms, molecules, crystals, rocks, and stars) exist because they emerge easily, through various combinations of materials that already exist, and because their continued existence is compatible with the reality that they have gained access to. In other words, they are stable in the midst of an uncertain environment.<sup>49</sup>

It is possible that the same thing happens with organized crime: that certain forms have been able to emerge (because of a combination of elements found in the legal and illegal worlds) and to continue to exist (because they are compatible with the reality in which they emerge and develop) in a context of uncertainty. For a criminal group, the level of uncertainty is extremely high; it is very difficult for a crime group to have control over the decisions of its adversaries (other groups and the authorities), the prices of illegal merchandise, its own internal cohesion, or the reaction of society. These elements can generate a multitude of scenarios. What structure will allow it to best adapt to changes? What structure will allow it to continue to exist?

The model of the Sicilian mafia has had a big influence on how organized crime is viewed, and in most cases its structures have been seen as a series of vertical relationships.<sup>50</sup> Recent changes, however, suggest that this “shape” has been replaced by other more open and flexible ones. Organizations with defined hierarchies have shifted little by little and begun to form criminal networks. It is the same kind of

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<sup>49</sup>Wagensberg, Jorge, 2004. *La rebelión de las formas. O cómo preservar cuando la incertidumbre aprieta*. Barcelona: Tusquets Editores.

<sup>50</sup>In fact, according to some analysts, even the Sicilian mafia does not have a rigid hierarchical framework. According to Gambetta, it is more like a federation of “families.”

mutation that has occurred with international terrorist organizations like Al-Qaeda or the Islamic Jihad, with decentralized processes based on nebulously connected and scattered agents and cells. These groups have moved away from rigid lines of control and exchange, opting instead for interactions that change constantly depending on the opportunities of the moment.<sup>51</sup>

The transition has occurred alongside changes brought by the information age, in which networked forms of organization, doctrine, and strategies have gained an advantage. John Arquilla and David Ronfeldt, researchers from the RAND Corporation, coined the term “Netwar” to describe how diverse actors—including terrorists, drug traffickers, and radical activists—were organizing in small and disperse groups, using communications technology to engage in coordinated actions over great distances.<sup>52, 53</sup>

The term Netwar describes an emerging model of conflict and crime, in which the main characters organize as a network of scattered groups and individuals that communicate and coordinate with each other and conduct campaigns in a way that is similar to internet organizing, often outside of any framework of central command.

This type of organization can be seen as being similar to a neuronal system in which complex operations are the result of abundant feedback loops that do not preserve a linear relationship between their different components and are capable of changing their parameters and producing very complicated and dynamic phenomena.<sup>54</sup> Each node, like each neuron, is an independent system

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<sup>51</sup>Naím, Moisés, 2006.

<sup>52</sup>Arquilla, John and Ronfeldt, David, 2001. *Networks and Netwars: The Future of Crime and Militancy*, (Santa Monica: RAND Corporation).

<sup>53</sup>In 1993, the researchers used the concept for the first time in the newspaper article “Cyberwar Is Coming,” making a more detailed analysis in the RAND Report “The Advent of Netwar” (Arquilla, John and Ronfeldt, David. *The Advent of Netwar*. Santa Monica: RAND Corporation). Subsequent contributions have appeared in other studies: “In Athena’s Camp” (Arquilla, John and Ronfeldt, 1997. *In Athena’s Camp*. Santa Monica: RAND Corporation), “The Zapatista Social Netwar,” (Arquilla, John and Ronfeldt, 1998. *The Zapatista Social Netwar*, Santa Monica: RAND Corporation), “Countering the New Terrorism,” (Lesser, Ian. O. 1999. *Countering the New Terrorism*. Santa Monica: RAND Corporation). A growing number of social scientists have made additional contributions to the concept, which has been used to describe the Zapatista Army of National Liberation, the war in Kosovo, and the “Battle” in Seattle. For a compilation of these works, see: Uzcátegui, Rafael, “Redes, nodos, y conflictos en la Era de Información.” Consulted at [http://www.fsa.contrapoder.org/ve/texto\\_red.doc](http://www.fsa.contrapoder.org/ve/texto_red.doc)

<sup>54</sup>Umberto Eco proposes a useful concept for understanding this change in an April 1991 article about the first Gulf War. According to this Italian author, armed conflicts have stopped using linear decision-making systems in the information age and have instead taken on the form of a neuronal system.

within itself, and yet it gives form and consistency to the general functioning of the system.<sup>55</sup>

The situation can be seen from two perspectives. If a traditional organization like the government of a country had an internal structure like the one described above, it would be dysfunctional. On the other hand, illegal organizations that take on this structure turn out to be highly functional. Al-Qaeda, for example, has a complex decision-making system where cells are independent of each other and not even all of the cell members have the same information. Thus, it is a highly unpredictable organization, even for itself, and it is highly effective in its mission of exercising violence.<sup>56</sup>

So then, if criminal structures in the countries we are looking at are organizing themselves in this way, what kind of model are we talking about? Think for a moment about what you have seen or read in the news. Or perhaps you have even been the victim or a client of a criminal organization (having purchased any contraband item would make you a client). Do you imagine crime as a hierarchical organization or do you visualize a network? If you don't know which to say, it's probably because organized crime takes on different forms, depending on circumstances and conditions. It may even be a hybrid that mixes hierarchies with more horizontal structures.

Criminal organizations are constantly moving in a pendulum between fragmentation and the desire to gain a monopoly on illegal activity (integration). It is a dynamic similar to what occurs on the world level, in the context of globalization. James Rosenau called it "*framegration*," the interaction of fragmentation and integration processes.<sup>57</sup> Framegration might be said to occur, for example, when certain expressions of nationalism emerge alongside attempts at articulation (like the European Union). The same thing happens with organized crime: organizations may at times seek to bring different factions together and, at the same time, a number of scattered structures will also attempt to obtain their independence. This constant tension is what causes organizations

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<sup>55</sup>Bar-Yam, Yaneer, 2003. *Complexity of Military Conflict: Multiscale Complex Systems Analysis of Litoral Warfare*, p. 1. Consulted in <http://necsi.org/faculty/bar-yam.html>, New England Complex Systems Institute, 2003. Consulted in January 2007.

<sup>56</sup>Salamanca, Manuel. *Una visión compleja sobre un sistema de conflicto armado: El caso de Colombia*. Consulted on January 16 on [http://www.hegoa.ehu.es/congreso/bilbo/komu/5\\_Conflicts/4\\_Manuel-Sala.pdf](http://www.hegoa.ehu.es/congreso/bilbo/komu/5_Conflicts/4_Manuel-Sala.pdf); Salamanca, Manuel, 2007. *Violencia política y modelos dinámicos: Un estudio sobre el caso colombiano*. IDH-Deusto, Diputación Foral de Gipuzkoa.

<sup>57</sup>Rosenau, James, 1997. "Along the Domestic-Foreign Frontier." In *Exploring Governance in a Turbulent World*. (Cambridge, U.K.: Cambridge University Press).

to move between partnership and dispute, between order and anarchy, all in a context of uncertainty.

How do criminal organizations confront and adjust to this complex context? Do they? What do Colombian and Mexican cartels and Rio de Janeiro *comandos* have in common? What similarities are there between the armed factions that emerged after the demobilization process in Colombia and an organization like *Los Zetas* in Mexico? Are there distinguishable patterns among these structures? What tendencies exist in organized crime?

### NORTE DEL VALLE: THE LAST CARTEL

It is the late 1980s on the streets of New York, and it is getting easier and easier to buy cocaine. Rumor has it that Colombian drug traffickers are supplying the U.S. market and that Pacho Herrera is beginning to organize a distribution network for the Rodríguez Orejuela brothers. The drugs being consumed in the United States have come a long way: small quantities of coca base are being sent from the jungles of Huallaga and Tingo María (Peru) to refining laboratories in Putumayo, Los Llanos Orientales, Caquetá, and El Cañón de las Garrapatas in Norte del Valle (Colombia). Once it has been turned into cocaine, it goes through Buenaventura and El Chocó on the Colombian Pacific Coast and is stored in warehouses located in Guatemala, Honduras, El Salvador, and Mexico. This process is controlled by an organization called the Cali Cartel.<sup>58</sup>

In order to manage the business, the Cali Cartel started to use a business strategy called “holding,” where various companies work independently but with a core group that acts as a central axis. In this case, the core group included Miguel and Gilberto Rodríguez Orejuela (brothers), José Santacruz Londoño, and Hélmer Herrera Buitrago, who were members of a kind of collegial structure determined by their membership in a family. They made decisions together and divided up tasks related to the drug business and enterprises they used to launder millions of dollars. The division of labor permitted small cartels to move up, each one specializing in a particular phase of the process. Some structures were in charge of transporting the drugs, others distribution and money laundering. The core group took charge of exporting cocaine.

In the northern part of the Valle del Cauca, the leaders of small and medium-sized mafia groups began to work in some towns, hamlets, and districts of the department’s piedmont and the western mountain areas. Some of the big names

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<sup>58</sup>Pérez, José Gregorio, 2005. *Operación Cali Pachanguero*. (Bogotá: Editorial Planeta) pp. 15–16.

were the Urdinola brothers and Henry Loaiza, alias *El Alacrán* (The scorpion). These structures began to organize as subsidiaries of the large Medellín and Cali cartels, taking charge of processing labs, running some of the routes to the Pacific, protecting the transportation of merchandise and inputs, and hiring assassins to engage in criminal activity in other areas.<sup>59,60</sup> During the 1980s and early 1990s, the Henao and Urdinola families had most of the power and control over the drug production and distribution chain in that region.<sup>61</sup>

The dynamic changed when the core group of the Cali Cartel fell apart and the main bosses operating in the northern area of the Valle del Cauca started to be pursued by the law. On April 26, 1992, in the middle of Operation “Robledo II,” Iván Urdinola Grajales was captured in El Dovio (Valle). He agreed to a plea bargain under the now discontinued system of faceless prosecution.<sup>62</sup> On February 24, 2002, Urdinola had a heart attack while serving a 17-year sentence in the maximum security prison of Itaguí. On June 19, 1995, Henry Loaiza Ceballos turned himself in to the authorities, after being cornered both by public security forces and by his old partners from the Cali Cartel.

The testimony of a former Drug Enforcement Agency (DEA) agent illustrates what happened at that moment:

The big cartel disintegrated and many cartels were born. Mid-level commanders, bodyguards, and some of the trusted employees of the *capos* became the owners, the bosses, because what had once brought them together and given them direction—the power of Gilberto and Chepe Santacruz—no longer existed. In some ways, you could say that the kingdom of pawns and gunmen began and the chess game ended.<sup>63</sup>

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<sup>59</sup>This was what Darío Betancourt called the mafia sub-center of the north. Betancourt, Darío, 1998. *Mediadores, rebuscadores, traquetos y narcos: Las organizaciones mafiosas del Valle del Cauca, entre la historia, la memoria, y el relato*. 1890–1997. Bogotá: Ediciones Antropos, p. 133.

<sup>60</sup>Gustavo Duncan, 2005.

<sup>61</sup>Betancourt interviewed a native of Roldanillo in 1991. As his story shows, the tradition of drug trafficking in the region and these families’ leading role in the business goes back decades to the violence of the 1950s. “The father of the Urdinola brothers had a dark history of participation in the violence of the 1950s in these populations in the northwest, where he acted in the name of the Conservative Party. In the 1980s, the one who emerged with a lot of money was his older brother, Hector Urdinola, who died about ten years ago. Among other things, many of the *traquetos* and *mafiosos* of these towns come from pretty wealthy families. Their parents had been able to take advantage of the violence of the 1950s to make quite a bit of money.” Betancourt, Darío, 1998.

<sup>62</sup>“Faceless judges” (*jueces sin rostro*) hid themselves from defendants and disguised their voices.

<sup>63</sup>Cited in Chaparro, Camilo, 2005. *Historia del Cartel de Cali—El Ajedrecista mueve sus fichas*. Bogotá: Intermedio Editores, p. 280.

Leadership went from the *capos* to the *traquetos*; and the hierarchical structure morphed into fragmented and less visible networks that were more difficult for the authorities to pursue.<sup>64</sup>

The gangsters in Norte del Valle began to free themselves from subordination to the other cartels. In the new scenario, with the arrest and prosecution of two of the Urdinola brothers, the Henao clan began to gain more power and other lower-level *capos* began to compete for supremacy.<sup>65</sup> This was a context of open warfare, frequent vendettas, and a great deal of violence.

During this period, several mid-level commanders began to figure as leaders while the *capos* were being murdered by their enemies or sent to jail. On September 29, 1997, José Orlando Henao Montoya turned himself into the authorities. One year later, he was murdered in the maximum security division of the Model National Jail in Bogotá. José Orlando was replaced by his brother Arcangel de Jesús Henao, alias *El Mocho*, but three other members of this organization also became stronger after his death: Diego León Montoya (alias *Don Diego*), Luis Hernando Gómez (alias *Rasguño*), and Wilber Alirio Varela (alias *Jabón*). The latter two ended up joining forces against Montoya, in a fight to the death.

So, what had been considered the Cali Cartel was broken up, and smaller cartels emerged and began to compete with each other. According to military intelligence analysis, the definitive break between the factions began when a shipment of 500 kilos of cocaine belonging to *Rasguño* was stolen by *La Iguana*, the nephew of now-deceased Iván Urdinola. From that moment on, the Urdinola family—established in the municipalities of Roldanillo, El Dovio, and Zarzal—became *Rasguño's* enemy and some new alliances were forged. The Urdinola clan sought the support of Diego Montoya, while *Rasguño* strengthened his relationship with Wilber Alirio Varela.

It must be emphasized that each one of these new *capos* had previously been part of the Cali Cartel structure. *Rasguño* learned the business from José Orlando Henao Montoya, the head of the Henao clan. *Don Diego* began his career in drug trafficking in the early 1980s bringing cocaine paste from El Putumayo to process it in El Valle, and he had connections with Iván Urdinola and Juan

<sup>64</sup>The word '*traqueto*' is used in Colombia to refer to people involved in drug trafficking; the name is given especially to mid-level commanders or to people who are showy in their display of wealth gained from drug money. Camacho, Álvaro and López, Andrés. 2005. *From Smugglers to Drug-lords to 'Traquetos': Changes in the Colombian Illicit Drugs Organization*. [www.nd.edu/~kellogg/pdfs/LopeCama.pdf](http://www.nd.edu/~kellogg/pdfs/LopeCama.pdf)

<sup>65</sup>The Montoya clan began to grow under the protection of well known *capos* from the Cali Cartel, and they developed "labor" and even family relationships with them. José Orlando Henao Montoya married the sister of Iván Urdinola and Arcangel Henao Montoya was José Santacruz Londoño's front man.

Carlos Ramírez Abadía, known as *Chupeta. Jabón*, a retired police officer, began working for the Cali Cartel *capos* in the 1980s collecting on accounts, but then he went over to José Orlando Henao Montoya's group and became one of his trusted advisers. After the death of Henao and after leading a war against the Pacho Herrera clan, he began to figure as one of the most powerful *capos*.

According to police sources, the center of the dispute was that some of the *capos* were cutting a deal with the U.S. government. *Jabón* had proposed to *Don Diego* and *Rasguño* that they do away with their smaller groups and together form a drug production and trafficking monopoly, but it seems that his true intentions were to get *Don Diego* out of the business and partner with *Rasguño*. In the midst of this dynamic, *Jabón* and *Rasguño* made some overtures to the DEA to explore the possibility of resolving their legal situation. *Don Diego* suspected he had been betrayed when authorities confiscated one of his drug shipments. In a surprising twist, *Rasguño* was arrested in Cuba in July 2004 and the conflict between the other two continued.

For several years, the vacuum left by the big *capos* was filled by some of the emerging *capos* in the Urdinola and Henao clans, and there was an attempt to maintain levels of hierarchy in the organization. Disagreements persisted, however, and the crime organization ended up fragmenting. The clusters or groups that prevailed were led by Varela and Montoya, and the others remained scattered.

These factions had their own groups of hit men who covered their needs for protection and coercive power. Their primary role was monitoring social transactions and possible guerrilla actions. These armed groups—used for coercive purposes—made it possible to, in the words of Charles Tilly, “amass treasure and exploit” at the same time. Tilly shows how in the current conflict in Chechnya, the militia commanders disarm civilians and rival forces, establishing local control over coercion, which has many advantages for them. They also benefit from the kidnapping-for-ransom business of lower-level criminals and get most of the profits just by providing protection. In this way, “...these organizations concentrate on protection more than on destruction, often commissioning lower-level and part-time criminals to inflict damage in their name.”<sup>66</sup> This situation is similar to the one in Norte del Valle, where a complex structure is simultaneously involved in protection activities—protecting outside actors and of people in their own clan—and coercion activities, maintaining a social environment that is favorable to, and stimulates, illegal activity.

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<sup>66</sup>Charles Tilly. “Organizaciones violentas.” In *Sociedad y Economía*. Magazine of the Social and Economic Sciences Department of the Universidad del Valle. October 2004.



These criminal bands have a basic level of organization. Their hierarchical structures are not very well defined and they are made up of gunmen with very basic military training that are easily replaceable. Often, these criminal organizations are formed as an illegal job option for young men who can't find work and who see the possibility of moving up quickly in the ranks. Generally, they are made up of entire families who already have a gangster tradition, which means that sometimes the situation can degenerate into a chain of vendettas that produce a great deal of violence. This cycle, which is difficult to break, provides a constant flow of hit men willing to work for the highest bidder.

In some ways, the drug traffickers have imposed a social order that will facilitate their transactions in a relatively backwards economic context and a clientelistic political environment. In this situation, as Gustavo Duncan says, "the middle and lower classes would find a whole new range of new options for survival in activities related to drug trafficking and politics."<sup>67</sup> One man who had been living for eight years in a place known as La Punta—a rural area of Bolívar, which is the last town before Las Garrapatas Canyon in Norte del Valle—expressed the same thing in the following way: "Saying you don't want to grow coca, in addition to being suicidal, would simply be a slow way to fail, because around here everything revolves around that market."

The traditional crops of the region, like plantains, cacao, *borojó*, peach palm, potatoes, yucca, and coffee have been displaced by acre upon acre of coca. This has established an illegal economy that guarantees income from drug trafficking, part of which is channeled to the communities. That's why when the public security forces come into the area, residents start asking themselves what they are going to do. If drugs aren't circulating, how are they going to make a living? When Diego Montoya was captured in December 2007, the region plunged into uncertainty. After this, surely Wilber Varela would expand his control, people thought. But only five months later, the *capo* was murdered in Venezuela. What would happen to the Norte del Valle Cartel? Who was behind these actions?

The factions that these *capos* had led began a process of fragmentation as they fought for control of the organization. A number of murders took place in this context in Norte del Valle, and this dynamic spread to municipalities like Jamundí and Tuluá and to the city of Cali. Omar García Varela, alias *Capachivo*—the man who managed Diego Montoya's contacts—tried to maintain control, but the mid-level commanders of the organization resisted,

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<sup>67</sup>*El Tiempo*, "Volvieron a entrar en Guerra en el Norte del Valle 'Los Machos,' ejército del detenido 'Don Diego,'" December 29, 2007.

declaring an all-out war that by the end of 2007 had resulted in the deaths of more than 40 bodyguards, former contacts, and front men.<sup>68</sup>

After the demobilization of the *autodefensa* paramilitary groups, the armed structure that had worked for Wilber Varela (*Los Rastrojos*) took over some of the areas that the *autodefensas* had previously controlled. According to some versions, the leadership of the *Bloque Central Bolívar* (paramilitary organization) had ceded its territory to Varela in exchange for a payment of 2 billion pesos (US\$ 1 million) for each paramilitary front. This probably occurred in Nariño and Putumayo. Intelligence sources believe that Varela was also trying to make inroads into Medellín and Cucutá. But he was murdered in Venezuela when he was about to meet with another drug trafficker to negotiate the sale of one of his structures in southwestern Colombia.

After the demise of the Norte del Valle Cartel, competing factions have again emerged, with their own protection and coercion structures, and they are seeking to expand and take control of routes and contacts. Public security forces have increased their presence in this region of Colombia, and the members of *Los Machos* and *Los Rastrojos* are simply looking to work for the highest bidder. In fact, given the critical nature of the situation, several of them have chosen to turn themselves in to the authorities. (Testimonies indicate that they had gone for more than four months without pay.) The factions that still exist in various places on the Colombian Pacific Coast are in a period of re-accommodation, in which alliances with guerrillas groups are a good alternative. It was at that point that we witnessed the end of the last cartel and the appearance of new ways of controlling the illegal economy.

## COLLECTION AGENCIES

If you do a Google search with the Spanish phrase *oficina de cobro* (“collection agency” in English), what would you expect to find? You are probably imagining a tax or court collection office or a place that collects on accounts owed to a business or institution. Surprisingly, the first twenty references that your search turns up most likely will have to do with *oficinas de cobro* related to drug-trafficking structures in Colombia. You might also find the home page for the National Police and following news: “The Envigado Collection Agency has been responsible for acts of extortion against commercial and residential sectors of Envigado, Itagüí, and Medellín (Antioquia), committing crimes against property owners in order to

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<sup>68</sup>El Tiempo, “Volvieron a entrar en Guerra en el Norte del Valle ‘Los Machos,’ ejército del detenido ‘Don Diego,’” December 29, 2007.

obtain economic and territorial benefits.” How could an office have the capacity to do this? What are we talking about here?

In cities like Medellín, Cali, or Bogotá, the *oficina de cobro* should not be understood as a physical place. It is, in fact, a series of relationships through which different criminal activities are coordinated. At first, they used various front operations—stores, auto sales businesses, and even hair salons and laundry mats—but because the police were on their tail, they decided to make changes by alternating their places of operation. These collection agencies have an extensive network able to establish links from the cartels down through the hit men organizations, common criminals, gangs, and even the *parches* (or *combos*, as they say in Medellín). People not involved with the criminal world may not understand these terms. So I will try to define them according to what I found in the city of Cali (which is not radically different from Medellín or Bogotá in this sense, though there are some particularities.)

A starting point is that the Cali panorama is very complex. An intricate network of structures uses the Cali urban area as the center of their activities and disputes, and it is often difficult to identify which precise actors are producing the violence. From neighborhood gangs, to elaborate criminal organizations, to various drug cartels, Cali has it all. It is a web of illegality that stimulates a great deal of violence, including very high homicide levels.

The various phases of drug trafficking in Cali have created spaces that have been favorable to organized crime operations. After the disarticulation of the so-called Cali Cartel, violence levels were expected to decrease. But new illegal actors appeared on the scene, looking to take over where the cartel left off. This led to series of disputes and a spike in the level of violence in the city. In this sense, the battle against the Cali Cartel did not actually lead to a dismantling of criminal structures. Álvaro Guzmán, a professor at the Universidad del Valle who has been following recent events in the city, says that:

...not enough attention was paid to how illegal activity was re-shaped here [Cali], how it continued and even expanded considerably, though it was operating in a different way. The business was decentralized, fragmented, and linked up to new people and neighborhoods, generating partnerships, support structures, conflicts, and relationships of violence that were more circumstantial in nature.

This led to what Guzmán calls “the violent criminalization of urban life,” a concept that helps relate the local structures of crime to the configuration of a kind of social order.

At the base of this urban social order are the so-called *parches*.<sup>69</sup> In a neighborhood, you might have a group of young people who get together to consume drugs and occasionally engage in some criminal activities. They generally hang out in a particular place, like a park, a store, or a corner. They don't have a leader and they can't be considered a structure. This is a state that precedes the formation of a gang. Youth in *parches* don't tend to use very much violence since they have only rudimentary weapons—usually knives—that are used in street fights or occasionally in muggings.

Some of the *parches* might organize themselves into a gang (*pandilla*) and advance in their criminal career by doing so. These organizations are usually made up of 15 or 20 members between the ages of 9 and 25. About 400 youth gangs have been identified in the city of Cali. They have names like “*Los Simpson*” and “*Los Matute*” (in El Rodeo); “*Los Buenaventura*” (in Los Comuneros); “*La banda del Viejo*” (in Julio Rincón); “*La Tercera*” (in La República de Israel), and “*Los Playboy*” (in Siloé). About 80 percent of them operate in Aguablanca and Siloé

One study carried out by the Center for Criminological Research of Violence in the Universidad del Valle (CISALVA) indicates that 26 percent of all homicides in 2003 were perpetrated by gang members. Most of the gangs operate in the same way: they mug people; they hold up buses, taxis, or individual drivers; and they fight over territory. But some of these youth gangs have crossed another line and become organized criminal bands. It is important to mention that bands of hired assassins use these youth to do some of their work, offering them between 30,000 and 50,000 pesos (US\$15–25) to commit a relatively easy crime, after which they don't contact them again for a long time. According to the analysis of the public prosecutor in Aguablanca,

These gang members live in a situation of extreme poverty where there are few job opportunities. For them, this is a lot of money. So, it's not just the groups of hit men that use them as cheap labor. Guerrilla groups and paramilitary groups have also found restless teenagers in these neighborhoods who are willing to throw a bomb or commit any kind of crime for 500,000 pesos (US\$250) without so much as asking a question.

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<sup>69</sup>In cities like Cali or Medellín, the word *parche* doesn't necessarily have a negative connotation. It can refer to a place, a situation, or a close group of people. Expressions like “I'm going to my *parche*” or “I don't like that *parche* of people” are common.

In street language, people say that a gang member gets a taste of the good life (*prueba finura*) when he enters into the world of hired killers, a world that allows him to access a motorcycle, weapons, and money.

At an intermediate level you have weapons dealers and drug distributors. Their organizations are not as simple as *parches*, but in some cases they are not as structured as a gang. They move among various criminal organizations and set up shop in what have been called *ollas*, poor neighborhoods where there is little presence of public security forces. They offer services that are scarce and difficult for the common citizen to access. When I say ‘weapons dealers’ here, I am not talking about the big arms merchants, but rather the group of people who sell revolvers, pistols, and homemade weapons in neighborhoods.

The drug distributors are called *jibaros*. They usually have some kind of a base—a corner, a house, or a park—from which they supply all kinds of harmful products to consumers. While these structures may seem marginal to the violence and criminality, in the case of Cali, they are present in different sectors throughout the city and are usually tied to an *oficina de cobro*. They are part of a complex network deployed to implement illegal operations and their role can also generate competition and disputes.

At first glance, the sale of illicit drugs in urban areas looks like a matter of autonomous *jibaros* in a small scale economy. But a more in-depth look reveals that these drug sales are generally managed by a larger structure that distributes to the providers and obtains high profit margins.

Criminal bands (*bandas*) are at another, third, level. Sometimes it is difficult to differentiate these groups from the gangs. Their particularity is that they specialize in a certain kinds of robbery. This group includes car thieves, people who specialize in breaking into apartments, bank robbers, stick-up artists, and muggers. Unlike the previous structures described, while the criminal bands do have meeting places for planning their crimes and dividing their profits, they do not have a geographically bound relationship in that they generally commit crimes outside of the areas in which they live. These organizations have a lot of influence in the central districts (*comunas*) and in the mid and high-level districts of Cali. In reality, they function more like a group of networks than as stable structures. The necessary people are called in depending on the crime that is going to be committed.

At a higher level of complexity are organizations of *sicarios*, or hit men.<sup>70</sup> These are generally at the service of a collection agency, or they report directly to a small cartel. Their members are recruited from among common criminals

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<sup>70</sup>A hit man or *sicario* is an assassin hired or contracted to kill someone.

or they are particularly well-known gang members. Their standard of living is higher, and you can see them in the city circulating in high-cylinder motorcycles or in vehicles with tinted windows. They are sent on missions and are the main source of violence in the city, since they are generally the ones involved in the vendettas. It is hard to figure out where they are located, and though neighborhood residents can usually identify them, the fear of reprisals usually makes them unwilling to talk. Hit men also outsource some of their services to irregular armed groups.

Then you have the *oficinas de cobro*, or collection agencies, the center of the organized crime dynamic in Cali. Traditionally, these offices were at the service of drug traffickers who used them to collect on drug-related debts. Gangsters like Montoya or Varela created many of them in different sectors of the city. When there was a temporary decline in cartel strength, however, the agencies began to make connections with other crime circles.

The *oficinas de cobro* have an extensive network and have contacts with everyone from the small cartels down to the organizations of hit men, common criminals, gangs, and even the *parches*. Soccer fields, parks, and other places frequented by young men are visited by recruiters from these structures who persuade them to start down the road of organized criminal behavior. This is often how younger criminals begin to trade in their *changotes* and *panchas* for nine millimeter pistols, adding to the process of escalating violence.<sup>71</sup>

An *oficina de cobro* generally has an armed branch made up of hit men and a financial structure in charge of collecting money from drug sales and laundering it through various investments and front businesses. In one investigation, police and public prosecutors were able to prove that the *autodefensa* groups used this network with the blessing of the drug traffickers, since it was already up and running, and that it even expanded its services to offer collection on extortion cases. They discovered, for example, that one of *Jabón's* offices in Cali was handling the finances of one of the paramilitary commanders of the *Bloque Libertadores del Sur*, which was operating in Nariño. The Bloque sent money from the taxes they were collecting, in dollars, to traffickers on the border with Ecuador. When the cash arrived, the heads of the *oficinas de cobro* used their intermediaries in currency exchange houses and transferred the money to other cities like Medellín or Bucaramanga. There, another branch of the agency received the money in pesos and invested it in front businesses.

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<sup>71</sup>Homemade weapons

Cali has an estimated 55 collection agencies with a presence in at least 18 of its 21 districts. No numbers have been estimated for cities like Bogotá and Medellín. The best known structure in Medellín is called the *Oficina de Envigado*—which is not an office and is not located in Envigado. This structure was created by Pablo Escobar for collecting the taxes that traffickers had to pay for each shipment of cocaine to the United States (some sources say the tax was US\$300,000) and to collect a percentage of what criminals earned in kidnappings, extortion, and bank robberies. At first, the office was managed by the Moncada and Galeano brothers who were murdered by Pablo Escobar in jail after he accused them of having stolen a cache of money worth US\$20 million. After this occurrence, Diego Murillo Bejarano (better known as *Don Berna*), who was Fernando Galeano's chief of security, assumed command of the office, entering into direct confrontation with Escobar with the creation of an organization called Los Pepes (which Pablo Escobar tried to destroy).

After the death of Pablo Escobar, *Don Berna* became the dominant illegal actor, and the *Oficina de Envigado* was his primary armed branch. This structure eventually took control over all the various criminal factions operating in Medellín and managed to obtain a monopoly on illegal activity there.

When the *Bloque Libertadores del Sur* (BLS) was being demobilized as a paramilitary group, I met a young man who was 19 years old who had been a hit man in Medellín. He had joined the paramilitary group after having had some problems, and the only option they gave him was to go to the Department of Nariño in the southern part of the country, just kilometers from the border with Ecuador. After the armed apparatus of the BLS was dismantled, his plan was to return and murder the man who had caused his mother's death.

I kept his contact information and after a few months, I travelled to Medellín and looked for him so that he could show me how the criminal world worked in that city. I traveled through various areas with him, and was surprised to see an entirely new landscape open up before me: crime as a form of social organization. According to Gustavo, "no murder, mugging, kidnapping, or robbery happened in Medellín without the knowledge of the 'boss.' You have to give 30 percent of what you get in any *vuelta* to 'the boss.'"<sup>72</sup> The boss was *Don Berna* and the *Oficina de Envigado* was his military and financial apparatus.

As the *autodefensas*, or paramilitary groups, were being demobilized by the government, Murillo Bejarano (*Don Berna*) appeared on the scene to inspect this illegal organization and his collection agency was integrated into the

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<sup>72</sup>*Vuelta* translates to "criminal activity" in English.

paramilitary group called the *Bloque Heroes de Granada* (BHG). *Don Berna* was also the commander of a faction operating in the southern part of the department of Córdoba, where he ordered the murder of Congressman Orlando Benítez. After Benítez was killed, Murillo Bejarano was sent to the maximum security jail of Itagüí, from where he continued to manage the collection agency through one of his trusted men, known as *Danielito*. The BHG was demobilized in August 2005 with the participation of 2,033 members. More than 1,500 of them were part of the urban structure.

But the *Oficina de Envigado* continued to function. After the disappearance of *Danielito*, a succession of leaders have attempted to maintain this particular collection agency's control over the criminal factions of the city; to control the so-called *plazas de vicio*; to continue laundering money; and to continue receiving dividends from extortion and activities like gambling and prostitution.<sup>73</sup> According to some intelligence sources, *Don Berna's* influence on this structure was weakened when he was transferred to the Combita maximum security prison. Other drug trafficking factions have also attempted to enter the city and compete for the kind of dominance that the *Oficina de Envigado* has had for more than 20 years.

In October 2007, *Cambio* magazine published an article titled "*Se metieron al rancho*" ("They Broke into the Ranch") telling how men who worked for Wilber Varela (*Jabón*) infiltrated both the east and west side of Medellín in order to recruit criminal bands and take over the business, which was also being fought for by paramilitary groups that had joined forces with Vicente Castaño and Fredy Rendón, *El Alemán*. "The fight is happening right now for the control of these *combos*—123 in all—and people are coming in from other areas," said Gustavo Villegas, Medellín's former Secretary of the Interior, who adds that in spite of the intensity of the confrontation, no battles were taking place in the streets as they did five years earlier. "We do not want a repeat of the 1980s," he says. And while it is not all out warfare, the number of cases of murders by suffocation has increased, an indication that drug trafficking groups may be returning to this practice of killing, frequently used when territories are in dispute.

Four months later (February 15, 2008), Police General Oscar Naranjo stated in an interview:

We have reason to believe that alias *Rogelio* (whom General Naranjo had previously fingered as the new head of the Envigado collection agency) has for several months been distancing himself from the

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<sup>73</sup>"Plazas of vice," or places where drugs are sold.



traditional structures of Medellín, led by alias *Don Berna*, and that he has begun to approach former members of the *Bloque Central Bolívar* as well as members of the Norte del Valle Cartel. In this process, there are no loyalties. What is convenient for criminal purposes is to find a boss, a *capo*, who will give them the coverage necessary to survive.

How this leadership is defined will largely determine the security of the city. Medellín had been successful in lowering its number of homicides, but this achievement could be reversed if there are prolonged processes of disputes between criminal factions.

*Oficinas de cobro* have also been operating in Bogotá, though their presence is less noticeable. It is difficult to determine how long these structures have been operating in this city since the influence of drug trafficking has not been as consistent and has had a lower profile. The cartels have been trying to get into Bogotá, especially for the purpose of money laundering, since the time of Gonzalo Rodríguez Gacha, known as *El Mexicano* (1980s). Emerald smuggling groups have also maintained armed structures to guarantee their personal protection and the protection of their goods. Drug traffickers from the Eastern plains have also chosen Bogotá as one of their primary centers of operations (especially because of the transshipment of drugs from the southeast to the Valle del Magdalena.)

These structures have concentrated their activities in commercial sectors like Los San Andresitos, Corabastos, and 7 de Agosto, though they also operate in other areas of the city with prostitution and gambling operations.<sup>74, 75, 76</sup> In these contexts, where the state cannot be a regulator (for obvious reasons), the collection agencies can serve as the guarantor of contracts and collector of unpaid debts. They also tend to do things like levy taxes on the sales of products and services (from pirated CDs, DVDs, and books, to the ambulatory sale of

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<sup>74</sup>Los San Andresitos sells final goods, both domestic and international. Their primary characteristic is the breaking of a rule or law, by dealing in contraband, under-invoicing for imports, evading taxes, or fraudulent changing of brand labels. The control of Los San Andresitos alone, including legal and illegal business, generates around 7.4 billion pesos annually. This figure was published in the newspaper *El Espectador*. "Control de Sanandresito vale 7.4 billones," Bogotá, Colombia, October 12, 2004.

<sup>75</sup>Largest wholesale center in Bogotá.

<sup>76</sup>The "7 de Agosto" community is located between 68<sup>th</sup> and 67<sup>th</sup> Streets, between Carreras 24 and 21. It contains two zones: one residential, and the other with commercial establishments including houses of prostitution and striptease joints.

cell phone minutes, to prostitution enterprises and slot machines) or charge for protection from competitors (other criminal structures).

The high point for these criminal structures in Bogotá occurred when they were strengthened by the arrival of paramilitary factions coming from the Eastern plains, especially the Miguel Arroyabe group and the so-called *Bloque Capital*. Under the guise of counterinsurgency and the need to keep the FARC's urban networks from advancing, their movement was focused primarily on controlling certain money-making activities and marginal communities. In addition to becoming strategic corridors for the war, these communities were valuable for their potential votes and for the vacant lots that could be appropriated. The leader of this initiative was Arroyabe, who was able to 'pacify' the collection agencies of the hired killers in San Andresitos and Corabastos, by subordinating them to the control of his criminal organization.<sup>77</sup> At that time, the police began to talk about the existence of twelve 'agencies' that were operating in different sectors of the city. It is important to mention that given the size of Bogotá, these structures were focused on certain sectors and were not able to regulate or control all of the criminal activities, as occurred in Medellín at one point. The impact of their actions on the indicators of violence was notable, however.

In December 2004, Jaime Andrés Marulanda, aged 26, confessed before a judge that he had murdered 137 people in Bogotá in only eight months, by order of the *Bloque Capital*. The murders were committed by him and other members of his band following the orders of someone he called *Dago*, an alleged liaison with the *autodefensas*, who paid him 400,000 pesos (US\$200) for each one of the crimes. This criminal group was one of the outsourced groups related to the collection agency.

Miguel Arroyabe was murdered by a member of his own structure in September 2004, after which rumors began to circulate that mid-level leaders were in Bogotá attempting to take control of the structures that were previously part of the *Bloque Capital*. Two things occurred in this scenario: 1) With the experience they gained in their relationship with paramilitary groups and their knowledge of how to manage illegal extortion and protection economies, criminal structures reproduced the paramilitary groups means of operation and even continued to use the trademark of the *autodefensas*; 2) Structures linked to drug trafficking began to fight for dominance in the city.

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<sup>77</sup>Public Policy and Citizen Security Reflection Group in Bogotá, *La presencia de los paramilitares en Bogotá: elementos para el análisis*. Bogotá: FESCOL, Bogotá Mayor's Office, May, 2006.

One of the strongest factions was the one linked to Carlos Mario Jiménez, alias *Macaco*, the former commander of the *autodefensas*. After the demobilization of his structures, *Macaco* maintained one of his structures called the “Security Cooperative of Casanare, Meta, and Vichada,” which had an influence in Bogotá through the so-called collection agencies. This structure was reduced considerably after an intense conflict with a re-armed paramilitary faction under the command of alias *Cuchillo*—one of the mid-level commanders involved in the death of Arroyabe. In the end, public security forces captured their main leaders and apprehended more than one hundred of its members.

During this dispute, the faction led by *Cuchillo* came to have a greater presence in the Plains area in partnership with a powerful drug trafficker by the name of *El Loco Barrera*, who aims to have complete control over the movement of drugs through the capital. According to one DEA agent: “Not a single kilo of cocaine passes through Bogotá that isn’t from Barrera or authorized by him.”<sup>78</sup> Barrera has formed his own collection agencies but, unlike Arroyabe, has opted to keep a low profile. He is not interested in controlling sectors or neighborhoods in Bogotá since this would mean a large deployment of men, but he does intend to continue controlling Los San Andresitos and Corabastos. Furthermore, according to *Semana* magazine, Barrera has chosen a simple but more subtle tactic: he can count on the help of high-ranking officers with key positions in the public security forces. This allows his businesses to operate without great delays in the capital and guarantees his security without requiring him to put himself at risk.<sup>79</sup>

## EMERGING BANDS

The demobilization of the paramilitary groups associated with the *Autodefensas Unidas de Colombia* (AUC) culminated in August 2007 with the official demobilization of more than 29,470 men and 1,911 women associated with this illegal organization. The dismantling of this group occurred in the midst of a sea of doubts as to whether they were really demobilizing, whether they were turning in all their weapons or maintaining secret caches for personal protection, and whether they would try to continue to control the areas where they were operating illegal markets. And where, exactly, had they invested the large sums of money they had received from drug trafficking?

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<sup>78</sup> *Semana* Magazine, “Nace un patrón,” Online version, September 17, 2007.

<sup>79</sup> *Semana* Magazine, “El nuevo ‘patrón’ de la capital,” Online version, April 22, 2006.

A few months after the last demobilization, a group that called itself the *Aguilas Negras* (Black Eagles) appeared in the department of Norte de Santander. At various times, it also called itself the Golden Eagles, the Red Eagles, or the Blue Eagles. With the emergence of this multicolored group, alarms went off. Had the *autodefensas* reappeared? Had one paramilitary group decided not to demobilize? The government responded by saying that there were no more paramilitary groups in the country and that the country was witnessing a new phenomenon, one of “emerging criminal bands” (*Bandas criminales emergentes*-BACRIM). Meanwhile, non-governmental groups and opposition sectors maintained that these were indeed paramilitary groups.

At that point, NGOs, academic centers, and the media got busy making lists of rearmed structures, but they didn’t always take into consideration the diverse nature or characteristics of these factions. Private drug-trafficking armies that existed before the demobilization (like those called the *Rastrojos* and the *Machos*) got lumped together with hold-out AUC groups that had not demobilized, criminal bands that included some former combatants, rearmed groups, and virtual groupings whose only manifestations were in the form of communiqués or pamphlets. Some even talked about the existence of a single organization called the *Aguilas Negras* and a new or third-generation paramilitarism.<sup>80, 81</sup>

At the center of the debate is the question of how these structures should be characterized. Some believe they represent the return of the paramilitary groups. Others believe they are a new form of organized crime that has emerged around drug trafficking. In the effort to describe the way the former *autodefensas* are continuing to exercise influence, there has been talk of mutations and recycling. Some have also said that these emerging bands, appearing at a time of transitions and ruptures, may be an entirely different phenomena altogether.

The reason it is difficult to classify these groups is that there has always been a blurry line between the drug-trafficking and paramilitary expressions of the AUC. Some of these groups could be classified as organized crime groups and others existed for a combination of self-defense and counter-insurgency purposes. In fact, as the pre-demobilization dialogue between the government and

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<sup>80</sup>Fundación Seguridad y Democracia. 2007. *El nuevo escenario paramilitar*. Special Report. <http://www.seguridadydemocracia.org/docs/pdf/conflictoArmado/parasNuevoEscenario.pdf>

<sup>81</sup>Fundación Ideas Para la Paz (FIP), 2005. “Tercera Generación.” In *Siguiendo el conflicto: hechos y análisis de la semana*. No. 5. August 12. In this document, the FIP proposes the possibility of a “third generation of paramilitary groups,” following the Magdalena Medio groups in the early 1980s and the subsequent evolution of the ACCU-AUC Ralito.

these groups was happening, some analysts were making a distinction between pure *autodefensa* groups and others linked to drug trafficking. One frequent rumor heard at the time was that *capos* were buying paramilitary franchises in order to take advantage of the amnesty and launder their resources.

But debating the extent of the influence that drug trafficking has had on paramilitary groups does not appear to be very productive. The genealogy of the *autodefensas* is closely related to drug trafficking.<sup>82</sup> If this was the only criteria for determining whether a particular group was a paramilitary group or a criminal group, one would have to say that the *autodefensas* were a criminal organization. Some have tried to nuance the classification by discussing levels of subordination: whether the drug-traffickers were subordinate to the *autodefensas* or vice-versa. If the former were true, the *autodefensas* would be an irregular armed group that enriched itself off the illegal economy. If the latter were true, they would be primarily actors in an illegal economy that also required private armies for protection. Which answer is better? Who used whom? Weren't they the same thing? It is a difficult question to answer when the line between criminal activity and paramilitary activity was so unclear.

Gustavo Duncan maintains that the national government's process of demobilizing the *autodefensas* was not a definitive disarticulation of paramilitary activity. Rather, it was the end of the large structures of the warlords and the beginning of a situation that was ripe for building new kinds of private armies. One hypothesis that must be considered is that a large (majority) sector of the *autodefensas* saw the negotiations process as a way of obtaining the conditions necessary to facilitate or retool the criminal part of the venture (the gangster side of paramilitary activity). This way, drug traffickers could get rid of the cumbersome and costly AUC, with a payroll of more than \$103 billion pesos (more than US\$50 million) a month, and consolidate a mafia structure with characteristics more like those of an organized crime group.<sup>83</sup>

In order to make this transition, the counter-insurgency motivation had to be stripped from the structure. In other words, the groups had to be reoriented away from the confrontational relationship with the guerillas and towards a relationship

<sup>82</sup>Garzón, Juan Carlos. 2005. "La complejidad paramilitar: una aproximación estratégica." In Alfredo Rangel (Ed.), *El poder paramilitar*, Bogotá: Fundación Seguridad y Democracia. Planeta. 2005, pp. 47–135.

<sup>83</sup>The following figures include just one component of paramilitary spending: 1,500 mid-level commanders who each earned an average monthly salary of \$2,500,000 pesos adds up to \$3.75 billion pesos; plus 14,000 combatants who received a remuneration of \$350,000 pesos is \$4.9 billion pesos, which gives a monthly total of \$8.3 billion pesos or an annual cost of \$103.8 billion pesos. Even without including weapons, munitions, or uniforms, the total would be \$US 51 million per month.

in which they could reach agreements with them on running the drug economy. According to testimonies from mid-level commanders of the *Bloque Central Bolívar*, one of the first paramilitary factions, some commanders had a “Plan B” that included providing the FARC and the ELN (guerrilla organizations) with an injection of money and weapons as part of a strategy of developing a cooperative, rather than conflictive, relationship. Certainly, there had already been cases of relationships between guerrillas and drug traffickers in places like the department of El Valle, in southern Bolívar, in certain areas of the Eastern plains, and in Catatumbo.

After the demobilization of the *autodefensas*, several changes occurred in the region. Some structures continued to exist, though smaller in size, and began specializing in a specific phase of the illegal market. Some hold-out groups that were not demobilized were acquired by drug traffickers seeking control over the areas where the paramilitary groups had had a strong presence. New bands also emerged headed by the mid-level AUC commanders who began to recruit their demobilized members. Organized crime sectors saw the opportunity to keep using the *autodefensas* brand as a way of intimidating the population and obtaining resources from extortion. While all of this was happening, the great majority of former AUC combatants began the process of reintegrating themselves into civilian life, under heavy pressure by illegal sectors. The underlying situation was that drug traffickers were using the demobilization dynamic to consolidate and expand their presence.

In this context, according to statements made by government authorities and by Colombian President Álvaro Uribe himself, former commanders of the *autodefensas* continued committing crimes after their demobilization. Several commanders continued operating from the jails, directing factions in various areas of the drug trafficking economy. While the evidence of these links has not been made public, various police investigations have indicated that this is what was happening.

According to the Colombian National Police, Diego Fernando Murillo (*Don Berna*) continued operating from prison, communicating with criminal organizations connected to the *Oficina de Envigado* in Antioquia and in southern Córdoba. Investigations have also linked Ramiro Cuco Vanoy, former chief of the paramilitary group called *Bloque Mineros*, with *Los Mellizos* (The Twins), a criminal band connected to drug traffickers Miguel Ángel Mejía Múnera and his twin brother Víctor Manuel.<sup>84</sup> Authorities link Rodrigo Tovar Pupo, alias

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<sup>84</sup>During the operation that ended in the death of Víctor Manuel Mejía Múnera in northern Antioquia, police discovered that the men who were part of their own security ring were demobilized members of the *Bloque Minero* close to Vanoy. Vanoy denied being involved in any illegal activity after demobilization.

*Jorge 40*, former commander of the *Bloque Norte*, to a band of extortionists called *Los 40* who operate in Barranquilla and are involved in drug trafficking, the illegal weapons trade, extortion, and selective assassinations in Atlántico, Bolívar, and Sucre. Men close to Hernán Giraldo, the former commander of the *Bloque Resistencia Tayrona*, were arrested for being part of an armed faction called *Los Nevados*, under the command of the Mejía Múnera brothers. Then there is the case of Guillermo Pérez Alzate, alias *Pablo Sevillano*, the former paramilitary chief of the *Bloque Libertadores del Sur*. Police have information tying him to some of the five emerging bands that were headed by Carlos Mario Jiménez, alias *Macaco*, former leader of the *autodefensas* involved in drug trafficking activities and in the formation of the criminal groups known as the *Aguilas Negras*.<sup>85</sup>

While all of this was happening, former commanders of the *autodefensas* who had stayed underground began to form criminal factions and local crime structures, which were reinforced by increased recruitment. Vicente Castaño was the first to appear in the Eastern plains area, though it was also rumored that he had influence in municipalities of the Atlantic coast, Urabá, and Norte de Santander. Months later, he disappeared and, according to some rumors, may have been murdered. Another former paramilitary leader, Hernán Hernández (also known as H.H.) began some operations but was arrested by the police in early March 2007. Pedro Guerrero, better known as *Cuchillo*, remained in the department of Meta. In partnership with drug trafficker *Loco Barrera*, he expanded his influence to neighboring departments, towards Casanare and Vichada. On the Atlantic coast, the twin brothers involved in *Los Mellizos* reemerged—after one of the brothers had demobilized—to take control of structures in the Sierra Nevada de Santa Marta area with a new faction called *Los Nevados*. Meanwhile, Daniel Rendón, better known as *Don Mario*, the brother of a former paramilitary commander known as *El Alemán*, took over the area formerly controlled by the *Bloque Elmer Cárdenas* in Urabá, extending his influence southwards towards the department of Córdoba, northern de Antioquia, and the city of Medellín. Rendón had also demobilized as an AUC member.

Some of the mid-level commanders had also begun to increase their power and were directing small structures. That is what happened in the southern part of the department of Córdoba with a group called *Los Traquetos*; in Nariño, with the organization called *Nueva Generación*; in Norte de Santander with

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<sup>85</sup>*El Tiempo*. “Extradición de 14 jefes ‘paras’ se comenzó a planear desde que ‘Macaco’ fue enviado a E. U.” May 13, 2008.

factions that called themselves the *Aguilas Negras*; and also in the southern part of Bolívar and in different zones where the demobilized *Bloque Norte* of the *autodefensas* had influence—especially in the southern area of Cesar, Valledupar, northern La Guajira, and the department of Magdalena, as well as in Magdalena Medio and the department of Tolima.

The drug trafficking structures in Norte del Valle also sought to expand their presence by acquiring hold-out (un-demobilized) paramilitary groups. While *Los Machos* were trying to expand their area of operations towards the southern part of the department of Chocó, *Los Rastrojos* set up shop in Nariño, Caquetá, southern Cauca, and most recently in the southern area of the department of El Chocó.

Estimates vary about the number of men who make up these structures and so do theories about their composition and form of organization. Some estimates say there are between 2,500 and 3,000 men involved, though some NGOs have said there are closer to 7,000 members. These groups have influence in more than 100 of the 1,090 municipalities and in around 20 of the 32 departments. At one point, the most common name being used was *Aguilas Negras*, but many other names have also emerged without any particular pattern. Their structures are not homogeneous, and they have an undetermined number of members—demobilized or not—who come from the *autodefensas*, including mid-level commanders and rank and file combatants. All of these groups are linked to illegal economies—especially drug trafficking—and this determines their membership, territorial presence, and the level in which the general population is affected. In some territories they appear to be more like private armies (with uniforms, commanders, and fire power); in other zones, they operate like commando groups (more mobile and with smaller contingents); and in most places they are organized as hit men, or assassins for hire.

In many places, these structures have chosen to keep a low profile as a way staying out of the way of the state security forces and protecting their illicit activities. About a year after the *autodefensas* were demobilized, I had the opportunity to visit the Bajo Cauca area (Antioquia) and saw an example of this low-profile option.<sup>86</sup> Prior to demobilization, the paramilitary groups that had been operating in this area included the Bajo Cauca Oriental Front and the Héroes de Zaragoza Front of the *Bloque Central Bolívar*, as well as the *Bloque Minero* which had control of the

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<sup>86</sup>The region of Bajo Cauca in Antioquia includes the municipalities of Nechí, Caucasia, Tarazá, Cáceres, Zaragoza, and El Bagre. It is crossed by two main rivers, the Cauca and the Nechí. In a broad sense, the region could also be seen to include the neighboring municipalities of Ituango, Valdivia, Anorí, Amalfi, and Segovia.



Cauca River. A total of more than 2,000 combatants had been operating in the area. When I arrived, I found that there was now a group of about 50 hit men who were mostly working on controlling access routes and buying the coca base produced in the region. One daily job was to make sure that peasant farmers didn't sell their coca to any other buyer, and their way of operating was similar to that of the *autodefensas*. Bodies, sometimes mutilated bodies or body parts, continued to appear in the Nechí River from time to time as a warning about what would happen to people who didn't follow their rules.

One particular occurrence around the time of my visit was a powerful reminder for me of how things worked. A few days before my arrival, one of the members of this group of criminals had been murdered. Rumor had it that he had been killed by members of his own group. Why? The explanation was the following: the population said that this man had committed several murders in the area, and that not long ago he had murdered three community members whose decapitated heads had been found in the river. After this grizzly event, the public security forces increased their presence in the area and this had put a damper on the drug business. His group had killed him as a punishment for violating instructions not to "heat up the area" (*calentar la zona*), an expression that means calling the attention of the authorities.

In this kind of context, criminal structures may try to maintain a low profile. Their presence may be revealed only when they clash with other factions, in which case there is usually a spike in the number of murders, generally related to vendettas. But their objective is not direct confrontation. Their actions reproduce a mafia model that aims to ensure favorable conditions for various illegal markets, including extortion, gasoline contraband, and drug trafficking.

In this sense, the so-called emerging bands have found themselves in a strategic dilemma: they want to keep a low profile, which means low levels of violence; but they also want to consolidate or expand their illegal market, which means expanding their territory, through the use of violence. So far, the largest and most powerful structures have absorbed the weakest links into their chains, and this has led to a decrease in the number of factions. This does not necessarily mean, however, a reduction in the areas where these emerging bands exercise influence.

The situation reflects the fact that drug trafficking is in a phase of transition. Some structures are increasingly fragmented while, at the same time, others are seeking to increase their influence by co-opting or taking over small and disperse factions. There is tension between two models: one model attempts to maintain a rigid regional hierarchy (with relatively strict lines of command and

regional organizations with a certain level of autonomy) and the other is more like a criminal network formed around a number of key individuals who have control over most of the connections (people who relate to each other through transitory partnerships or conflicts).

The decisions of the Colombian authorities and the actions of government forces have a major influence on this dynamic. The arrest and extradition of important *capos* and the decision to turn some former *autodefensas* commanders over to the United States justice system are major blows to criminal organizations, especially in terms of their connections and their capacity to organize.<sup>87</sup> These actions will probably trigger a series of leadership crises that will result in new internal tensions and disputes that will lead to the fragmentation of the organizations. However, in this scenario, new generations of traffickers will take advantage of the leadership vacuum to take over these spaces, bring disperse factions together, and take control of the illegal market.

Things being as they are, it is not a minor matter to say that these emerging bands are part of organized crime, nor does it simplify the complex situation of illegality and violence in which some regions are embroiled. The recognition of this reality helps identify certain variations in the organized crime phenomenon that require different responses from the government: the high level of mobility of these groups; their capacity to adapt; the constant flow of new members (related to their ability to recruit); the ease with which they can establish connections with other illegal structures; the high level of their infiltration into the public security forces in the local arena; and their ability to tap into resources that come from the illegal economy. So far, in spite of all the efforts made by both the police and by the military, these armed factions have been able to maintain, or even increase, their presence in certain territories.

Behind all of these dynamics, the illegal economy (drug trafficking) is not in danger. In spite of aerial fumigation and manual eradication, coca production appears to be at the same level as before. What is being defined and redefined, in reality, is the configuration of the criminal organizations that control the market. Recently, some fundamental changes have taken place that include increasingly frequent alliances between drug traffickers and guerrillas, not only for the purposes of buying and selling drugs, but also for the

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<sup>87</sup>On May 13, 2008, the Colombian government extradited 14 paramilitary commanders who were being held in various jails throughout the country, arguing that they were continuing their criminal activities from the jails and that they were not collaborating with the implementation of the Justice and Peace Law. (They were not telling the “whole” truth, nor were they contributing to providing material reparations to the victims.)

purposes of protecting the criminal economy. In some situations, emerging bands and FARC groups have engaged in joint combat against government forces. In other areas, the ELN and criminal factions have made agreements for confronting the FARC.

Some evidence of this relationship was found on a computer that once belonged to FARC commander Raúl Reyes.<sup>88</sup> Reyes was killed by Colombian government forces when they attacked a guerrilla encampment located inside Ecuador. The documents show the relationship between the FARC guerrilla group, the emerging bands, and the drug traffickers.

In January 2008, FARC leader Rodrigo Londoño Echeverri, alias *Timoleón Jiménez* wrote the following report to the FARC Secretariat updating them on their relationship with a group of men related to the demobilized paramilitary leader Carlos Mario Jiménez, alias *Macaco*.

*January 25, 2008*

Revolutionary greetings. Contacts and information flow have continued with *Macaco's* people in the Bajo Cauca and in southern Bolívar. In addition to the tax, they have brought us some ammunition. They're with the Aguachica people in a group they are calling the *Aguilas Negras*. In Vichada they were at war with a guy named '*Cuchillo*' who joined forces with the army and wiped them out. The army has inflicted some casualties on them around Simití and in the urban area of San Pablo and Santa Rosa, but they still have a relationship with the police and with some of the army commanders. Some of the [former] paramilitary guards are selling their services for military logistic activities. Complete mercenaries.

According to these guys [Macaco's people], they have instructions at the national level to negotiate with FARC about everything that has to do with drug trafficking.

Now they are showing up around Catatumbo proposing an official meeting with FARC... If they come to the area to buy at the established prices and under the established conditions, they won't have any problem. Greetings. Timo

In late 2006, Manuel Marulanda, alias *Tirofijo*, tells the Secretariat about pressures to make progress on a humanitarian exchange and on a "strategic

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<sup>88</sup> *Semana* magazine, "Los secretos del computador de Reyes." March 8, 2008. [http://222.semana.com/wf\\_Infoarticulo.aspx?IdArt=11-107](http://222.semana.com/wf_Infoarticulo.aspx?IdArt=11-107)

plan” they are developing in partnership with the drug traffickers in order to take power and control government.

*November 23, 2006*

Comrades of the Secretariat: cordial greetings and the following news:

... Whether or not Correa wins the elections in Ecuador, we win because we’ve established connections with an alternative power movement and have a political relationship with their leaders. In terms of the drug traffickers’ proposals, we have to find out whether they are part of the old generation or part of the new generation that has emerged to replace the first, because according to information from Raul, they are asking for protection and offering economic assistance. If the proposal is realistic, we can look at how to centralize the work in the hands of one of the members of the Central High Command so we can deal with it appropriately, so that 5, 10, or 20 *narcos* can, between all of them, commit to getting 230 million dollars for the strategic plan. We need to keep them from deceiving us with crumbs and leaving us hanging like they did before... That’s it for now.

JE (*Tirofijo*)

In these kinds of situations, the limits between political violence and criminal violence are erased, fostering alliances that allow the guerrillas direct access to the resources of the drug traffickers while allowing traffickers to gain protection from guerrilla groups.

The emerging bands appeared and developed during the time of transition that began with the disarticulation of the military structures of the AUC. The question is what their final dimension will be. Will they be consolidated as new cartels? Will a new model of paramilitary activity be configured? Will they be groups of mercenaries that work in association with the guerrillas to protect the illegal market? Will they be low-profile micro-organizations limited to the maintenance of the criminal economy? Any of these situations are possible. Probably, it will depend on the organizational capacity of these structures; their relationship with other illegal factions; the extent to which they can infiltrate the state; the competition for criminal markets; and the level of confrontation with public security forces.

Two fundamental questions raised in this situation are: how much will the population be affected by these groups and what repercussions there will be in terms of violence levels? In any scenario, the communities located inside the territories where the illegal markets are active will inevitably be affected

to a greater or lesser degree. Even when criminal structures keep a low profile, the very nature of their activities requires the implementation of networks of coercion that foster the spread of violence, either explicitly through homicides or, in most cases, through intimidation and threats.

### THE COMANDOS: CRIME SINDICATES

In 2003, Brazilian director Fernando Meirelles' movie *City of God* was released, and viewers had the opportunity to see a story based on a Paolo Lins novel about the growth of organized crime in the late 1970s and early 1980s in a Rio de Janeiro slum, *Cidade de Deus*. The main character of the film is Buscapé, a timid eleven year old boy who observes the other boys in his neighborhood getting involved in daily fights and confrontations with the police. His dream is to survive this complex reality and become a photographer. Dadinho, another boy his age, moves into this neighborhood. His dream is to become the most dangerous criminal in Rio. He starts as a messenger boy for the local criminals, and he admires Cabeleira and his gang who hold up gas trucks and pull off armed robberies. Cabeleira ends up giving Dadinho the opportunity to commit his first murder—the first of many.

By the 1970s, Dadinho is advancing in his ambitions and has a gang of his own. When he discovers that cocaine trafficking is more lucrative than robbery, he decides to get involved in the business, which is successful beyond his expectations. Meanwhile, Buscapé is studying—and working once in a while—and is trying to stay on the right side of the law, though he does make several failed attempts to steal a camera before he finally gets one. By then, we are in the early 1980s. Dadinho is 18 years old and has realized his dream; he is known as *Zé Pequeno*, the most feared and respected drug dealer in Rio. Surrounded by his childhood friends and protected by an army of children between the ages of nine and fourteen, he controls the *favela* (slum) and no one can match his power. This situation continues until the appearance of Manu Galinha, a bus fare collector who witnesses the rape of his girlfriend and decides to get revenge by murdering *Zé Pequeno*. The news starts to travel and from one day to the next, a group of gun-carrying children get together and form an army, and an all-out war breaks out in *Cidade de Deus*.<sup>89</sup>

This movie portrays a time of transition in the world of crime and the significant changes that occur with the arrival of cocaine in the 1970s. While cocaine had been

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<sup>89</sup>This summary of the Story is based on the review written by Carlos Boyero, in the newspaper *El Mundo* under the title “Una película tan terrible como necesaria” (“A Movie as Terrible as it is Necessary”)

imported from Bolivia and sold to the Brazilian middle class in the 1960s, it was being marketed on a small scale and did not yet involve the criminal groups located in the *favelas*. It was not until the late 1970s and early 1980s when this particular illegal economy was consolidated, making Brazil an important point of transit for drugs headed to Europe and southern Africa. A larger internal market for the drug also developed in Brazil and, while consumption levels were not as high as those of the more developed countries, it was bringing in increasing profits.<sup>90</sup>

As the drug market grew, armed factions consolidated and fought for dominance in the business. As the film shows, robbery gave way to drug dealing which provided more resources but also required more control over territories. An important precursor to this moment was the configuration of illegal markets and protection networks around what in Brazil was called *O jogo de bicho* (Animals Lottery). *O jogo de bicho* is an illegal lottery game where five winners are chosen daily. It is called the “animals lottery” because participants bet on animals that represent a certain series of numbers.<sup>91</sup> Before the consolidation of the drug trafficking economy, the *jogo de bicho* was the largest illegal economy.

### *O jogo de bicho*

During the 1970s, the *jogo de bicho* became the largest and most powerful illegal activity. Its clandestine practices required labor, not only for managing the business—especially the *ponto do jogo de bicho* (the places where tickets were sold)—and a certain level of protection. This activity provided an employment alternative for people who lived in the slums and also for certain criminals and former convicts. The *banqueiros* (also called *bicheiros*) were the people who ran this illegal practice. They began to take control of certain territories, involving one or more *favelas*, and they established a certain order in the areas under their influence. They set up a kind of feudal system with *donos* (lords or owners) who provided jobs and protection, and they established a social network with the capacity for domination and political expression at the local level.<sup>92</sup>

<sup>90</sup>Dowdney, Luke. 2003. *Crianças do Tráfico. Um Estudo de Caso de Crianças em Violência Armada Organizada no Rio de Janeiro*, Rio de Janeiro: 7Letras, p. 27.

<sup>91</sup>For example, number One is an Ostrich represented by the series of numbers 1-2-3-4; Two is the Eagle, which is the equivalent of 5-6-7-8; Three is the Donkey which is 9-10-11-12; and so on until you get to 25 which is the Cow, represented by the number series 97-98-99-00. A player can bet any amount of money on his animal, and have a one out of 10,000 chance of winning.

<sup>92</sup>Misse, Michel. 2007. “Mercados ilegais, redes de proteção e organização local do crime no Rio de Janeiro.” In *Estudos Avançados*, Dossie Crime Organizado. Universidade de São Paulo. Volume 21 –No. 61 Setembro/Dezembro.

A structure of fragmented territories began to form, and tensions emerged between the *banqueiros* of the various territories. The interesting thing about this situation is that in spite of the fact that these groups had their own protection apparatus, the police was the group that offered them the most security—especially when it came to small *cuadrillas*, or squads, of delinquents. Police officers received payments and bribes from them, entering into the dynamic of this illicit market. The *bicheiros* also used gunmen who were guards or watchmen for the *pontos de jogo*, who occasionally got into skirmishes with each other, especially when they crossed over the established boundaries of their territory.

The tensions between factions existed until the late 1970s and early 1980s when the *banqueiros* got together and formed a stable alliance called the *cúpula de jogo de bicho* whose primary promoter was Castor de Andrade, who ran the business in the areas of Bangú and Padre Miguel. This group of *jogo de bicho* leaders was legally organized with the creation of the League of Samba Schools, which was the primary organizer of the big parade at the Rio carnival.<sup>93</sup>

The *jogo de bicho* lost ground with the emergence of the cocaine market in the early 1980s. It is interesting to observe the internal discussion between the *bicheiros* at the time: some thought it was important to have a role in this illegal economy and to take advantage of existing structures; others did not want illegal drugs coming into the *favelas* since that would be morally reprehensible and would have a negative effect on the youth. In the end, there was a division. Some *banqueiros* began to participate in the coca trade and others stayed with the *jogo*. The power of the *bicheiros* also began to decline with the appearance of alternative legal gaming. As an alternative, some of those who inherited the *jogo de bicho* business got into the distribution of slot machines in the city's bars and bingo parlors in the city. This was an illegal activity, but they were able to count on the continuing support of police authorities (including the Military Police). A clandestine *jogo de bicho* structure still exists, but it is much smaller now.

The *jogo de bicho* is relevant for understanding how the “*comandos*” were formed, for several reasons. The first is that the *jogo* emerged in marginal neighborhoods as one of the main forms of informal and illegal economy, and it had a complex local network that functioned around a clandestine market with power relationships that use violence and money as its primary regulating instruments. With the decline of the game and significant profits coming in from cocaine, a

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<sup>93</sup>Ibid. Also Chinelli, Filippina and Machado da Silva, Luiz Antonio. 1993. “O vazio da ordem: relações políticas e organizacionais entre escolas da samba e o jogo de bicho.” In *Revista Rio de Janeiro*, Year 1, No. 1.

transition occurred. Certain aspects were maintained and even strengthened, including territoriality, the inclusion of local residents (especially minors), the corruption of the police, the existence of a protection apparatus, and social control over marginal populations.

Low intensity conflicts over the *pontos de jogo de bicho* gave way to clashes for control of the *bocas de fumo*, the sales points for drugs, and violence levels increased. As the cocaine market expanded, 38 caliber handguns were left behind in favor of long range military-style weapons. Youth involved in the “movement”—as the local drug market was called in the slums—not only sold the product but also consumed it, and this added the stamp of addiction-related behavior to the crimes committed. Clashes between these bands and the police also became more frequent, though corruption increased as well.

It was in this context that the *comandos* emerged, and the first group was the *Comando Vermelho* (The Red Commando), the most powerful armed group of the late 1970s and early 1980s.

### *Comando Vermelho*

The origins of the *Comando Vermelho* go back to the late 1960s and early 1970s during the time of the military dictatorship that took power by coup on March 31, 1964 and was led by a military junta and five generals in a row. At the time, groups opposed to the regime were financing their revolutionary movement with illegal activities, including robberies of commercial shipments and banks. In response, the government issued a National Security Law in 1969 that made it possible to try bank robbery suspects in military courts.<sup>94</sup> But not all of the robbers were revolutionaries; many were common criminals that had nothing to do with the political opposition, and they ended up serving longer sentences in the same jails where the political prisoners were sent: maximum security establishments near Rio de Janeiro.

The relationship between criminals and revolutionaries in the jails led to an exchange of information between the two groups. It is debatable how much influence either group may have had on the other, but it is clear that common criminals adopted and copied some of the political prisoners' forms of operating while they were in jail. Some say that the relationship between the two groups was not really very fluid. Political prisoners were usually young middle class university students, and the *bandidos*, or common criminals, came almost

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<sup>94</sup> Amorin, Carlos. 1993. *Comando Vermelho: a história secreta do crime organizado*. Rio de Janeiro: Record.



exclusively from the marginal sectors. The class division continued to exist inside the jails. In fact, some of the political prisoners' first demands were to be separated from the rest of the prisoners.

But the daily coexistence of the two groups and the mutual advantages to be gained from contact and communication did lead to some exchanges. Political prisoners benefitted from the support the *bandidos* could give them as they demanded improvements in the penitentiary systems, especially when it came to actions like hunger strikes and riots. The common criminals, on the other hand, had little or no schooling, and they benefitted from the revolutionaries' discourse and arguments. In the end, the political prisoners were transferred to another center and their conditions improved, while the common criminals stayed on in the maximum security establishments and continued to deal with overcrowding, lack of resources, and heavy repression. It is important to mention that the political prisoners forged a leadership structure in the jails and managed to establish a certain order. After they were transferred, the common criminals decided to preserve the order. It was in this context that the group first called the *Falange Vermelha*—later known as the *Comando Vermelho*—was formed.<sup>95</sup>

At first, the prisoners exercised a kind of positive leadership, organizing themselves into cooperatives under a simple principle that those who had access to some sort of resource should try to redistribute it to their fellow inmates. This turned out to be very uncomfortable for the penitentiary system, and prison authorities increased their repression of inmates without giving in to any of their demands. In this context, membership in the inmate group continued to grow and by the late 1970s, there was evidence that the *Comando* structure was present in all of the jails.

At first the group organized around the prison population, focusing on things like the protection and control of prisoners inside the jails. The discourse was primarily about demanding better conditions. The real significance of the structure emerged, however, when members began to realize that the organization they had achieved inside the prison could be used to organize criminal activities in the outside world. At that point, efforts began to find resources and help obtain the freedom of *Comando* members by corrupting penitentiary agents and police.<sup>96</sup> Based in the prison, the *Comando Vermelho* had power over its members both in and outside of the prison, since every *bandido* knows there

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<sup>95</sup> Some say that the name *Falange Vermelha* was coined by the press.

<sup>96</sup> Misse, Michael. 1999. *Malandros, Marginales e Vabundos. A acumulação social de violencia no Rio de Janeiro*. Doctoral thesis, IUPERJ; Dowdney, Luke. 2003

is a high probability that when he is released and commits another crime, he will go back to jail. If someone failed to obey the orders of the *Comando*, he would be seen as a traitor and punished by the group when he went back to jail.

With the resources they were able to gather, primarily from the money of the prisoners themselves, the *Comando* began to use the jail as a base to plan criminal activities like bank robberies and kidnappings. This dynamic, which occurred in the late 1970s, coincided with the massive arrival of cocaine to the city of Rio de Janeiro and the spread of internal consumption. The *Comando* saw a double opportunity in this illegal economy: they could control drug distribution inside the jails and control distribution locally.

Their first bases were the *bocas de fumo* in the slums which, so far, had been selling only marijuana. The strategy involved buying shipments of coca and distributing it in the city through the already existing *bocas de fumo*. Following this model, the *Comando Vermelho* was able to consolidate its control over the drug market in Rio during the first half of the 1980s, and cocaine quickly replaced the *jogo de bicho* as the main illegal economy, supplanting its role as the provider of jobs (albeit illegal jobs) and protection. The nature of the clients and the enormous amounts of money involved meant there was a need for a different kind of armed organization, and significant changes took place because of this.

With more resources, criminal squads were able to improve the quantity and quality of their weaponry, and a kind of arms race occurred as groups sought to guarantee the fire power and intimidation capacity necessary to prevail against other factions and the police. Police corruption continued, criminals became more combative once they had more fire power, and they were more successful in keeping government presence out of their territories. This is how the *soldados do tráfico* (soldiers of trafficking) emerged. That's what children and youth related to the protection apparatus in the slums are still called today. These "soldiers" used the *bocas de fumo* as bases and patrolled around them to maintain control. In the movie *City of God* you can see this transition when Dadinho turns into the feared drug trafficker, *Zé Pequeno*, who is protected by an army of children that controls the *favela*.

Internal tensions and mutual mistrust grew in the latter half of the 1980s with the death of several *Comando Vermelho* leaders, the increased weapons capacity of the criminal squads operating in the *favelas*, and the desire of some leaders to control a larger territory and increase their participation in the market.

Though the *Comando* appeared to be a defined hierarchical structure, it actually emerged as a network of independent actors who decided to affiliate with the group. Michel Misse, Coordinator of the Center for the Study of

Citizenship, Conflict, and Urban Violence at the Federal University of Rio de Janeiro, characterizes them as "...networks formed by tacit and precarious accords between owners of the various sales zones (some of which also serve as distributors for smaller zones), most of whom are serving jail terms in maximum security prisons (Bangu I,II,III). These owners send orders to their managers" on the outside, though these have difficulties translating the organization within the prisons to the reality on the other side, where the so-called "*olho grande*" (green-eyed monster) of ambitious rivals underscores the lack of organization capable of providing protection and security and of fending off raids by the various other players disputing local control."<sup>97</sup>

It is precisely this absence of an organization capable of offering protection and trust, as well as the confrontations between the different *donos* and their criminal squads, that ended up splitting up the *Comando Vermelho*. Eventually, other factions emerged including *Terceiro Comando*, *Comando Vermelho Jovem*, and *Amigos de los Amigos*. Competition between these structures continues and has been a major factor in the high levels of violence in the city.

At the local level, the *comando* structure is run by a *dono* (a boss) who can control one or several *favelas*.<sup>98</sup> The *dono's* role is to purchase the drugs that are to be distributed in the *bocas de fumo*, acquire weapons for the squads that guard the community, maintain the relationship with other bosses, and make bribe payments to the police. The *dono* has a general manager (*gerente-geral*) who is responsible for supervising the daily drug sales operations, defending the *favela*, and invading other areas. There are three sub-managers, or *gerentes*, below him: the *gerente do preto* (responsible for marijuana sales), the *gerente do branco* (in charge of cocaine sales) and the *gerente dos soldados* (who coordinates security in the slum). Each *boca de fumo* also has a *gerente*, or manager, in charge of the direct sale of drugs. These distribution points and their surrounding communities are protected by the *soldados*, who are also used to invade other territories. At the lowest level, you have the *vapor*, who are in charge of selling drugs directly to the clients in the *bocas de fumo*; and the *olheiros*, or guards, who are located in strategic positions around the *favela* and whose task is to alert others about incursions by the police or by rival factions, using radios, or in some cases flares. The *endoladores* are in charge of packaging the drugs that are going to be distributed. In the late 1980s, it was estimated that 66 distribution points existed in Rio that were supplied by 120 traffickers who employed

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<sup>97</sup>Misse, Michel. 2007.

<sup>98</sup>Based on the work of Dowdney Luke. 2003.

around 30,000 people. Recent estimates mention 7,000 people, though some more modest estimates say that there are probably 3,000 members.

This is the basic structure of a *comando* at the local level. The most visible parts of the organization are the *bocas de fumo* and their security network, the *olheiros* and the *soldados*, primarily children who begin their life of crime when they are about ten years old. Most of the dead bodies that turn up in the context of this illegal economy belong to these children. That is the situation described in the documentary *Falcao: Meninos do Tráfico* by MV Bill, a black rapper born and raised in the *favela* called the Cidade de Deus (City of God). His producer, Celso Athayde, was a *morador da rua* (vagabond) who was also raised in poverty. The film is the result of eight years of interviews in the most disadvantaged neighborhoods of Brazil with *falcoes* (falcons), children who work day and night selling cocaine or carrying weapons to guard the sales points against sporadic incursions by the police.

Of the hundreds of children interviewed, MV Bill and Athayde followed 17 of them throughout the entire eight years of their research. In 2005, only one of those 17 children (none of them over 18 years of age) was still alive. The one survivor was in jail. The rest had been killed by police, by their own bosses, or by rival drug trafficking factions. The rapper did not set out to choose the boys with the most problems in order to dramatize their work. Life in the *favelas* is just that way.<sup>99</sup>

## A Walk Through the Slums of Rio<sup>100</sup>

### *Bangú*

Bangú is a large slum area on the western outskirts of Rio de Janeiro that is home to more than 24,000 people. The BBC once summed up the life of Bangú children with the following words: “violence, poverty, drugs, and a lack of opportunities.” The maximum security prisons where the top bosses of the *Comando Vermelho* are being held are located in Bangú.

Bangú is about 90 minutes by car from the center of Rio. To get to our final destination in the subdivision of Nova Aliança, we travelled by bus and got off at the last stop. It’s an area that isn’t even on most of the maps of this enormous city. We walked a few blocks and took a small beat-up van to the place we had agreed on with our contact. Most of these unregulated transportation collectives

<sup>99</sup>*Falção, Meninos do Tráfico*. Review published in *Foreign Policy* magazine, Spanish edition.

<sup>100</sup>I am especially grateful to Brazilian journalist Rafael Alvez who made my contact with the world of the *favelas* possible.

belong to the *Tercer Comando Puro*. They are the only way the residents of the most remote areas have of getting in and out of the *favela*.

Drug traffickers are the ultimate authority in this area. They establish the rules of behavior and have a high level of social control. While their main activity is in the *bocas de fumo*, their presence extends over the entire community where they live. Using a complex network, the *comando* tries to ensure that there are no incursions into the area either by police or by enemy factions. Since government authorities are not present in these areas, the criminals have been able to establish a parallel justice system enforced by the use of violence, and they keep residents from going to the official institutions because of the possibility that they might supply information about what is happening in the *favela*.

In Nova Aliança, a woman once went to the police because her husband beat her. When the *comando* found out about it, the man was thrown out of the community and the woman was given a thrashing for having reported the conflict to the police. This is the kind of thing that frequently leads residents to say, "Why don't you take the matter to the *boca* and have them resolve it for you." But not everyone does this either, because they know it has other consequences. If the criminals fix your problem for you, you will be in their debt.

People who get involved in the criminal structure gain power they didn't have before. Children and youth often join because they are living in a context of very limited prospects for the future. Forced recruitment also occurs, especially when there is a war (a clash with the police or an enemy faction) and they need soldiers. Children are expected to join the ranks of these criminal structures from the time they are ten years old.

Notable contrasts in living conditions exist inside Nova Aliança. In a few blocks you can go from lower middle class sectors to areas of extreme poverty and homelessness. The illegal economy of drugs becomes an alternative for survival in this context; for some it is the only option. In these hotbed communities, crime structures are a form of social organization and they take on government functions. Some people in the area say that the criminals even control the government institutions. One example is cited by a woman who spoke about the construction of a daycare center: "The Mayor's office asked for bids and the traffickers told them who they should hire... The daycare center is now located in front of their main base."

When we arrived at Nova Aliança, the situation was very tense. A few days earlier, the police had gone in with tanks and had clashed with the criminals, so the members of the criminal leadership were on alert and had increased their patrols. After 6:00 pm you could see people circulating on motorcycles with

rifles clearly visible. In these circumstances, *favela* residents would prefer that government authorities not come into the area. As one of the mothers we spoke with said: “everyone loses in the crossfire.”

### ***Parada de Lucas***

#### *Amnesty International Warns of a Possible Bloodbath in Rio de Janeiro*

A decade after the killings in Vigário Geral, this northern Rio de Janeiro community is once again threatened with the prospect of large-scale violence.<sup>101</sup> Amnesty International has issued a public alert that the region may experience another bloodbath as a result of a conflict between local groups and rivals from the neighboring area of Parada de Lucas for control over the drug market... Last Sunday the dispute that has been going on between the two gangs for more than 20 years exploded once again as a heavily armed group invaded the neighborhood of Vigário Geral. In the occupation, gang members from Parada de Lucas expelled dozens of families, accusing them of having a relationship with the local drug *comando*.

This was the news on October 10, 2004. Three years later, the situation continues much the same. Battles continue to occur between factions, and when police make sporadic incursions into the area, those killed are usually the children and youth belonging to these structures. The community lives in a constant state of tension as evidenced by the residents' reluctance to talk about their situation. The last news indicated that Parada de Lucas had been invaded by a new faction, that retaliation was expected, and that the invaded group would certainly try to retake the area.

The situation in this area was totally different from what we had experienced in Bangú, and we were only able to stay a few hours. We walked down empty streets, and residents watched our every move. Some of the entry roads in this area had been blocked off by the drug traffickers to keep police from coming in with tanks. This was done by building cement food sales booths in the middle of the route. An uninformed passer-by would see them as simply one more unremarkable element in the scenery, but these structures actually form a wall that protects the *favela* from the entrance of armored vehicles. In Parada de Lucas, the *soldados* display their weapons openly. As we were leaving the place, we saw a youngster who was about 14 years old, carrying a rifle with a telescopic lens, ready to respond to any incursion.

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<sup>101</sup>In 1993, 21 people died in Vigário Geral in a clash with the police.

In this area, I had the opportunity to visit a very interesting project called Afroreggae ([www.afroreggae.org.br](http://www.afroreggae.org.br)), which has established a bridge of communication among youth with a community radio program that transmits via Internet with the support of the BBC.<sup>102</sup> Through this radio project, the communities of Parada de Lucas and Vigário Geral have begun to have their first dialogues in programs they produce together. The motto for the project is *Nenhum motive explica a Guerra* (There is No Good Reason for War) and the idea is to keep youth away from crime by getting them involved in cultural activities. This is, of course, not a definitive solution for the difficult situation in these areas, but it has been surprisingly successful in spite of the influence of the *comandos*, who have so far not objected.

### *Complexo de Maré*

The Complexo de Maré is the largest urban slum area of Rio de Janeiro with more than 150,000 people living in its 16 *favelas*. This is one of the most conflictive areas of the city, and there is a strong presence of trafficking groups, especially the Comando Vermelho. We had to wait until the last minute for our entry into the area to be authorized. For several days our contact had been telling us that it was better not to come since clashes with the police had increased and an enemy faction was taking advantage of the situation to invade some of the *favelas*.

Finally, we were able to get in. After crossing a pedestrian bridge, we arrived at a kind of Chinese market: street after street of all kinds of businesses that provide this area with everything it needs, including several stalls replete with pirated materials, including DVDs of the most recently released international films. This is one of the ways that traffickers launder their money—through informal commerce that provides employment to a large number of people. Lines between legal and illegal are very tenuous here in a context where the presence of government authorities is very weak. In this area, for example, laptop computers can be purchased for a little more than US\$ 300. (*600 reais*)

Walls riddled with bullet holes tell the story of violent clashes in this area. After 6:00 pm, this sector becomes a battlefield. At night it is better to stay inside your house in a kind of self-imposed curfew, especially when the police or an enemy faction is trying to invade. Complexo de Maré is a labyrinth of allies that become escape routes for the *bandidos* and for the population itself when they need to protect themselves from gunfire.

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<sup>102</sup>The story of this project was recorded in a 78-minute documentary called *Favela Rising*. It contains shocking images of scenes from the Vigário Geral massacre and the attempted invasion of traffickers from a neighboring slum. The film also shows the daily life of the residents, their physical proximity to drug traffickers, police violence, and clashes between drug trafficking factions.

According to the residents, things had been calm until a few months ago when the police decided to launch an incursion. Paradoxically, the population feels “safe” with the drug traffickers and sees the police as their real threat. People are used to being around the drug traffickers in daily life; they are their neighbors, their family members, their childhood friends. But this situation has also caused the people in the area to be stigmatized. “No one wants to give them a job... When I look for work, I prefer not to say that I live here... I use my uncle’s address so I won’t have problems. Outside [of our neighborhood] people think we are all *bandidos*. That’s why I feel safer here. I go to Copacabana and I feel afraid, but here in the Complexo, I know nothing will happen to me,” said one youth who lives in the area. He ends by saying: “You are the ones who feel afraid here.”

The afternoon is coming to an end, and we should go. As we leave, we go back through the same streets. The panorama is a little different. The local shops have started to close and in some places you can see youth smoking marijuana and keeping an eye out for what is happening on the route. A police pick-up truck goes by at high speed. Its windows are open and the officers are displaying their rifles, reading to point at any threat or respond to any attack. Everything seems to indicate that tonight will be another night of confrontation...it’s part of the routine of this place.

Two weeks later, four bodies were found in the trunk of a car parked in the Vila de João *favela*. People say that it was probably part of a vendetta between traffickers.

This is only one example of what can happen in the more than 650 *favelas* of Rio de Janeiro. The three cases that we looked at help to illustrate that disputes between factions continue, that the number of clashes with the police has increased, that *comandos* have established themselves in the center of these communities, that the lack of government presence has created a vacuum and given rise to an illegal parallel power, and that marginal populations coexist on a daily basis with crime in contexts of poverty and scarcity. The three cases also help illustrate some differences between various communities. While conditions are similar, the relationship with the traffickers occurs in different ways in different places. In some cases the criminals impose their own models of justice, and in other cases they prefer not to get involved in personal matters. In some areas they control local government, and in other areas they show no signs of being interested in doing so. The traffickers’ relationship with the residents and their use of violence changes with various disputes and conflicts. The alarming thing is that in the *favelas*, the authorities are perceived as the threat while criminal groups provide social order.



In terms of how criminal activity is organized, a basic structure has been replicated since the 1980s, but it has taken on nuanced forms depending on conditions in the areas where the criminals are operating, levels of competition, and government response. While *comandos* may appear to be hierarchical groupings, they are actually a series of relationships between more or less independent factions that act together as a criminal network.

### **PCC: PRIMEIRO COMANDO DA CAPITAL**

*"We are neither the best nor the worst. We are simply  
what society itself created."*

*PRIMEIRO COMANDO DA CAPITAL*

During the first half of the 1990s, the Taubaté Penitentiary had one of the strictest prison regimes in all of Brazil: solitary confinement cells with two hours of sunlight a day, no radio, magazines, newspapers, or visitors. The toilets didn't work and the bodily waste that accumulated was evidence of the viscous foods the prisoners were being served, often complete with a live insect or two. Prisoners complained constantly and in response, they were beaten by the guards.

In August 1993, Taubaté Penitentiary Director Ismael Pedrosa—who had been the Director of the Carandiru Prison during the time of a massacre of 111 inmates the previous year—decided to concede to some of the prisoners' demands by allowing them to have a soccer tournament. The teams competing were the *Comando Caipira*, made up of prisoners from the provinces, and the *Primeiro Comando da Capital* composed of prisoners from the capital city (Brasília). The environment was one of provocation and threats. Some shouted to others "*Eu vou beber teu sangue.*" ("I am going to drink your blood!") At one point in the game, *Primeiro Comando* member José Márcio Felício, also known as *Geleirão*, put one of his opponents into a headlock so brutal it destroyed his neck. At that moment, *Geleirão* and his teammates, who knew they would be punished for this, sealed an agreement among themselves: "If you go after one of us, you go after all of us... we are the PCC team, the founders of the *Primeiro Comando da Capital.*"<sup>103</sup>

Thirteen years later, the morning news of May 12, 2006 announced that uprisings were occurring in the jails. Two policemen had been murdered and a mobile base of the military police had also been attacked. On the morning of the 13<sup>th</sup>, the scenario was alarming. Police delegations had been attacked in several places around

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<sup>103</sup>De Barros, João. 1996. A construção do PCC." In *Caros amigos*. Extra Edition, Year X. No. 29. May.

the city and agents had been killed. Off-duty policemen had also been murdered. On May 14, the rebellions had spread to more than 70 penitentiaries, and more than 350 hostages had been taken. More than 70 people had already been killed, including civilian police, military police, and criminals. By the end of that day, the ROTA (*Rondas Ostensivas Tobias de Aguiar*, a unit of the military police) had killed more than 30 people suspected of participating in the attacks. They had confiscated more than 100 weapons and apprehended about 115 suspects.

By May 15, the rebellion had left São Paulo in an unprecedented state: 60 buses had been burned and the criminals had forced owners of transportation groups to keep their vehicles off the streets. Banking agencies were attacked with gunfire and Molotov cocktails; businesses closed; schools sent children back home; people were forced to walk to work and many decided to stay at home. At 6:00 pm, city streets were completely empty and police were holed up in their stations defending themselves against attacks. No one wanted to be in the streets. On May 16<sup>th</sup> the city started to return to normal.<sup>104</sup> According to the 23 State Institutes of Legal Medicine of São Paulo, 439 people were killed by gunfire between May 12 and May 20, 2006.

The PCC was responsible for all of this. It had managed to paralyze the largest city in Brazil. The apparent reason was that more than 750 prisoners who were members of the PCC, including its top leader Marcola, were being transferred to the Presidente Vencesiau Prison where they would be subject to what was called a “Differentiated Disciplinary Regimen,” an internal system of punishment for those found guilty of committing crimes inside the prison system. How could an organization that started as prisoners on a soccer team in 1993 assemble an armed group that could take over one of the largest cities on the continent in 2006?

The PCC, also known by the number 1533 (since P is the 15<sup>th</sup> letter in the alphabet and C is the 3<sup>rd</sup>) began in 1993 as a “brotherhood” of prisoners who formed an organization to try to fight the abuses of the penitentiary system. The *Comando Vermelho* in Rio de Janeiro and the *Serpientes Negras* of São Paulo were their predecessors. The *Serpientes Negras* was formed in the Casa de Detenção (State Prison), famous worldwide for the death of 111 prisoners in October 1992.<sup>105</sup>

The PCC ideology of “brothers in defense of brothers” spread quickly through the jails. The founding leaders “baptized” other members who, in turn, brought more followers into the organization. The initiation ceremony included the reading of the PCC statutes (a list of principles) and

<sup>104</sup>Ibid.

<sup>105</sup>This prison housed the largest number of prisoners in Latin America (more than 7,000 prisoners in a space with a capacity for 4,000).

a commitment to abide by these principles. The following are some of the PCC principles:

3. Unity in the fight against injustice and oppression in the prison.
4. Those who are free must assist brothers who are still in jail, with lawyers, money, assistance to families, and rescue actions.
5. Full members of the organization who are free and who forget to contribute to the brothers who are in prison will be sentenced to death with no possibility for pardon.
9. The Party does not allow lies, betrayal, envy, greed, slander, selfishness, or personal interest. It requires truth, loyalty, manliness, solidarity, and common interest for the good of all, because we are one for all and all for one.
13. We must remain united and organized to prevent another massacre like the one that occurred in the Casa de Detenção in 1992, where 111 prisoners were killed in a cowardly fashion in a massacre that will never be forgotten in the conscience of Brazilian society. We, the members of the *Comando*, are going to shake up the system and make authorities change their jail practices which are inhumane and full of injustice, oppression, torture, and the massacre of prisoners.
16. The most important thing is that no one will stop us in this fight because the seeds of the *Comando* have spread all over the penitentiary system of the State and we have been able to organize outside the prisons as well, with much sacrifice and many irreparable losses, but we are consolidated at the state level and in the medium to long term we will be consolidated at the national level. In a coalition between the *Comando Vermelho* (CV) and the PCC, we will revolutionize the country inside the jails and our armed branch will be the “Terror of the powerful” oppressors and tyrants that use the Taubaté Annex and Bangú I in Rio de Janeiro as an instrument of vengeance and a factory of monsters. We know our power and that of our enemies. We are powerful and we are prepared and united, and a people united will never be defeated. LIBERTY, JUSTICE, AND PEACE!

These statutes are a code of conduct inside the jails, but they are also clear about the PCC’s intention to expand its influence beyond the jails, based on the loyalty of “brothers” who have regained their freedom and must now contribute to those who are still in jail. The network also grew with the involvement of

the prisoners' family members, especially the wives of the *comando* leaders who took charge of organizing outside the prison walls.

The PCC became very powerful when its founding members, after completing their sentences in Taubaté, were sent once again to state prisons and had the opportunity to spread the movement into the penitentiaries. When *Geleirão* and *Cesinha* were identified as leaders, they were sent to prisons outside the state. By this time, however, an army of generals was already acting in the name of the PCC, defending the statutes, and organizing prisoners around the brotherhood (and punishing with death all opposed).<sup>106</sup>

The generals baptized new members who assumed the position of pilots of the various prison sections. These, in turn, brought in more prisoners who were called "brothers." No one was forced to be a member of the PCC. Those who stayed neutral but sympathized with the group were treated as "cousins." Those who opposed the group, however, were punished with death. In late 2002, Judge Renato Talli reported to the Parliamentary Investigatory Commission on Drug Trafficking that five criminal organizations were competing for leadership in the jails: the PCC, the *Comando Revolucionário Brasileiro da Criminalidades*, the *Comissão Democrática de Liberdade*, *La Seita Satânica*, and the *Comando Jovem Vermelho da Criminalidade*. The fight was to the death and, in the end, the PCC was established as the dominant organization.

When it was founded in 1993, the PCC was seen as a simple association of prisoners, like those that existed in other penitentiary systems of São Paulo. Government officials like the Secretary of Penitentiary Administration called the news of the *Comando* a "fiction of the press" and officially denied the existence of the organization. The operative phrase was "*aquí não é o Rio*," meaning that what had occurred in Rio with the *Comando Vermelho* would never occur in São Paulo, because security forces in this state would know how to respond. Some even discounted warnings about the PCC as a situation being blown out of proportion by the political opposition.<sup>107</sup>

In 2001, however, the *Comando* led the largest uprising ever with the participation of 30,000 prisoners from 29 jails in different cities of the state of São Paulo. At that time, more than 10,000 members of prisoners' families, including more than 1,000 children, were either in the jails or in their surrounding areas.

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<sup>106</sup>Initiated PCC leaders were called *generales*.

<sup>107</sup>Mingardi, Guaracy, 2007. "O trabalho da inteligência no controle do Crime Organizado." In *Estudos Avançados*, Dossiê Crime Organizado. Universidade de São Paulo. Volume 21, No 61, September/December.

When the uprising happened, they ended up being used as protection against a possible incursion by the military police. The prisoners were protesting the transfer of five of their members, including a top *Comando* leader known as Marcola, to the Taubaté Penitentiary. The massive uprising was broadcast in the media and coordinated through the use of cell phones and secret central phones in an unprecedented synchronization of activity. It forced the state to admit the existence of the PCC and to listen to the demands of the prisoners.

During the next two years, the PCC began to attack police bases and districts, causing some deaths. Nearly 50 attacks occurred on the military police, the civilian police, and the state metropolitan guard, some including bombings. On March 14, 2003 Judge Antonio José Machado was murdered, and it became clear that the order for his assassination had been given by the leadership of the *Comando*. While all of this was happening, the public security forces did not respond adequately, believing still that the *Comando* was a minor issue.

In 2005, the main treasurer of the PCC was captured. His accounting books revealed a complex financial system with money coming in from drug sales in different parts of the city and from member contributions. Dues were R\$50 per month (US\$28) for those inside the jails and R\$550 per month (US\$315) for members on the outside. This system generated a gross monthly income of R\$750,000 (over US\$420,000) just in contributions from members. Part of the total amount was used for financing the criminal activities of the *Comando* members. The accounting book reported it in the following manner: “So-and-so is going to do a robbery. He needs R\$20,000.” Once the action was carried out, the money was returned with interest that went to the PCC coffers. Part of the PCC money was also used to hire buses that brought in family members on visiting days. The purchase of weapons was also recorded.

This accounting revealed the PCC as a structured organization with a central command that had power and decision-making capacity. It also showed that the group was organizing drug sales in the outside world, not just in the jails. It financed criminal activities and had control over crime in different sectors of the city. The PCC needed a lot of money to hire lawyers, install central telephones, finance prisoner escapes, free recently arrested *Comando* members, corrupt the police and prison system officials, acquire weapons, purchase drugs, and provide some luxury items for the “first ladies” (as the wives of the main leaders were called).<sup>108</sup>

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<sup>108</sup>Jozino, Josmar. 2005. *Cobras e lagartos: A vida íntima e perversa nas prisões brasileiras*. Rio de Janeiro, Objetiva.

All of these elements came to the surface in May 2006 when the city of São Paulo was paralyzed by the actions of criminal groups and the inability of the public security forces to stop them because they were occupied with protecting themselves. The events of 2006 revealed an organization that was operating with widespread support networks in different parts of the state, had a capable and efficient system for communication between the different lines of command, and the capacity to coordinate and execute orders. It also showed that the structure could trigger a huge number of simultaneous uprisings, be in any place, or disappear. It could give orders to begin activity and decide when to suspend it. After these events, the state had to negotiate with the PCC leaders, and this had a huge impact inside the organization as members saw their leaders gaining recognition.<sup>109</sup>

Part of these characteristics of the *Comando* had already been revealed by some public prosecutors whose job was to discover how these criminal factions worked:

In accordance with the successive police investigations and criminal actions... it was clarified that the “*Primeiro Comando da Capital*” established a new structure for their criminal acts, dismantling the pyramid model and replacing it with groups of cells, each with autonomy and discretion inside its area or branch of activity, linking up the “pilots” responsible for various small divisions or functions in the same geographical space and vascularizing criminal activity.<sup>110</sup>

After the events of May 2006, analysis was aimed at responding to the following two questions: Were the uprisings the result of, or did they lead to, the formation and cohesion of the PCC? Interpretations of PCC structure tend to vary, depending on how these questions are answered. The media has reported that the *Comando* has divided the city into five regions (north, south, east, west, and center) and that they have divided the state into areas of influence (Baixada Santista, Vale do Paraíba, Sorocaba, Presidente Prudente, and others). How can a group like this control different illegal markets in one of the largest cities in the world? (Actually, the fourth largest urban area in the world.) São Paulo alone has the population of five countries: the southern area with 3.5 million residents has as many people as the country of Uruguay; the northern area with

<sup>109</sup>Adorno, Sergio and Salla, Fernando. 2007. “Criminalidade organizada nas prisões e os ataques do PCC.” In *Estudos Avançados*, Dossiê Crime Organizado. Universidade de São Paulo. Volume 21, No 61, September/December.

<sup>110</sup>Souza, Percival de. 2006. *PCC e outros grupos: Sindicato do Crime*. São Paulo. Ediouro.

2.2 million has the population of Kuwait; and the eastern area has 970,000 people, the same number as East Timor. The central area has as many people as The Bahamas and the eastern area has a population the size of Slovenia.

Each of these areas or zones is run by the so-called *pilotos de rua*, who are responsible for all of the illegal activities that occur in their areas, including drug distribution sites called *biqueiras*. The *pilotos* exchange information among themselves and with the *Comando* organization inside the jails—made up of the so-called *pilotos generales*. These are the people who know what is happening in each area and who control each phase of the drug business, including the purchase, distribution, and protection of sales points. They also administer the crime organization inside their own territory, planning assaults and other actions, and they pay a percentage of what they make in these actions to the organization. According to the Secretariat of Penitentiary Administration, the PCC has specialized teams that rob banks, luxury condominiums, and shipments of valuable items.<sup>111</sup>

### The PCC on the Streets of São Paulo

I should say that when I arrived in São Paulo I thought that my work there would be similar to the work I'd done in Rio de Janeiro just a few days earlier. One of my first questions was which *favelas* I should visit, since I assumed that the *Comando's* presence could be felt more strongly in those areas. I stayed in a hotel near the Paulista Avenue, and on my second night in the city, I went on a walk around the neighborhood, guided by a local journalist and some friends. We got to an area where there were some restaurants near a very traditional church. As we walked through the streets, my guides started to show me which places were controlled by the PCC: some bars, restaurants, and a couple of closed establishments. Just a few streets below, prostitutes were advertising their services and several people were selling a variety of drugs. These "services" were sponsored and controlled by the *Comando*. I began to understand then that in São Paulo the dynamic was very different, and that the PCC presence was just around the corner.

The next day I set out for Carapicuíba and Osasco, two of the places the police had attacked during the events of May 2006. Carapicuíba is in a municipality that covers about 35 square kilometers (13 square miles) and has an estimated population of a little over 385,000 that includes some lower-middle class sectors as well as poorer neighborhoods. I had the opportunity to speak with some of the residents who have lived for years in this sector, and I asked

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<sup>111</sup>Ibid.

about PCC presence and their influence in the community. The most consistent response was silence. People know which members of the community are involved in the *Comando*—they admit this—but they prefer to change the subject rather than go into more detail. No one sees anything or hears anything. Several *biqueiras* are located in this area, and the population knows perfectly well where they are. They might work out of some kind of a front operation, or in places that are difficult to get to. In Carapicuíba, when people have a problem, they prefer not to call the police because police presence could affect the activities of the drug dealers and there might be repercussions. PCC control, though physically imperceptible, is clearly expressed in the silence of those who live here and the fear they experience when its name is mentioned.

Osasco is in a municipality located about 16 kilometers west of downtown São Paulo. It has an area of 68 square kilometers and a population of around 700,000. One of the provisional detention centers with a strong PCC presence is located in this area. Since the 1990s, Osasco has had a noticeable development in the areas of commerce and services and has become one of the most important hubs of the metropolitan area.

Three elements dominate the landscape of this municipality: churches, car lots, and supermarkets—all among drug dealers' favorite places to launder money. In Osasco I had the opportunity to speak with a retired police officer who had not only worked in the area, but was also living there now. The officer has been implicated in the robbery of a shipment of merchandise in which the PCC may have been involved. He says he is innocent and that he believes the accusations against him are meant to keep him from talking about incidents of corruption in the police—something that evidently hasn't worked, since he told me a great deal about illegal transactions between the PCC and the authorities in this area. He prefers not to talk about churches, though he does say that some pastors live lavish lifestyles that would seem to indicate the entry of illegal money. Most of his story, however, focuses on cargo robbery, or robbery of merchandise.

Merchandise robbery focuses on products that can circulate and be sold easily—things like cigarettes, liquor, or food. The activity consists of stealing a vehicle that is transporting the merchandise, hiding it, and then abandoning it once the merchandise has been removed. Then the merchandise is distributed to sales points. Local supermarkets play an important role as distribution points. Generally, illegally obtained products are sold together with articles obtained from the black market. In this business, everyone gets a slice: the police, the group that carries out the robbery, the owner of the supermarket, and, of course, the PCC, a structure that has spread this activity to the border with Paraguay.



The retired police officer also revealed another element of this reality: charging for protection. In some sectors of Osasco, residents have to pay R\$10 a month per house to people who call themselves the PCC. “They don’t allow robbery in the neighborhood,” said one resident. When asked why, he replied: “... that would attract the attention of the police, which would interrupt the movement of the *biqueiras*.” This payment also guarantees the residents that they will not be victims of PCC actions, so in addition to protecting the inhabitants of the area from external threats, they charge to protect people from any action that the *Comando* itself might commit.

In early 2008, the *Folha* newspaper produced a special on the PCC and its influence in São Paulo. The first article was titled “PCC Conducts Trials in Parallel Court.”<sup>112</sup> The report tells about how the *Primeiro Comando da Capital* uses cell phones and teleconferences between prisoners who are being held in different State penitentiaries to try, issue rulings, and absolve or mete out sentences in cases that determine the future of hundreds, or perhaps thousands, of people linked to the faction. Through these so-called “parallel courts,” the PCC judges cases that include robberies, homicides, rapes, betrayals, and domestic disputes.

The newspaper reveals two cases that occurred in the region of Araçatuba that were “resolved” inside the penitentiaries by high-level PCC commanders. In one case, which occurred in Penápolis, the party gave one its members permission to beat his wife. The accusation taken to the “court” was that she was suspected of adultery. Tapped phone conversations were part of the trial. After they talked with the victim (in this case, the allegedly betrayed husband) and the defendant, the criminals came to a verdict and sentenced her to *pena de agressão*, or physical punishment. The husband himself was charged with executing the sentence. The woman was beaten and was in the hospital for two days.

In another trial held by the PCC in the region, two people accused of rape were sentenced to death. Tapped phone conversations revealed that the sentence came from the Presidente Venceslau Penitentiary in the region of Presidente Prudente. The body of one of the defendants, a 15 year old boy, was found in a thicket on the outskirts of the Jocelin Gottardi neighborhood in the rural area of Araçatuba. The other defendant, also a teenager, has not yet been found. The Araçatuba police received several anonymous tips indicating that the second teenager was probably also murdered as per the decision of the PCC. The family members of the minor left the city without reporting the disappearance of the 16 year old to the authorities.

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<sup>112</sup>Alexandre, Roberto. 2008. “PCC julga e condena em tribunal paralelo.” In *Folha da Região*. February 12. [www.folhadaregiao.com.br-noticia?85205](http://www.folhadaregiao.com.br-noticia?85205)

The two teenagers accused of the crime lived in the neighborhood of São Jose, next to Mão Divina where the violence occurred. The neighborhoods are both low-income areas and, according to the police, they have the highest number of PCC members and sympathizers in Araçatuba. The *Comando* comes here to distribute baskets of food and basic need items to the poorest families. By doing so, it wins the admiration and respect of many of the residents. In the *barrios*, many people say that people are more afraid of the PCC court than they are of the police or the usual justice system, where a simple case can take years to go to trial and is not punishable with torture or death.

In addition to controlling the jails and various illegal markets, laundering money, running a system of parallel justice, and charging for protection, the PCC also has plans to become a political party with a platform based on defending prisoners' rights and improving the prison system. With 140,000 members in the jails, 500,000 family members, and other *Comando* faithful, an electoral victory might not be such a remote possibility.<sup>113</sup> The *Comando* has already run some of their members as candidates in races for public office. PCC methods have become so sophisticated that they also fund the schooling of low-income youth who want to study law on the condition that their future work in court will be aimed at defending members of the *Comando*.

In this scenario, the future of the PCC looks bright. The prison population continues to increase—with a recidivism rate of about 60 percent—and the penitentiary system has not been able to improve conditions in the jails, a fact that will surely increase the number of *Comando* members. The organization has a cell-based structure that allows cells to function in a relatively autonomous way but also join together when necessary for a show of force.

In May 2007, the *Segundo Caderno* insert of Brazil's *O Globo* newspaper published an interview with Marcola, a top PCC leader. Some have questioned the authenticity of this report and have accused it of being pure fiction, but the strength of its argument and its reflections on the disturbing phenomena of the power of crime at the margins of the system give it a value that goes beyond its veracity. In the latter part of the "interview," the reporter says to Marcola, "so... there is no solution?" This is his answer:

You guys will only manage to have some success if you stop defending normality. There is no such thing as normal any more. You need to do an analysis of your own incompetence. You have to be

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<sup>113</sup>Information from *Comissão Parlamentar de Inquérito sobre tráfico de armas da Câmara dos Deputados*.

frank, serious, talk straight about things. We are all in the middle of an unsolvable situation. But we (the criminals) live off of it and you don't have any way out. All you have is the shit. And we are working inside of the shit. So I'm telling you, brother, there is no solution. Do you know why? Because you all don't even understand the extent of the problem. Like Dante said: "Abandon all hope, we are all in hell."

### THE GULF CARTEL AND LOS ZETAS

*On Thursday morning, March 14, soldiers and UEDO forces surrounded several blocks and closed in around the number one crime boss. Neither Los Zetas, nor their AK-47s, nor any precautions they took were enough to save the boss from that operation. Trust and betrayal have always gone hand in hand.*

*The cartel boss had a soft heart that day. With his family nearby, he didn't react. There was fierce resistance but they weren't prepared. The UEDO took him to Almoloya Prison, the way they do.*

*They took him out of Tamaulipas, from Tampico to Laredo, to a place where comandantes have died, and now there are sacos de miedo.<sup>114</sup> Maybe someone is aiding him, watching anonymously from the darkness.*

*People involved in these things can't really come out into the light of day. The cartel continues to operate. No one knows how it readjusts. He's a prisoner now but everything happens the way he wants it to. Only he knows how he does it from the Matamoros prison. Trust kills men, but betrayal annihilates them when luck changes and becomes their enemy. His life's path was marked by destiny.*

These are words to a narco-ballad by Beto Quintanilla that tells the story of the March 14, 2003 arrest of Osiel Cárdenas, the head of a crime organization called the *Cartel del Golfo*, or Gulf Cartel.<sup>115</sup> Cárdenas was sent to prison after he was arrested, but he continued directing the operations of the cartel from his place of confinement. This dynamic changed when the Mexican government extradited Cárdenas to the United States in late January 2007. At this point an internal power struggle began inside the cartel, and one armed group known as *Los Zetas* has played a major role in that struggle. Some say that the disputes between factions, the confrontation with other

<sup>114</sup>*Sacos de miedo* is a form of homicide where the victim is wrapped in a sheet.

<sup>115</sup>Look on YouTube for "Corrido de Osiel Cárdenas"

cartels, and the arrests of several top leaders have weakened the Gulf Cartel. Others say that *Los Zetas*—which had previously specialized in the protection market—are beginning to emerge, and that they plan to take control of all illegal criminal activities on the Mexican Atlantic Coast. They are currently in full confrontation with government forces, and their future will depend on their ability to adapt in new contexts.

The history of the Gulf Cartel goes back to the 1940s when Juan Nepomuceno Guerra was beginning to run contraband along the U.S. border. At that time, the Mexican domestic market was closed to imported goods, drug consumption in the United States was not yet at significant levels, and the real profit to be made was in the illegal importation of items from the United States. As he developed that market, Guerra forged relationships with politicians that allowed him to position himself as a dominant figure in the region. His group, known at the time as the Matamoros Cartel, was focused on bringing in contraband items like whisky. As the demand for drugs grew in the United States, the cartel also got into the marijuana market, though this market was still smaller than the contraband market at first.<sup>116</sup>

According to Mexican journalist Jorge Fernández, the power of the Matamoros Cartel was based on its connection to political sectors, which included high-level members of political parties as well as leaders in the oil and transportation businesses. Fernández says the cartel made some mistakes in 1988 that led to a break in the relationship with Mexico's president, Carlos Salinas de Gortari, who was elected that year. At that time, it began to work on restructuring leadership among the various strongmen in the area, and Guerra began to distance himself from his traditional allies. It was this situation, more than the cartel's inability to adapt to the emerging drug market, which caused Guerra to lose control of his structure.

Criminal organizations in Mexico also began to restructure as demand for cocaine, and to a lesser extent marijuana, began to grow. Now the business required an organization with more of a corporate model. The person most suitable for leading this change in the cartel—which began to be called the Gulf Cartel—was Guerra's nephew, Juan García Abrego, who had experience in agribusiness and could count on the support of local and national political sectors as well as organizations that worked in the area of security.<sup>117</sup>

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<sup>116</sup>Fernández, Jorge. 2001. *El otro poder. Narcotráfico, política y violencia en México*. México: Punto de Lectura (Edición de 2004)

<sup>117</sup>Ibid.

Guerra was finally arrested in an operation led by the commander of the Federal Police of the City of Juárez, Guillermo González Calderoni, who was himself later accused of torture and of trafficking drugs with the Gulf Cartel. It appears that Guerra's arrest was arranged by the cartel in order to get him out of the way and make room for a new generation of traffickers. Juan García's dominance lasted six years until there was another change of government. Ernesto Zedillo, who became president of Mexico in 1994, not only jailed Raúl Salinas (the former president's brother who was linked to the Gulf Cartel), but also struck a major blow against his crime organization.<sup>118</sup> This led to a redistribution of cartel power in northeastern Mexico, and García became a less important ally for the Cali Cartel which began to look for other contacts. As García's position weakened, other crime leaders began to compete for control of the organization, producing a period of instability in which the Gulf Cartel was no longer reliable enough for the Colombian *capos* to do business with.

Humberto García Abrego, Juan's brother, led the cartel for a brief period of time. It is important to mention that after the arrest of Juan García in 1996, there was a certain air of triumphalism in the Attorney General's office [PGR]. Some believed the end of the Gulf Cartel was near. One of the top PGR officers, José Luis Vasconcelos, insisted that the cartel had a pyramid structure and, therefore, would go through a major crisis after the loss of its top leader: "The rest of the structure is in disorder. Its design does not allow the whole group to know each other. The drug supplier does not know who is responsible for shipping or moving the drugs, and the shippers, in turn, do not have contact with the money launderers. That is how the whole structure works, which is why the cartel is probably on its way to extinction."<sup>119</sup>

While the PGR was envisioning the end of the cartel, top cartel leaders were competing for control of the organization. The line of succession included Jesús *El Chava* Gómez and Osiel Cárdenas in Matamoros. The group known as Los Texas was also present in Laredo. Gómez and Cárdenas joined forces to expand their drug market, which up to that point had been concentrated in the *picaderos*, or illegal drug outlets, in Matamoros. They also began

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<sup>118</sup>In May 2009, the Mexican Attorney General's Office closed a criminal investigation of drug trafficking against Raul Salinas de Gortari that had been open since 1998..[This foot note added by author for the English version]

<sup>119</sup>Ravelo, Ricardo. 2005. *Los Capos. Las narco-rutas de México*. México: Plaza & Janés.

to sell protection to other branches of local crime groups. This allowed them to expand their control to bars, prostitution, and contraband operations.<sup>120</sup>

In 1998, Gómez and Cárdenas were arrested and locked up in the Casa de Pedregal Prison in Mexico City, but they were able to escape by paying US\$17,000—some say US\$700,000—to the police. A few days after their escape, *El Chava*, a close friend and right-hand man of Osiel Cárdenas, was murdered. Cárdenas himself was thought to be responsible, and was known thereafter by the nickname *Mata-amigos*, or friend-killer.

With no competition to slow him down, Osiel Cárdenas proceeded to put together what would become the next generation of the Gulf Cartel. He began by restructuring the organization in Tamaulipas, where he called a meeting to divide up territory and control the entire state. Gilberto García, also known as *El June*, had control over a section of the Texas-Mexico border called the *frontera chica*, made up of five municipalities: Ciudad Díaz Ordaz, Camargo, Miguel Alemán, Mier, and Nuevo Guerrero. Cárdenas guaranteed García that his operations would be protected by federal, state, and municipal authorities. In exchange, the *capo* asked him to report every drug shipment going through to the United States and take care of the dirty work, eliminating anyone that got in the way of the cartel's plans.<sup>121</sup> Little by little, Osiel Cárdenas expanded his control over the main *plazas* (drug trafficking areas) and established new partnerships. These alliances allowed him to take 20 tons of cocaine a month into the United States.

The cartel was mainly focused on exporting drugs, though part of the cocaine and marijuana was also distributed in the local plazas. The protection of the cartel and its transactions was assured by buying this service from the state forces, through corruption. Cárdenas was able to count on the support of a significant number of police officers and also managed to have Nuevo Laredo's 21<sup>st</sup> Regiment of Motorized Cavalry at his disposal.<sup>122</sup> This infrastructure

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<sup>120</sup>Gutiérrez, Alejandro. 2007. *Narcotráfico. El gran desafío de Calderón*. México. Editorial Planeta Mexicana.

<sup>121</sup>Ibid.

<sup>122</sup>In late April 2001, in a surprise police-military operation, army officers apprehended General Martínez Perea on the border between Nuevo Laredo and Tamaulipas. Martínez Perea was accused of protecting Gulf Cartel boss and drug trafficker, Osiel Cárdenas Guillén. Martínez Perea was the commander of the 21st Regiment of Motorized Cavalry located at the military base on Juan de la Barrera Street in Nuevo Laredo. He was arrested in a military operation that took place on Santos Degollado Avenue and Campeche Street in the southeastern part of this border city. Also arrested with General Martínez Perea were Second Captain Maya Díaz and Lieutenant Quevedo Guerrero. See *La Jornada*. "Detenidos, un general y dos oficiales por presunta protección a narcos." April 6, 1002.

allowed the cartel to take drugs over the Rio Grande without problem. Since they had access to official communications, they were able to learn about every movement the army planned to make. They were also able to keep other trafficking groups from using their routes; if a rival group came in, the public forces would respond with seizures and arrests.

This practice of obtaining protection from the state apparatus was established as the most common way in which the various cartels ensured the safety of their group and their transactions. The members of the cartel's own armed component—primarily hit men—were used almost exclusively as personal bodyguards for the big bosses. They were also used to make incursions into the territories of rival factions and to retaliate against any members that refused to obey the orders of the cartel. But cartel leaders used state security agencies even for these activities.

This situation changed substantially when Osiel Cárdenas took an unprecedented step: he decided to create his own security apparatus, and he entered into direct and open confrontation with the government. After an altercation between members of the Gulf Cartel (with Cárdenas among them) and agents of the FBI and DEA on the border on November 9, 1999 in downtown Matamoros—the U.S. agencies withdrew all of their undercover agents from Mexico and offered a US\$2 million award for anyone who could provide information about the *capo*. Later that year, the United States sent the DEA Deputy Director and the head of the El Paso Intelligence Center to Mexico.<sup>123</sup> A few days later, they called a meeting with the Secretary of Defense, the Attorney General, and the Director of the Center for Investigation and National Security (CISEN), among other officials, in which they agreed to carry out joint operations against the Gulf Cartel. Arrest warrants against Cárdenas and *El June* were reactivated, and the order went out to arrest the former commander of the Attorney General's Office, Guillermo González Calderoni, the same person who had been responsible for the arrest of Juan Nepomuceno Guerra and who had also positioned himself as an insider in the Carlos Salinas de Gortari government. The spotlights were on Osiel Cárdenas.

At that point distrust grew inside the cartel and some factions saw the opportunity to increase their influence. The actions of the Attorney General's office had set off Osiel Cárdenas's alarms and he began to see that corruption was not enough to ensure his protection. While state police and local authorities tended to work in Cárdenas' favor, national law enforcement agencies

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<sup>123</sup>For a detailed account of these events, see Gutiérrez, Alejandro, 2007.

were increasing their offensives against him. In this context, the *capo* began to eliminate his adversaries, anyone who might pose a risk to his security and to his operations.<sup>124</sup>

The situation was tense and some towns were forced to join in the cartel's vigilance and security system. In some cases, this participation was voluntary since people were receiving benefits from the illegal economy and did not want to disturb the market. In Miguel Alemán, a municipality where *El June* had a strong presence, children, women and old people all contributed to the logistical network, acting as messengers for the drug traffickers and alerting them about strangers in town or about public security operations.<sup>125</sup>

In this context, Osiel Cárdenas decided he needed to have his own armed apparatus with fire power and the ability to intercept communications to find out about the movements and strategies of those who were pursuing him (the PGR and the Army). His best option was to form a force made up of members of the Army itself. That is how *Los Zetas* came to be.

In October 1997, Arturo Guzmán Decena, a lieutenant of the Airborne Special Forces (GAFES) who had been named commander of Attorney General's regional deployment in Matamoros, announced his retirement. Osiel Cárdenas had recruited him to be part of his security structure. As he left the PGR forces, Guzmán managed to convince five other military men to work with him. After a few months, the group grew quickly to 14, and little by little Cárdenas's goal of forming a special force with the capacity to respond to government agency actions was being realized.

Earlier, in late 1996, during the Ernesto Zedillo government, the PGR and the Defense Secretariat signed a cooperation agreement to reactivate the experiment of militarizing the Attorney General's delegations on the border states. Members of the military were commissioned to work with the Territorial Deployment of the Federal Judicial Police and with the PGR's Public Prosecutor's Office on Crimes against Health (FEADS). Most of the military delegates were colonels, subordinate to the area commanders, who were almost all generals. Since the first commanders were called *Yanquis* (Y) and the second

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<sup>124</sup>On March 9, 1999, an armed group linked to the Gulf Cartel opened fire against the office of an investigative prosecutor in the municipality of Miguel Alemán, where inquiries were being made about several crimes related to drug trafficking. On April 21, Gerardo Sepúlveda, alias *El Tucán*, a PGR informer and enemy of *el June*, was murdered. In October, Minerva Cabello, also an informant for the Attorney General's office, was murdered. On February 20, 2000, a Federal Judicial Police (PJF) agent also suffered an attempt on his life. Ravelo, Ricardo, 2005.

<sup>125</sup>Ibid.



commanders were called *Equis* (X), the police decided, with certain contempt, to call these commissioned officers *Los Zetas* (Zs).<sup>126</sup> Guzmán himself was known as Z-1.

According to PGR reports, the 14 military members who had initially joined Guzmán's group were joined by another 24. Most came from the FEADS, but it has also been possible to identify members of Battalions 15 and 70 of the 15th Regiment of the Motorized Cavalry and of the Riflemen Paratrooper Brigade (*Fusilero Paracaidistas*). At first the PGR was slow to obtain details about the way this armed group was operating. Finally in 2003, it revealed the names of the members of the group. Two years later, the Attorney General's Office estimated that the number had risen to about 80 members.

In the beginning, *Los Zetas* limited themselves to intimidating and, in some cases, murdering people who owed them money and to minimizing desertions inside their own organization. But given their operational capacities, their effectiveness, and their training for carrying out commando-style operations, their tasks expanded. With equal ease, they could respond to a military attack or launch a raid on a prison to free a cartel member. Osiel Cárdenas felt comfortable having this armed apparatus, and it slowly began to be used to take over plazas and zones in other places in the country. *Los Zetas* were also ready to repel any attempts by other factions to make incursions into their territories. This helped Cárdenas to relax and trust that his private army, along with high levels of corruption in some government organizations, would ensure his security.

Nevertheless, on March 14, 2003, when army troops laid siege to Cárdenas's house in Matamoros, while he was celebrating his daughter's birthday, his security forces were not able to rescue him. The *Zetas* clashed with government troops in the middle of their operation, but they were ultimately unsuccessful. Osiel Cárdenas was arrested and taken into custody, after which the Secretary of National Defense, General Vega García warned that this action had not been able to totally disarticulate the Gulf Cartel. "...now the investigation and intelligence work will begin to see who will take his place," he said.

But a replacement was not necessary. Osiel Cárdenas continued to direct the cartel from La Palma prison. There, the *capo* told one visitor about how he continued to manage his structure:

I made room for everyone. They don't have any reason to fight among themselves. Those bastards can work fine by themselves. I was always concerned, because I knew this would happen to me, and I always tried

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<sup>126</sup>Gutiérrez, Alejandro. 2007.

to be prepared for it. In any case, I had to be prepared for the people, in other words, so there wouldn't be a disaster after my arrest with everyone fighting among themselves. I have always tried to prevent this and now they are fine. All of the guys I brought in are still there, and one hundred percent of them listen to me and do what I say.<sup>127</sup>

Things continued this way until the *capo* was extradited to the United States in January 2007. According to top officials of the federal Secretariat for Public Security (SSP) and the Center for Investigation and National Security (CISEN), crime leaders in the area began to fight among themselves after the extradition. Cárdenas' brother, Tony Tormentas, who was his natural successor, has not been able to hang on to the leadership. Meanwhile, Heriberto Lazcano, the current head of *Los Zetas*, is looking to take control of the cartel. But Osiel's right-hand men are resisting reporting to *El Lazca*, and this has led to a fragmentation in the organization. Disputes for control of the *plazas* have increased in this context and there is an atmosphere of general distrust inside the cartel.

Intelligence reports state that the Gulf Cartel is currently facing a major division among its commanders, with each one establishing himself as the head of his own operational structures.<sup>128</sup> As a result of the disputes between the various cells, violence has spiked in places like Guerrero, Michoacán, Sinaloa, Baja California, Nuevo León, and Tamaulipas.

### Communities of Fear

Nuevo Laredo is a large border city in the northern state of Tamaulipas and is located on the south side of the Rio Grande on the border between Mexico and the United States. Its population is a little over 355,000. It is called the most important border crossing point in Latin America since 40 percent of the finished products of both nations pass through that border. Additionally, 80 percent of the products Mexico exports to Europe also pass through Tamaulipas ports, and it is estimated that some 7,900 trucks go through the state daily (generating 3 billion pesos in

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<sup>127</sup>Cited in Ibid.

<sup>128</sup>Miguel Treviño Morales, in Nuevo León; Jorge Eduardo Costilla Sánchez, *El Coss*, in Matamoros; Gregorio, *El Goyo*, Saucedo Gamboa and his brother Arturo, in Nuevo Laredo; Arturo Basurto Peña, *El Grande*, and Iván Velásquez Caballero, *El Talibán*, in the areas of Quintana Roo and Guerrero. Heriberto Lazcano seems to be operating out of Tamaulipas and the center of the country. *El Lazca* is presumably in charge of the stockpiling, distribution, and sales in part of Guerrero, Michoacán, Mexico City, and Morelos and is seeking to take full control of the points of shipment to the United States from Tamaulipas. *La Jornada*, "Guerras internas del narco; la más cruenta, en el cartel del Golfo." Political Section. February 18.

income each month). So far, no security system has been able to successfully monitor drug trafficking or the contraband that circulates in this border area.

Various groups have always disputed control of the Nuevo Laredo *plaza*. The population knows the names of organizations like *Los Chachos* (headed by José Dionisio García) and *Los Texas* (the group led by now captured Guillermo Martínez). The latest rumors indicate that the dispute is now between the Gulf Cartel and the people who work for *El Chapo* Guzmán, who are known as *Los Chapos* or *Los Negros*. Since residents already distrust the authorities, especially the police, there is no one they can go to.<sup>129</sup>

The clashes between groups in this area have led to a wave of executions that residents prefer not to talk about. It's a "narco" thing and they'd rather not get involved. The violence is such that there is a constant risk of being at the wrong place at the wrong time. Several young men, who are already indentified in Tamaulipas as next generation of drug traffickers, are involved in the confrontations. Stories coming out of the area make reference to boys who carry high-caliber weapons as they go after their rivals.

In the case of the execution of Councilman Leopoldo Ramos Ortega, who was the head of the Security Commission of the local town council, testimonies gathered during the investigations of the Public Ministry reveal that the hit men involved were between the ages of 18 and 21. The PGR believes that the violence is linked to the small cells used by the two conflicting groups to have greater control and vigilance over the area. These are people who don't sleep; they are on alert day and night, in shifts, and report on all the movements that occur in the area.<sup>130</sup>

In the context of the dispute, business owners of all kinds—dentists, owners of bars and restaurants, car dealerships and travel agencies—have been victims of extortion. People believe that it is "better to pay it so that the business won't have problems." No one dares to report these events even though many are suffering from the violence. "We all live with enormous stress; stress that people in big capital cities probably have to live with when there is a lot of traffic and a lot of problems. But here the stress is caused by the violence, and the bullets, and the insecurity they cause. It's horrible," says one resident.<sup>131</sup>

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<sup>129</sup>In mid-June 2005, the Federal Agency of Investigations (Agencia Federal de Investigaciones-AFI) captured 41 members of the Police in Nuevo Laredo on suspicion of working with drug traffickers. That day, the Army took control of the city and detained 720 police officers who were questioned and given drug tests, according to official reports.

<sup>130</sup>Ravelo, Ricardo. 2005.

<sup>131</sup>Cited in Fernández, Jorge and Ronquillo, Victor, 2006. *De las maras a las Zetas. Los secretos del narcotráfico de Colombia a Chicago*. México: Grijalbo.

Fear is palpable in the city. Everyone has a story about an experience with the violence. Many can recall that they heard the sound of machine gun fire near their house. Some have had to tell their children what to do in case they suddenly find themselves in the middle of a shootout, as has happened already. You have to get down on the floor of the car and wait—wait until the nightmare is over.<sup>132</sup>

Children are very vulnerable in this kind of situation. They can be victims of firearms, recruited as “mules” to transport drugs, or recruited as hit men. “If there is nothing to help you face a crisis of this kind, the crisis can be understood as a way of life,” says Gerardo Sauri, Director of the Children’s Rights Network. “We are seeing a growing phenomenon of drug traffickers with power in society.”<sup>133</sup>

In Zacatecas, the group known as *Los Zetas* has begun to gain ground; in the past year about 40 murders have been attributed to this armed group. What was once the private army of Osiel Cárdenas has taken control of the area, displacing the drug distributors of the Sinaloa Cartel.

The most spectacular action carried out by Gulf Cartel hit men happened in Jerez, on December 28, 2007, when they rescued two of the three men involved in the kidnapping of money lender Abel González. The men had been arrested in Tlatenango, and the assault took place when they were being transferred to a prison in the state capital. The two kidnappers were freed and seven police officers were killed in the attack. Shortly afterwards, 12 agents of the ministerial police resigned, arguing that they lacked the weaponry and equipment necessary to confront such dangerous criminals.<sup>134</sup>

During the last few years, the newspapers in Zacatecas have reported at least 32 homicides. Businessmen and ranchers have been kidnapped and extorted. Criminals who identify themselves as members of *Los Zetas* often make threatening phone calls in which they give detailed information about the person they are threatening. Because of this climate of violence, many families have chosen to migrate to the United States. The people who stay behind prefer not to talk about it, since they feel they are constantly being watched. They also prefer not to report any crimes since they don’t want to endanger their families or loved ones. Many residents have paid ransoms, but they still do not feel safe.

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<sup>132</sup>Story told by Fernández, Jorge and Ronquillo, Victor. 2006.

<sup>133</sup>Mendoza, Gardenia, 2008. “Familias de luto por el narcotráfico. Viudas y huérfanos quedan en total desamparo porque faltan programas públicos de apoyo.” In *Opinión Digital*, March 24. <http://www.laopinion.com/primerapagina/>

<sup>134</sup>Díaz, Gloria Leticia, 2008. “Territorio del miedo,” *Proceso*, weekly information and analysis magazine. No. 1630, January 27.

According to *Proceso* magazine, in late September 2007, the municipal mayor's office of Zacatecas met with the governor to go over their budget. They took advantage of the opportunity to express to the governor their concern about the environment of insecurity being created by organized crime activity. In spite of the seriousness of the situation, the governor simply told them "don't get involved with those people." According to the local paper *El Siglo de Durango*, there have been eight kidnappings in the municipality of Sombrerete and at least three people have disappeared, including the former director of municipal security.

Juan Quiroz García, who was president of that municipality and reported this last kidnapping to the PGR, says that in March 2007 he ran into a group of "killers" by coincidence and that he presumed were drug traffickers because of the quality of their weapons.

I was riding in a truck with a friend when I saw them breaking down the door of a house of a young man who was probably a drug dealer," he said. "We left immediately, but three pickup trucks with men dressed in black caught up to us. They were short men, were wearing bullet-proof vests, and had handguns and rifles with telescopic lenses. They had hand grenades on their belts... They let us go when my friend told them that I was the municipal president. Afterwards, I learned that at the exit they had run into Federal Highway Police patrols, the Ministerial Police, and the Prevention Police, who told them to stop. But they got out of their pickup trucks with grenades in hand and told them: "If you really want, we will kill everyone here," and they let them go.<sup>135</sup>

### **Los Zetas: The Protection Market**

One FBI document titled, "Los Zetas: Emerging Threat in the United States," calls attention to the fact that *Los Zetas* tried to take control of Gulf Cartel operations after May 2003. After Cárdenas was arrested, the leaders of this armed faction were talking about killing several of Cárdenas' right-hand men in order to gain control of the organization.

The report says: "They failed for unknown reasons and are still receiving orders from the cartel. In spite of this, *Los Zetas* are displaying a sense of independence that may help explain some of the group's daring actions in the last

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<sup>135</sup>Ibid.

few years.” Mexican authorities have called *Los Zetas* the primary executors of violent acts in the states of Guerrero and Michoacán, where some victims have even been found decapitated. Their enemies, according to federal investigators, are *Los Pelones*, another group of hit men under the command of Joaquín *El Chapo* Guzmán, the leader of the Sinaloa Cartel.

The U.S. report warns that *Los Zetas* have positioned themselves as the most powerful force inside the Gulf Cartel. “The group has the training and the fire power to eliminate anyone who dares to challenge them inside the cartel and to stop the enemies of the Gulf Cartel as well.” According to the document, *Los Zetas* allowed the *Mara Salvatrucha* (MS-13 Gang) to move marijuana shipments through their territory without paying taxes. In exchange, *Los Zetas* asked the MS-13 to take charge of their drug contraband operations. The relationship between the two organizations became tense, however, when *Los Zetas* began to charge the Salvadoran gang members taxes after all. At that point, the MS-13 left the partnership and decided to work with *Los Pelones* of *El Chapo* Guzmán instead.

The FBI report suggests that *Los Zetas* have the capacity and resources to break with the Gulf Cartel and “form an autonomous organization,” which could become stronger now, since the Gulf Cartel founder, Osiel Cárdenas Guillén, was in jail in the United States. Some analysts have said that *Los Zetas* have become a private army and are the Mexican version of the Colombian paramilitary structures. Others say that the situation is more comparable to the transformation of Rio de Janeiro *favela* drug traffickers into mafia men or to the general dynamic of post-Pablo Escobar Colombia.

Will *Los Zetas* have the capacity to take over the drug markets being run by the Gulf Cartel? Will this be the beginning of a protection market in Mexico that is independent of government structures and willing to enter into direct confrontation with government forces? As Mexican professor Carlos Resa Nestares would say: Is Mexico on a slippery slope towards “Colombianization?” Colombianization would be understood in this case as the massive privatization of violence, including violence linked to a protection force that is competing with the state’s legal monopoly on violence. This is what has characterized the change that has come about in Colombia since the 1980s as a result of the saturation of public conflict resolution capacity and of criminals who are working throughout the country in the industry of illegal drugs.

What would *Los Zetas* need to make inroads into the drug market? So far, their function has been the exercise of violence and intimidation. They have only occasionally been involved in drug transactions. There is a reason for

this: they don't have the information necessary to consolidate themselves as administrators of this illegal market. When Osiel Cárdenas formed *Los Zetas*, he meant for its tasks to be primarily coercive in nature, and he isolated them from the relationships and information that a business like cocaine, marijuana, and synthetic drug trafficking requires. So when the *capo* was arrested, *Los Zetas* were prepared to continue offering protection services, but they were not prepared to carry out the activities of the cartel.

So, *Los Zetas* need an operator for the illegal business in order to be able to control it. They have three options. The first is to take control over the already existing trafficking structures. Efforts to hold the cartel together have not produced very good results so far, however. *El Lazca* has been incapable of establishing the links necessary, and the local drug dealers aren't following his orders. The second option is outsourcing. As the FBI document indicates, *Los Zetas* made an agreement with the MS-13 gangs to move marijuana shipments through their territory without paying taxes on the condition that the gangs would take over responsibility for the drug-running side of *Los Zetas*' business. One of the reasons the deal didn't work is because *Los Zetas* didn't handle enough volume of drugs to make the business worthwhile. Meanwhile, the MS-13 was using their routes without paying them anything. *Los Zetas* decided to tax them after all. But then the gangs decided to team up with an enemy faction that would give them a better deal.

The third option they have is to run the business themselves. *Los Zetas* lack the main asset they would need to manage the drug industry themselves: they don't have the contacts.<sup>136</sup> Their organization never acquired the information and knowhow needed for illegal trafficking. In this sense, the situation is very different from the Colombian paramilitary groups, whose top leaders included drug traffickers with experience in the Medellín and Cali cartels. This is why *Los Zetas* can't take the place of Osiel Cárdenas: they don't know the basic mechanisms of his operation. What can they do then? They can concentrate on the protection market, which is what they really know how to do.

Here there are several possibilities once again. The first is to continue being the private army of some powerful cartel or drug trafficker. Their only hope in this sense is for the Gulf Cartel to reconstitute itself and decide to keep *Los Zetas* as its security apparatus. Currently, *Los Zetas* are trying to respond to the offensives of the Mexican Army and to the actions of rival structures. In

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<sup>136</sup>Resa, Carlos, 2003. *Los Zetas: De narcos a mafiosos*. Madrid: Universidad Autónoma de Madrid. [http://www.uam.es/personal\\_pdi/economicas/cresa/nota0403.pdf](http://www.uam.es/personal_pdi/economicas/cresa/nota0403.pdf)

this conflict, several of their top leaders have been murdered or arrested and it seems that they are having recruitment problems.

In 2005, one headline in *La Jornada* newspaper read “Alarming desertion from the Army: Almost 100,000 during this six-year period.”<sup>137</sup> In the article, commanders were recognizing that the number of men deserting from the army had increased in the last few years and may be as high as 100,000, a little more than half of the total members who had reported for that year. There has been no follow-up given to the deserters, but it is certainly possible that some of them have joined the ranks of the drug traffickers’ armies. So far, it appears that only a small percentage have done so. For one thing, while *Los Zetas* still have fire power capacity right now, they don’t look like a group that is growing or consolidating, which means that future prospects don’t look very promising—at least from the outside—and that could have an impact on recruitment. The cartel has even had to increase incentives and intensify their publicity strategy.

On Monday, April 14, 2008, a poster attributed to the Gulf Cartel appeared at a pedestrian bridge near a university in Nuevo Laredo that said:

Members and Ex-members of the Military, Los Zetas Wants You. We offer good wages, food, and benefits for your family. Don’t keep putting up with mistreatment and hunger. We are not going to give you *Maruchán* (instant) soup to eat... We pay in dollars. We offer benefits, life insurance, and a house for your family and children. Quit living in the poor neighborhood and riding buses. You choose, the latest model car or pickup truck,” the poster said. “What more do you want? Tamaulipas, México, United States, and the whole world is the territory of the Gulf Cartel,” concludes this peculiar job announcement.

On the other hand, some sources say that given the “weakness of *Los Zetas*” and their problems of recruitment in Mexico, *Los Zetas* main leader, *El Lazca*, may have decided to beef up his ranks by bringing in *kaibiles* from the Guatemalan Army. *Kaibiles* are elite soldiers trained to conduct special operations. They were the perpetrators of the bloodiest attacks against the guerrilla movement in their country and are accused, among other things, of the massacre of 200 indigenous people in the village of Dos Erres, in the Guatemalan Petén area. Their slogan is: “If I move forward, follow me: If I hesitate, urge me on; if I turn back, kill me.” During the post-conflict period, many of these soldiers were demobilized and some of them began to work for Mexican drug traffickers. There is evidence

<sup>137</sup>Aranda, Jesús, 2005. “Alarante desercción del Ejército: casi 100 mil durante este sexenio,” *La Jornada* daily newspaper, August 7.



that some of these retired *kaibiles* are participating in the structures of the Gulf Cartel, and training areas in which *kaibil* officers train Mexican hit men have been discovered.<sup>138</sup> A total of 4,000 *kaibiles* have been trained in Guatemala through 2006; 99 of them are from other countries, and 30 percent of these are Mexicans.<sup>139</sup> If *Los Zetas* were able to recruit even 5 percent of the 4,000 *kaibiles*, they would have a big enough base to reestablish their structure.

For now, in terms of drug trafficking, *Los Zetas* appear to be concentrated in “narco-retail” and are divided into four subgroups. *Los Halcones* guard the distribution areas; *Las Ventanas* are minors between the ages of 14 and 16 who whistle to sound an alert about the presence of authorities or suspicious characters; *Los Expertos* are about 20 men who are experts in phone-tapping, tailing vehicles, as well as kidnappings and murders; and *Los Jefes* are about three or four people in charge of the *plazas*.

It is important to keep in mind that *Los Zetas* aren’t the only providers of illegal security in Mexico. Each cartel and structure has an armed group that protects it and its transactions. In the context of disputes with other groups and increasingly frequent operations on the part of the Army, these factions have seen the need to bolster their strength by acquiring weapons and increasing their numbers. Corruption has continued as well, so local police and other security organizations are continuing to lend their services to the drug traffickers. And of course, there are also contacts and support in the political sectors. In this scenario, *Los Zetas* appear to be limiting their provision of protection to the members of the Gulf Cartel.

Another alternative for *Los Zetas* is to create a demand for protection, and by doing so, to implement a mafia kind of model. Given the vacuum left behind by Osiel Cárdenas and the subsequent crisis in the Gulf Cartel, which has had a negative impact on the flow of resources, the *Zetas* have chosen to increase their extortion and kidnapping activities. They have also begun charging local merchants and transport companies for protection, essentially by promising not to victimize them if they pay. They also offer (impose) their services on other areas of local crime, including prostitution and contraband. This is how *Los Zetas* are seeking to adapt to the new context. A new window has been opened for criminal structures in Mexico: the illegal protection market.

<sup>138</sup>Corchado, Alfredo, 2008. “Zetas y Kaibiles train in the región. At least six military-style camps exist on the U.S.-Mexican border.” In *Nuevo Herald*, March 30. [http://www.elnuevoheraldo.com/articles/camargo\\_18635\\_artic.html/entrenan\\_kaibiles.html](http://www.elnuevoheraldo.com/articles/camargo_18635_artic.html/entrenan_kaibiles.html)

<sup>139</sup>Pérez, Ana, 2007. “Los kaibiles mexicanos,” in *Revista Contralínea*. México: Year No. 5, No. 71, second January issue. [http://www.contralinea.com.mx/archivo/2077/enero2/htm/kaibiles\\_mexicanos.htm](http://www.contralinea.com.mx/archivo/2077/enero2/htm/kaibiles_mexicanos.htm)

## THE FEDERATION: THE PACIFIC CARTELS

*"Para el mexicano, la vida es una posibilidad de  
chingar o de ser chingado"*

OCTAVIO PAZ<sup>140</sup>

Recent extraditions of cartel leaders to the United States under the government of Felipe Calderón have marked a clear departure from the policies of the Vicente Fox administration. During the six-years of the Fox government, the Juárez and Sinaloa cartels were able to operate without much interference while government actions were directed against the Gulf and Tijuana cartels. The difference in treatment was so clear that the Gulf Cartel actually sent a letter to President Fox demanding that he quit "protecting" the Sinaloa Cartel.<sup>141</sup> Mexicans got used to the idea that any given president's term in office meant six years of certain cartels, or *capos*, having dominance over others, and the expression "*el capo del sexenio*," or "this administration's *capo*," became a common one. The story began in 2001 only two months after the Fox government took office, when Joaquín *El Chapo* Guzmán, the leader of the Sinaloa Cartel, escaped from the Puente Grande maximum security prison and returned to the main stage of drug trafficking in Mexico.

In the 1960s, contraband was the most profitable business on the U.S.-Mexico border, but eventually, some traffickers began to realize there was more money to be made in marijuana. One of the most well-known of these traffickers on the western border was Pablo Acosta Villareal. Like Juan Nepomuceno Guerra, who started the Gulf Cartel, Villareal began to establish himself as a strongman in his region, courting relationships with politicians and local authorities. Over the years, he ended up presiding over an entire generation of new drug traffickers, including Amado Carrillo Fuentes, the so-called *Señor de los Cielos* (Lord of the Skies) and other *capos* who were part of the Guadalajara Cartel.

Miguel Ángel Félix Gallardo was the most outstanding disciple of another drug lord, Pedro Avilés, also known as *El León de la Sierra* (the Lion of the Mountains). Under Félix Gallardo's command, the Guadalajara Cartel became the most powerful criminal groups the country had yet known. Rafael Caro Quintero; Ernesto Fonseca Carrillo (*Don Neto*); Juan Jesús Esparragoza Moreno (*El Azul*); and Rafael

<sup>140</sup>Paz, Octavio, 1992. *Laberinto de la soledad* [Labyrinth of Solitude], Mexico: Fondo de Cultura Económica (2<sup>nd</sup> ed. revised, 1959). The most common translation of this reads: "To the Mexican, there are only two possibilities in life: either he inflicts the actions implied by *chingar* on others, or else he suffers them himself at the hands of others." Grove Press, 1994.

<sup>141</sup>Arana, Ana. 2008, "La Reina del Pacífico," in *Gatopardo* magazine. No. 87, February.

Aguilar Guajardo worked with him. This structure controlled drug cultivation in the so-called “golden triangle” of Sinaloa, Chihuahua, and Durango. Until the early 1980s, however, it was the Colombian cartels that dominated the cocaine market, taking the drugs into the United States through the Caribbean.<sup>142</sup> Little by little, the Colombian cartels established contacts with the Mexican groups and paid them for taking drugs north to the United States. The payment used to be US\$1,000 per shipment, an amount soon to be considered way too low.

At the height of the Guadalajara Cartel’s strength, the DEA was able to get an agent named Enrique Camarena to infiltrate and become a close friend of Felix Gallardo. Camarena accessed inside information about the organizational structure of the cartel and how the group operated. But he was eventually murdered—some say he was buried alive after being tortured for several days—and this brought the intensified attention of U.S. authorities. Several mid-level cartel leaders were arrested along with Félix Gallardo himself, who was apprehended in 1989 while hiding out in the residence of his friend, the governor of Sinaloa.

After Félix Gallardo’s arrest, his successors divided up his territory: Amado Carrillo Fuentes and his brothers, Cipriano and Vicente, took control over the Juárez Cartel; Félix Gallardo’s nephews, the Arellano Félix brothers (Benjamín, Ramón, and Javier), established themselves in Tijuana; and Joaquín *El Chapo* Guzmán and Héctor *El Güero* Palma set about taking control of the Pacific zone. *El Chapo* and *El Güero* went to Culiacán and founded what became known as the Sinaloa Cartel.

Over the years, the Tijuana and the Sinaloa cartels became bitter rivals. On May 24, 1993, the two organizations had a shootout in the middle of the Guadalajara International Airport, in which one of the victims of the crossfire was Cardenal Posadas Ocampo. According to investigations, the Arellano Félix brothers had set a trap for *El Chapo* Guzmán, but *El Chapo* escaped unharmed. Two weeks later, Guzmán and five of his accomplices were arrested in Guatemala and sent to the Almoloya Maximum Security Penitentiary in Juárez. Finally, in 1995, he was transferred to the Puente Grande prison in Jalisco, where he began serving a sentence for “crimes against health.” His criminal career appeared to be over.<sup>143</sup>

Amado Carrillo Fuentes was the first drug trafficker who tried to establish large scale control over the drug market in the vacuum left behind by the Colombians after the death of Pablo Escobar. His plan was to transport cocaine

<sup>142</sup>Alvarado, Ignacio, 2004. “La metamorphosis del narco,” in *El Estatal, Palabra de Chihuahua*, June 10.

<sup>143</sup>Hernández, Óscar, “Quién es *el Chapo* Guzmán?” Noticiero Televisa. <http://www.esmas.com/noticierotelevisa/investigaciones/524029.html>

from South America to Mexico using a fleet of airplanes, and thus his nickname *El Señor de los Cielos* (The Lord of the Skies). According to the DEA, the Juárez Cartel began earning as much as 200 million dollars a week, with 10 percent of that money going to bribes. Their highest level of infiltration occurred with the 1996 appointment of General Jesús Gutiérrez Rebollo, the head of the now defunct National Institute for Combating Drugs.<sup>144</sup>

At the peak of his career, Carrillo Fuentes decided to battle the Arellano Félix brothers head-on, and General Gutiérrez played an active role in supporting Carrillo in that period. In the midst of the conflict, however, it became known that the general was working for the *capo*, and the general was sent to jail. The United States put a bounty on Carrillo Fuentes' head and began to pressure the Mexican government to capture him as well. Carrillo Fuentes fled to Argentina, where he lived for some time. In 1996, he decided to change his appearance and flew to Cuba for a surgery, that he was unable to receive. He died in July 1997, in a similar endeavor when he sustained a massive heart attack while undergoing plastic surgery.

Before his death, the *Lord of the Skies* was able to consolidate all of the structures in Guadalajara, Sinaloa, and Juárez into a single organization. People began to talk about a "federation of cartels" in which the various leaders formed a kind of executive board. In Carrillo's absence, however, tensions increased and new leadership struggles emerged. The intervention of *El Azul* Esparragosa and *El Mayo* Zambada kept the internal differences from erupting into a war. They were able to rearticulate the federation with a much greater margin of autonomy for each of the sectors. At the same time this agreement was being reached, the Arellano Félix brothers were increasing their offensive to control Juárez.<sup>145</sup>

An open conflict developed as the Sinaloa and Juárez cartels sought to expand towards the peninsula; the Arellano Félix brothers resisted while attempting to control the Pacific drug supply route. At the same time, the Tijuana Cartel proposed dividing the Juárez Federation in order to weaken them and embroil them in internal struggles so they could then expand toward the center part of the border.<sup>146</sup> In this context, two opposing factions united to fight against a common enemy; while in the La Palma jail, Miguel Arrellano Félix and Osiel

<sup>144</sup>In January 2007, a federal court upheld a 40-year prison sentence and a 24,716,820 peso fine for General Jesús Gutiérrez Rebollo, the former commissioner of the now defunct National Institute for Combating Drugs (INCD). He was arrested in 1997 for his ties to Amado Carrillo Fuentes, the founder of the Juárez Cartel who is now dead.

<sup>145</sup>Fernández, Jorge, 2004.

<sup>146</sup>Ibid.

Cárdenas, the head of the Gulf Cartel, made a pact to join forces against the Juárez Cartel. Soon the fight for control of the drug market was taking place across the entire country, from west to east and from north to south.

The Mexican government did not begin to refer to the “federation” until 2004, and the United States began doing so two years later. It was only when Pablo Tostado Félix—imprisoned in the Social Readaptation Center of Irapuato after the Attorney General’s Office (PGR) identified him as a hit man for *capo* El Azul Esparragoza—was feeling threatened by attempts on his life and confessed to a judge that there was an organization called the “Federation,” also called the “megacartel,” that authorities finally accepted the fact that there was an alliance among the *capos*.<sup>147</sup> According to Tostado, the organization belonged to *El Chapo* Guzmán, Ismael Zambada, the Beltrán Leyva brothers (Héctor and Arturo),<sup>148</sup> and Ignacio *Nacho* Coronel.<sup>149</sup>

When *El Chapo* Guzmán escaped from prison in 2001, he set about using his organization, the Sinaloa Cartel, to ship hundreds of tons of drugs, and he reactivated his relationships with the Juárez and Guadalajara cartels in order to reconstruct and lead what had in former years been the empire of Amado Carrillo. His primary ally was *El Mayo* Zambada, who supported Guzmán’s return to the world of drug trafficking. Nine months after his escape from Puente Grande, *El Chapo* Guzmán and four other heads of cartels held a summit in Cuernavaca (Morelos) in order to reach agreements on how to manage the illegal market. Those who attended the meeting included *El Mayo* Zambada, his son Vicente Zambada Niebla, Vicente Carrillo Fuentes (Amado Carrillo’s son) and the Beltrán Leyva brothers. A total of 25 people attended. The strategy was not only to build ties between the organizations present, but also to work

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<sup>147</sup>Gutiérrez, Alejandro, 2007.

<sup>148</sup>The Beltrán Leyva brothers are originally from Tameapa in the municipality of Badiraguato, Sinaloa. According to police reports, they come from a family that had been in the business of opium (opium gum) cultivation and trafficking for more than a half-century. Marcelo Peña, *El Chapo*’s brother in law, who later became protected witness *Julio*, told the PGR in 2001 that the Beltráns had been in the drug business for so long that Arturo Beltrán Leyva was the one who had initiated *El Chapo* into the business. (At the time, *El Chapo* had a criminal career of over 20 years).

<sup>149</sup>Ignacio Coronel Villareal, aka. *Nacho Coronel*, *El Rey del Ice*, and *El Ingeniero* is the drug trafficker whose power has increased most in recent years. The FBI describes him as the leader of one of the most powerful drug trafficking organizations, which operates from Guadalajara at the service of the Sinaloa Cartel. His operations have influence all over the United States, Mexico, Europe, and Central and South America. According to FBI reports, Coronel’s involvement in drug trafficking dates back to the early 1990s and has increased steadily. The report adds that this Mexican *capo* acquires and traffics several tons of cocaine alongside Colombian drug traffickers, and also produces tons of methamphetamines.

together more closely on an offensive strategy to expand their presence in the country and maintain hegemony over their criminal enterprise.<sup>150</sup>

The so-called Millennium Cartel of the Valencia brothers later joined the alliance, as did regional operators like Édgar Valdez Villareal, alias *La Barbie*, and Eloy Treviño, the head of the organization known as *Los Chachos*.<sup>151, 152, 153</sup> The main objective set out by the federation was to establish a drug trafficking monopoly in the hands of a single cartel. To do this, they needed to gain control of Nuevo Laredo and eliminate the Gulf and Tijuana cartels, including *Los Zetas*. This confrontation has brought serious consequences not only in Nuevo Laredo, but also in areas like Chiapas, Oaxaca, Guerrero, Michoacán, Jalisco, Nayarit, Sonora, and to two Baja Californias where the capo's private armies are competing over the shipment points and the corridors going towards the coasts and the U.S. border. *Los Zetas* are not the only army. There are also *Los Chachos*, *Los Pelones*, *Los Lobos*, and *Los Negros*, all under the command of Edgar *La Barbie* Valdez Villareal, and all major actors in a wave of more than 300 executions that took place in the country between December 2006 and June 2007.

According to statistics of the Mexican Secretary of Public Security, organized crime carried out eight murders every day during the first eleven months of 2007. Sources from that institution say that they have recorded 2,561 deaths specifically related to drug trafficking, 14.2 percent more than the number recorded in 2006. The states with the highest number of murders are those in which the Sinaloa and Gulf cartels are operating: Baja California, Michoacán,

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<sup>150</sup>Gutiérrez, Alejandro, 2007.

<sup>151</sup>This cartel is known as the Millennium Cartel in the United States and as the Valencia Cartel in Mexico. It began to operate in the 1990s in Jalisco, Michoacán, Colima, and Nayarit. Authorities discovered its strength on October 13, 1999 when a joint operation of the Mexican, U.S., and Colombian governments uncovered the connections that the group had established with Colombian traffickers. Early in the year 2000, the DEA stated that the Millennium Cartel was responsible for bringing in about one-third of all the cocaine being consumed in the United States. The PGR indicated that the cartel had previously been considered a minor group but that today it is active in Nuevo León, Tamaulipas, Jalisco, Colima, Michoacán, and Mexico City. Its main center of operations is in Guadalajara.

<sup>152</sup>According to preliminary investigation PGR/SIENDO/UEIDCS/106/2005 and information obtained from investigations of the Sinaloa Cartel carried out by the Federal Public Ministry, Valdez Villareal (*La Barbie*) began to operate between Nuevo Laredo and Monterrey, territories which he was able establish control of in the end. Between 1998 and 2000, *la Barbie* met Arturo Beltrán Leyva (*El Barbas*) who recognized him as the ideal hit man because of the level of violence he was willing to use. his level of violence.

<sup>153</sup>*Los Chachos* is an organization headed by Eloy Treviño, the biggest operator and hit man of the *Los Valencia* Cartel which operates in Colima, Michoacán, and Jalisco.

Sinaloa, Guerrero, Mexico City, Tamaulipas, and Nuevo León. The newspaper *El Universal* reports that 705 have been killed so far in 2008. (January to March) The *Reforma* has the number at 721 murders, most attributed to the actions of organized crime.<sup>154</sup>

Though the conflict appears to be a result of the clash between two clearly identified sides—the Gulf Cartel and the Tijuana Cartel against the Sinaloa groups who are allied with other Pacific route cartels—in reality, alliances between groups have gone through frequent alterations depending on the changing conditions of the illegal market and the actions of the government’s armed forces. In some cases, fragmentation is the response, especially when groups are competing for control of a zone. In other cases, various groups have to join forces to respond to challenges coming from a superior force with greater firepower. In some circumstances and times, a trafficker may want to take control of an organization (the case of *El Chapo* Guzmán and Osiel Cárdenas) by offering “guarantees” for transactions, regulating the illegal economy, and providing safe conditions for its members—whether by corrupting state forces or by consolidating private armies. At other times, especially times of instability within the organization, the mid-level leaders compete for leadership and prefer to break up the cartel with an “every man for himself” kind of logic.

Some recent information indicates that the so-called “federation” has experienced fractures. Military and civilian intelligence documents of the Mexican government indicate that the federation has been weakened since the 2007 separation of the Beltrán Leyva brothers and the breakup of the Millennium Cartel. In this context, some criminal organizations have made agreements with other groups to allow them to move narcotics through their areas of influence in exchange for a right of access payment. In the ongoing quest to consolidate exclusive areas, however, even places like the International Airport of Mexico City have turned into conflict zones.<sup>155</sup>

According to various sources, the organization that is thought of as being under the leadership of *El Chapo* Guzmán has, in reality, changed its vertical command structure to a horizontal one. The leadership of this organization is made up of four men, and Guzmán is no longer the most important. Reports indicate that the operational capacity of the organization lies primarily in the strength that Ignacio

<sup>154</sup>In Mexico, the media, especially some daily newspapers, have more current information than government institutions, which take a certain amount of time to consolidate statistics from all over the country.

<sup>155</sup>Castillo, Gustavo. 2007. “Los Beltrán Leyva y el cartel del Milenio se separan de la Federación” in *La Jornada*. Political Section. January 30.

*Nacho* Coronel Villareal has been able to bring to it. The other leaders are Ismael *El Mayo* Zambada and Juan José Esparragoza Moreno, aka *El Azul*.

Meanwhile, according to intelligence reports and preliminary information from the Assistant Prosecutor's Office for Specialized Investigation on Organized Crime, the Beltrán Leyva brothers have been expanding their power through the use of force and distancing themselves from the Sinaloa Cartel.<sup>156</sup> Including Edgar Valdez Villareal, *La Barbie*, has been key to the execution of this strategy. Valdez left *El Chapo* Guzmán's organization to team up with the Beltrán Leyva brothers—though he also trained groups of hit men who are under the umbrella of *El Mayo* Zambada. The Beltrán Leyvas' organization has also made agreements with the Juárez and Gulf cartels to protect their areas of influence from *El Mayo* Zambada who is trying to take total control of Guerrero, Michoacán, Sonora, Chihuahua, Tamaulipas, and Nuevo León. One example of this agreement between the Beltrán brothers and the Juárez and Gulf cartels is that members of *Los Zetas* have been arrested in places like Durango, Coahuila, Michoacán, and the Federal District wearing the "uniforms" of Arturo's special forces, as the Beltráns' hit men in the central zone are called.<sup>157</sup>

Some believe the "Federation" continues to be active. Others say it is only a myth that is useful for the drug traffickers, especially now that the public security forces have begun to carry out operations, since it behooves them to look like a strong and cohesive organization. What is true is that connections between groups exist and that they are not stable. Because of this dynamic, Mexico now has many regional organizations. Some of them are stronger than others as armed organizations, and have the intention and capacity to expand.<sup>158</sup> When organizations are fragmented, it is harder for the Mexican government to pursue them, since it doesn't have the capacity to respond to all of the challenges at the same time. In this scenario, it will most likely choose to combat the dominant factions. Meanwhile, those that appear weaker, or that maintain a lower profile, will have the space to expand their market and their influence.

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<sup>156</sup>To areas like Chiapas, Querétaro, Quintana Roo, Sonora, Sinaloa, Tamaulipas, Mexico State, and the Federal District.

<sup>157</sup>Castillo, Gustavo, 2007.

<sup>158</sup>Professor Edgardo Buscaglia, advisor to the United Nations Office of Crime Prevention, has called this regionalization and fragmentation the "feudalization of organized crime." He defines this as the 'capture' of regional governments by crime groups, a result of the central government's inability to implement policies in different areas, where authorities have been captured and it is impossible for the central government to implement its programs. He says, "...crime groups establish an alternative state where they control all of the services."



The fate of the criminal organizations will be determined by: their ability to maintain active relationships with their Colombian and North American partners (or to expand their transactions in Europe); their ability to make local agreements with economic and political sectors by corrupting the municipal public forces; and their possibilities for building their own armed apparatus capable of defeating rival factions and responding to government offensives.

### SINALOA: THE NARCO-TOUR

In the city of Culiacán, the capital of Sinaloa, one tourist attraction doesn't appear on any of the guides. The tour goes through neighborhoods like Tierra Blanca, Las Quintas, Chapultepec, and the chapel of the "generous" bandit Jesús Malverde, who has become the patron saint of the drug traffickers. Some residents of this city invite their guests to the beaches of Altata or to go shopping at a mall called "El Gran Forum." They also take them to admire the sumptuous residences of the drug *capos*. If you are interested in this kind of trip, you should ask for the narco-tour.<sup>159</sup>

On your route, your guide will slow down the car and point to a group of buildings that in spite of fading paint, are still witness to the grandeur that distinguished them in the 1980s. The guide explains:

Those apartments used to belong to [Miguel Ángel] Félix Gallardo, who before becoming a powerful drug dealer worked in the judicial police and as a bodyguard of the man who was then the governor of Sinaloa, Leopoldo Sánchez Celis... The business over there (dairy product factory) is said to belong to the wife of Ismael *El Mayo* Zambada.

This is the "light" side of the phenomenon of drug trafficking in this city, which has seen several generations of traffickers and *capos* pass through. Culiacán has a history that includes times of economic bonanza but also periods of violence that intensify when there are disputes between factions. This is the urban dimension of the phenomenon and a reflection of an illegal economy that begins in remote mountainous rural areas and spreads to the country's largest cities. Sinaloa is part of the so-called Golden Triangle—which also includes the states of Durango and Chihuahua—the area with the most poppy and marijuana production in the country. In late March 2007, more than 40,500 soldiers were deployed to this area where they found more than 160 tons of drugs in so-called *secaderos*, or drying sheds.

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<sup>159</sup>Herrera, Claudia, 2005. "El *narcotur*, nueva atracción para los paseantes que visitan Sinaloa," in *La Jornada*, May 2.

Behind this illegal market, there is a complex system of relationships that involves a significant layer of the population: the peasant farmers who grow the poppies and marijuana plants; the people who transport it; those who sell it in the “narco-retail” market; killers for hire; businessmen with money-laundering operations that handle millions of dollars; and policemen who become the bodyguards of the big *capos*. Once again, the illegal economy appears as kind of a social order.

This reality has a high social cost. Early in the Felipe Calderón administration, journalist Judith Valenzuela wrote a series of reports entitled, “The different faces of drug trafficking in Sinaloa,” in which she described the situation in the following way: “Kidnappings, torture, crimes, addiction, delinquency, threats, and murders of journalists have reached their highest point ever in the history of the state.”<sup>160</sup> Two people are murdered every day, and the killers don’t seem to mind that women and children are among those killed. It looks like the drug traffickers’ code of honor has changed. The battle has become increasingly bitter and cruel.” During the last six years, clashes between *capos* in Sinaloa have resulted in more than 3,000 murders—an average of 500 per year over the last six years.<sup>161</sup>

Most of these crimes have occurred in Culiacán (66 percent) and have been carried out with firearms, like AK-47 and AR-15 assault rifles. At first, the confrontations and vendettas were played out in unpopulated places. Now they occur in busy central areas. A look at the latest headlines is enough to see what is happening. The April 28, 2008 headline in the *Milenio* newspaper was: “Six People Murdered in Sinaloa in the Last Few Hours.” The article was as follows:

In the last 24 hours, six people, including one minor, were brutally murdered in different parts of the municipalities of Culiacán and Mazatlán, according to a report of the Attorney General’s Office for the State of Sinaloa. The report indicates that the most recent murder occurred this morning in the district of Eldorado where Luis Fernando Hernández Sánchez, age 47, was murdered with seven gunshots to different parts of his body. In the upscale residential neighborhood of Chapultepec, restaurant owner Emigdio Rochín, identified at first as Gustavo Duarte Gastélum, was murdered as he travelled in an armored vehicle. In the early hours of the morning, in the Villa Universidad neighborhood, one person was murdered and another wounded in a shootout. More than 200 shots were fired in the gun

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<sup>160</sup>Valenzuela, Judith. “Las diferentes caras del narcotráfico en Sinaloa.” <http://www.periodistalinea.org/modules.php?op=modload&name=News&file=article&sid=2693>

<sup>161</sup>Fernández, Jorge and Ronquillo, Victor. 2006.

battle, causing damage to private houses and vehicles. The body of an unidentified young man was also found at the side of an irrigation ditch near La Loma de Redo, Quilá. He was killed by gunshot. In the immediate surrounding area of Jacola, in the district of Baila, the charred body of one person who appears to be male, was also found.<sup>162</sup>

Sergio Cervantes, professor History of the University of Sinaloa describes the situation in the following way:

... what we are seeing is a very serious problem because it has repercussions on everything that has to do with the social life of the community. One of these repercussions is that the population is suffering a kind of psychological fear: the fear of going out into the street in some busy spot of the city—because you never know when something violent might happen—and running into a shootout between rival bands, or perhaps the execution of a person involved in drug trafficking. Here in Sinaloa, we have seen a lot of innocent people who don't have anything to do with drugs become victims of this violence.<sup>163</sup>

Meanwhile, the governor of Sinaloa, Jesús Aguilar Padilla, concurs with the president of the Mexican stock market when he says that the violence caused by drug trafficking has spread all over the country, but that it hasn't affected investments. He also says that investment in the state of Sinaloa has not slowed down. Even tourism has been growing significantly and is expected to continue to grow throughout the year. Maybe he is right. After all, one particular tourist attraction for foreigners visiting this city—an ominous sign for its residents—is the influence of drug trafficking.

## A LOOK AT SOME GENERAL TRENDS

In Brazil we have the *Comandos* in São Paulo and Rio de Janeiro. In Colombia, we see the decline of the cartels and the fragmentation of drug trafficking groups, the ongoing operations of the “collection offices,” and the appearance of the so-called emerging bands. In Mexico there is a mix of alliances and conflicts between criminal factions and a proliferation of private armies. In all three countries, organized crime has maintained certain forms and characteristics that have allowed it to survive over time. It continues to be one of the greatest challenges and threats

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<sup>162</sup>*Milenio* daily newspaper. “Asesinan a seis personas en Sinaloa en las últimas horas.” April 20, 2008.

<sup>163</sup>Cited in Fernández, Jorge and Ronquillo, Victor, 2006.

to the region and, so far, no effective way to fight it has been found. Organized crime goes through periods of expansion and contraction, concentration and dispersion. Though drug trafficking has established itself in different ways in these three countries, certain trends help us to understand the dimensions of this business and the organized criminal groups that run it.

**Organized crime adapts.** Criminal structures adapt to the changing circumstances and conditions in which they operate, responding to ups and downs in the illegal markets, the actions of the government forces as well as competitors, changes in technology, changes in population distribution (such as urbanization), the arrival of new generations, and changes in the political systems and economies of countries.

**Crime groups are moving away from rigid hierarchies and towards a criminal network (from linear to horizontal).** Criminal structures are increasingly adopting a network form. They have been moving away from cumbersome—almost bureaucratic—organizations that tried to monopolize illegal economies, toward the configuration of cells that specialize in certain parts of the production chain or in a specific market (like the protection market). The big boss who used to give all the orders no longer exists. Crime groups are adopting collegial forms of leadership that coordinate a complex network of local factions, which connect with each other around constantly changing transactions, according to the opportunities dictated by each moment. The real leader is the person who has the contacts and the connections, the person who has developed a significant concentration of relationships.

**The disappearance of a *capo* does not mean the disappearance of a structure, only its reorganization.** Most crime organizations have lost their leader at some point in their history but this has not led to their disappearance as an organization. Generally, what happens is that in the absence of the top leader, a process of fragmentation occurs. The successor doesn't often manage to keep the same cohesive structure, and several possible scenarios emerge. If a *capo* is captured or killed by the government forces, a situation of instability is created in which various factions attempt to preserve themselves individually. In this framework, the mid-level commanders will begin to compete for the leadership of the organization (as is happening, for example, with the Gulf Cartel). Some structures will try to become independent. Others will be taken over by larger groups (as may be occurring with some of the emerging bands in Colombia). Some will form alliances to try maintain a minimum level of cohesion so they can reorganize (the case of the "Federation" in Mexico), and others will be prepared to offer themselves to the highest bidder (such

as groups that remain from the Norte del Valle cartel). This is an opportunity for stronger crime organizations to try to co-opt unemployed “labor.”

If the leader is assassinated by a member of the same organization, the next in line will assume leadership of the group. In this case, it is more likely that internal cohesion will be maintained (the PCC and the emergence of Marcola as their primary leader is one example). But there might also be a sense of internal paranoia that divides the structure between those who back the leader and those who oppose him.

Since these groups are not strictly organized in a pyramid fashion, their reorganization—though it takes a while—does occur in most cases. Of course, the absence of the leader does impact the faction and does tend to lead them to a crisis that weakens them. The loss of the main *capo* is a big blow in terms of the accumulated experience, cohesion, its effect on the morale of its members, and especially in terms of the negative effect on the contacts that the *capo* maintained. For example, the capture or death of the Mexican and Colombian *capos* has led to more chaos in the relationships between the drug trafficking factions, and this has had direct consequences for the performance of the illegal market.<sup>164</sup>

**The dominant factions of organized crime appear as regulators of the illegal transactions.** Alongside the specialization of cells in different phases (processing, traffic, and sales, in the case of drugs) or type of business (extortion, bank robberies, contraband, etc.) dominant criminal factions exist that are able to impose themselves as regulators (administrators) of the illegal transactions among the various components of the market. Along the lines of Gambetta’s analysis, they are those who can impose a mafia model, taking on functions that are similar to those of the government: guaranteeing compliance with contracts, resolving disputes, dissuading competition (putting restrictions on the entry of other actors in the market), and regulating the underworld—all of this in a context of distrust.<sup>165</sup>

In some cases, these structures even take on things like the administration of “justice” and have an influence on local governance. They provide assistance to the

<sup>164</sup>One member of the Mexican drug trafficking groups—believed to be part of the group of Osiel and the Arrellano brothers—has been seen in Colombia in places like Antioquía, Urabá, Meta, Caquetá, Tolima, and Valle. What this means is that since various groups are at war with each other in Mexico, and since there have been repercussions from the actions of the public security forces there, this group has decided to negotiate heroin and cocaine directly in Colombia. Among Osiel Cárdenas’s partners are the Mejía Múnera brothers, the leaders of several of the illegal armed structures that operate in the northern area of Colombia, where they are trying to form a corridor from the Atlantic coast to the Venezuelan border. *El Tiempo*, “Avance de mafia mexicana,” September 14, 2004.

<sup>165</sup>Gambetta, Diego. 2007

communities by building infrastructure, giving away food, and organizing social events. In some areas, crime organizations fill vacuums left by the government and establish themselves as an illegal parallel power. In places where the State has a weak or relatively weak presence—quite a number of cases in the three countries studied here—crime co-opts the State by corrupting and intimidating officials.

**Organized crime requires armed groups that can be used for coercion.**

The emergence and development of organized crime, at least since the 1980s, is linked to the proliferation of armed groups. These structures are essential for regulating transactions and protection (personal or group). All kinds of armed structures exist from child soldiers (like the ones in the Rio de Janeiro *Comandos*), to hit men (collection offices), to expert combatants like the *kaibiles* (Gulf Cartel). It all depends on the market they are trying to protect: whether it is narco-retail in the *bocas de fumo* (*biqueiras, plazas, ollas*), the moving of drug shipments, the distribution of synthetic drugs, extortion, or illegal enterprises like prostitution or gambling, among others. The type of armed group also depends on its level of confrontation with government forces and on the threats it experiences from enemy or competitor groups.

The armed structures might belong to the crime organization or they might be contracted. In the latter case, government forces can be corrupted to work for organized crime, as has occurred for many years in Mexico, or the work can be outsourced to criminal groups who specialize in the protection market, as has occurred in Mexico with organizations like *Los Chachos*, *Los Pelones*, *Los Lobos*, and *Los Negros*.

It is also important to observe who is subordinate to who: whether the traffickers manage the armed group (as occurs in Brazil) or whether the private armies have control over the illegal market (as *Los Zetas* are trying to do in Mexico). Gyraud asks whether mafia-type power, which is temporary in nature, is economic power (due to wealth), political power (based on authority), or military power (based on weapons). The response is that mafia power has a military essence: force is used to acquire wealth and legitimacy.

It is useful to note that these armed groups are aimed at ensuring the security of illegal activities locally and regionally. They have no utility in the transnational dimension—unless they have the power to carry out or sponsor commando actions or terrorist attacks in other countries (a scenario that is not expected to occur in any of the three countries.)

**Organized crime not only adapts to its surroundings; it also creates and preserves the conditions of the illegal market.** In different ways, criminal groups seek to have influence in political, economic, and social arenas. Its purchasing power allows it not only to corrupt people and buy them off, but

also to create coercion structures that repress the factors that threaten their existence. In the different territories where criminal organizations emerge, you can see how the environment is modified and impacted. Small towns, where there are few opportunities to insert themselves in the global economy; neighborhoods, where infrastructure is very basic, if it exists at all; and sectors of the population that are not integrated into any system regulated by the government are altered when organized crime appears. In these areas, the difference between legal and illegal is very tenuous, and illicit activities are presented as a form of social inclusion, economic insertion, and in some cases, political recognition. All of this occurs with terrible consequences and tremendous inequalities.

Something that Georg Elwert calls the “market of violence” emerges in this context—economic areas dominated by conflicts between irregular armed actors where a self-perpetuating system emerges that connects the non-violent product market to the violent acquisition of goods.<sup>166</sup> In this framework, Elwert’s *Machiavellian Theorem* takes on its full meaning.<sup>167</sup>

**Organized crime imposes a social order—a local network—that functions around a clandestine market.** In places like Norte del Valle, some districts of Cali and Medellín, sectors of Bogotá, rural areas in Colombia where coca is grown or that serve as drug corridors, the *favelas* of Rio de Janeiro, certain areas of São Paulo, and cities like Zacatecas, Nuevo Laredo, and Culiacán in Mexico, significant layers of the population are using the illegal economy as their form of subsistence. In this context, children and young people are recruited by criminal structures in environments where there is a scarcity of services, where job opportunities are very limited, and where the institutional vacuums are immense. In these places, the communities organize and connect with each other around illicit activities, and the existence of failed states becomes very clear. This territorialization of criminal activity reinforces stereotypes and allows the construction of social networks that emerge from power relationships based on money and the capacity to coerce.

To function, the drug market requires the cooperation of impoverished citizens, who are without work and without defined future prospects. As wage-earning workers in this market, they exercise control over distribution, point of

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<sup>166</sup>Elwert, Georg, 2003. “Mercados de violencia y política de ayuda e intervención,” in Kalulambi, Martin (Ed.) 2003. *Perspectivas comparadas de mercados de violencia*, Bogotá: IEPRI-Alfaomega.

<sup>167</sup>Hirshleifer, J. 2001. *The Dark Side of the Force: Economic Foundations of Conflict Theory*. Cambridge: Cambridge University Press.

sales, circulation of money, and debts acquired either by consumers or by small vendors. In return, they must obey their bosses.<sup>168</sup>

In their areas of influence, crime leaders can put their economic resources into social investment—like building houses for the poorest people, contributing to public events that boost their prestige, and supplying public goods to the community. These activities allow them to launder their resources and substitute in practical ways for the role of the government. It generates a transfer of loyalties to the crime leaders, legitimates their illicit acquisition of wealth, and validates areas of impunity and protection. Legal rules end up being perceived as invalid or inefficient for social development. The legal becomes illegitimate and the illegal becomes what seems reasonable and necessary.<sup>169</sup>

The poorest population is not the only group involved in clandestine markets, of course. Other significant actors include: economic sectors involved in assets laundering who invest in, and pay for, protection; and influential politicians who benefit from the presence of crime in order to make alliances that will generate votes for them. If offered enough money, these political actors can mold a legal system to generate an enormous environment of impunity. They can also decide where to focus the actions of the army and the police. This is what is called “white-collar crime.” And though it is imperceptible, it corrodes political and economic systems, putting the government at the service of illegal activity.

Thus, a complex network is configured with multiple connections, all aimed at preserving the illegal market. This parallel social order involves children, young people, women, and marginal populations, but it also includes politicians, businessmen, members of public security forces, judges, prosecutors, and legislators. These illicit networks are not only closely related to the legal activities of the private sector, they also reach deeply into the public sector and political system.

Often we try to relegate crime to a world that is very different from our own world of average everyday citizens. We see it as a kind of underground phenomenon that most of us don’t participate in. However, crime has a way of spreading imperceptibly as it expands its market. It is nothing more than what society itself demands and what the state is incapable of regulating.

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<sup>168</sup>Adorno, Sergio. 2006. *Crimen, punición, y prisiones en Brasil: un retrato sin retoques*. Text prepared for the Ibero-American Forum on Citizen Security, Social Violence, and Public Policies. Madrid (Spain), June 19–21.

<sup>169</sup>Resa, Carlos. 2005.





# **The Network: The Criminal Economy and its Connections**

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## **PART ONE**

### **THE CRIMINAL ECONOMY: FROM THE LOCAL TO THE GLOBAL**

Our mainstream societies coexist with an illegal market that supplies us with all kinds of products: from pirated movies and child pornography to drugs, human organs, and even trafficked human beings. The list should also include the protection offered by mafia-like groups—protection from real or imagined dangers, dangers that they themselves might create.

Illegal goods are frequently distributed and sold via an informal economy that also distributes legal products. Sometimes the products are legal but their sale is not because it isn't regulated by the government. Gasoline, for example, can be purchased legally in Venezuela, but the emerging bands sell it as contraband on the Colombian side of the border. Another example is the unregulated sale of cell phone minutes; the product is legal but its sale is not. The unregistered, or “pirate,” transportation companies in the slums of Rio are not illegal activities, but there is no government regulation or management of the business.

These examples help us to distinguish between informal activity and criminal activity. We have to look at how the actual product is classified but also at how the transaction occurs. If both the transaction and the product fall into the illegal categories, then we are probably looking at a criminal economy. Who defines whether or not a product or a transaction is legal? Theoretically, the State does. The problem is that our governments in Latin America have a very limited capacity for regulation. Let's go back to the example of gasoline sales in the areas near the Colombian-Venezuelan border. The unregulated resale of Venezuelan fuel has been declared illegal in Colombia, but the Colombian government has been incapable of regulating the transaction. For one, the activity has become an integral part of informal activity in the border area; a considerable number of residents make their living off of it, supplying gasoline to most of the population there. Another reason is that it may only cost you US\$5 to fill up your tank in

a place like Puerto Santander (Norte de Santander, on the Colombian border), whereas in Bogotá, the same amount of gas could cost you US\$42. So, when the government has tried to interrupt fuel contraband activities, providers take to the streets in protest, transportation workers block roads, and communities begin to exert pressure to reactivate the distribution of the fuel.

Rosinaldo Silva de Sousa, who has studied organized crime networks in Rio de Janeiro, adds another element that helps distinguish the informal economy from the illegal economy. It has to do with how agreements or contracts are enforced, or guaranteed, with at least a minimum level of certainty.<sup>170</sup> The informal sector benefits from the fact that the government doesn't control certain aspects of the economy. To a large degree, people can turn a profit in this sector, precisely because the government is likely to ignore their activities. In this part of the economy, certain principles of reciprocity and trust are the main ways of assuring compliance with agreements. In other words, all those who do not honor the terms of the established contracts in the informal economy are punished by being excluded from the network of economic transactions. Consequently, they are deprived of the means to make a living as an agent in the informal economy.

Let's look at the gasoline contraband example again. In the city of Cucutá, there is one *pimpinero* at least every ten blocks (*pimpineros* are people who sell contraband gas from Venezuela out of containers called *pimpinas*). When I asked a taxi driver who buys contraband gas in Cucutá how he can be sure that the gas he is getting is pure, and who guarantees the quality of the product, he answered: "It's easy. If the gasoline turns out to be bad, I don't buy at that place anymore, and I tell everyone that that *pimpinero* is selling poor quality gasoline, so no one will buy from the guy."

In the criminal economy, however, the main way of making sure contracts are honored is the use of illegitimate violence, according to Silva de Sousa. If a drug dealer sells a poor quality product, his punishment may go beyond exclusion from the market. Because of the costs associated with failure in this kind of transaction, it is quite possible that his punishment could be death.

Thus, a criminal economy can be defined by the presence of an illegal market (which includes illegal goods and services and illegal transactions), the absence of government regulation, and the existence of an organization capable of enforcing contracts through the use of illegal force. It is important to keep in mind that in Brazil, Colombia, and Mexico, when merchandise and transactions are

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<sup>170</sup>Silva de Sousa, Rosinaldo. 2004. "Narcotráfico y economía ilícita: las redes del crimen organizado en Rio de Janeiro," in *Revista Mexicana de Sociología*, No. 001.

considered illegal and the State is incapable of regulating them—or eliminating them—the State’s regulatory role can be usurped by a criminal organization with coercion capacity.

These factors are accentuated in places where the absence of the State is more marked. In these areas, the line between what is legal and what is illegal becomes blurred. Countless examples help us visualize this situation. In some of the *favelas* of Rio de Janeiro, police incursions—which are legal—are considered illegitimate because residents see the traffickers as the true authority. According to Brazilian Institute of Social Research (IBPS)—which conducted a survey at the request of the Center for Favela Associations (*Central Única de Favelas – CUFA*)—70 percent of the residents of the *favelas* say that their neighborhoods are under the control of drug traffickers. The coca growing areas of Colombia are another example. There, the eradication of coca crops by the police is considered illegitimate, since planting coca is sometimes the only option for subsistence, even if it is an illegal activity.

Criminal factions also have the tendency to appropriate informal economies. Drug traffickers like to invest in the informal public transportation sector, for example. This happens in poor neighborhoods in Rio de Janeiro and São Paulo. It also occurs in parts of Medellín and in municipalities on the Colombian Atlantic coast with the so-called *mototaxis*—motorcycles that carry passengers.

These two elements—what communities perceive as illegal, and the insertion of criminal factions into informal economies—give organized crime a great capacity to penetrate societies on the local and regional levels. In this context, what is morally correct is displaced by what is rationally necessary. This happens when someone buys a pirated CD, DVD, or book; or when he or she buys contraband goods of any kind. It is an “incorrect” conduct but it gives a person an economic advantage since the price being paid is much lower than the price of the original product. On the streets of Bogotá, for example, pirated copies of a US\$17 CD sell for the equivalent of US\$1.50, and a US\$30 DVD can be purchased for something like US\$4. It is easy to understand why someone might want to purchase a pirated item. The thinking is often something like: why should I give my money to the music store if it doesn’t provide me with any extra benefit? Why should I continue to enrich the music industry? Etc. This might be true, but in the case of pirated goods, we also have to ask who ends up with the profits. What if the answer is organized crime? You may think I’m exaggerating, but in a city like São Paulo, it is very feasible that that is the correct answer.

Let's look at some figures related to the piracy business in Colombia:<sup>171</sup>

- An estimated 65 percent of purchased music is pirated, with estimated losses of US\$73million.
- At least 90 percent of all videos on the market are pirated.
- Almost 70 percent of those who use cable television are receiving pirated signals.
- The audio-visual industry estimates more than US\$40 million in losses due to piracy.
- More than half of all computer software in businesses is illegal (with higher percentages in small and medium-sized businesses).
- An estimated 20–25 percent of the book market is made up of pirated materials.
- In 2001, estimated losses from piracy in Colombia reached US\$153 million.

In Mexico, according to the Global Software Piracy Report, published by Business Software Alliance (BSA), 56 percent of programs installed are installed from pirated copies, with losses of more than US\$180 million to the industry. Mexico is in third place for music piracy—after China and Russia—with losses that amount to US\$220 million. In 2004, the United States warned Brazil that it could be taken off the list of countries permitted to export duty-free products to the U.S. unless it was able to demonstrate progress in the fight against piracy, which in 2003 caused an estimated loss of US\$700,000 in income to U.S. companies.

This is a summary of the losses, which add up to more than one billion dollars between the three countries, including all the various sectors. There is no good estimate yet of how much of this amount is going to the pirates, and where their profits go.

Piracy is just one of the illegal markets run by organized crime, but is one activity that shows the blurry line between what is considered morally correct and rationally necessary. The more gray the definition, the greater the opportunity for organized crime to benefit. If we went through this same exercise for every type of product and service that is pirated, we would reach an amount that could easily be the equivalent of the Gross Domestic Product (GDP) of some countries or the profits made by large multinational corporations.

The illegal drug business is probably the most lucrative activity in the criminal economy, and it is the largest illegal market in the three countries studied here.

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<sup>171</sup> *Poder* magazine, 2002. "Piratería en Colombia," June.

The drug business works a little differently in each country. It includes the production, transportation, and sale of marijuana and cocaine and, more recently and at a smaller scale, synthetic drugs and methamphetamines. It also involves a wide range of employees and operators, which include everyone from the *raspachines*, or coca harvesters, in Colombia, to pushers in European and U.S. cities.

The illegal drug market is developing a complex structure from the local to the global and is establishing itself in our countries in different ways. For managing each of the phases of the business, it requires adequate infrastructure according to the level of its presence and control in a particular territory. The drug market has three basic dimensions: local, transnational, and global.

The local market (internal) in Mexico is called *narcomenudeo*, or narco-retail, and is primarily focused on the distribution of drugs in urban centers. Internal demand has been increasing in all three countries: first for marijuana, then for cocaine, and lately for synthetic drugs like Ecstasy. The drugs are sold in specific places that function as outlets for all kinds of substances. In Mexico these places are called *tienditas*, or little stores. In Rio, they are called *bocas de fumo* and in São Paulo, *biqueiras*. In Medellín, they are called *plazas de vicio* and in Cali, *las ollas*.

Drug use is on the rise in Colombia. In 1996, it was estimated that 0.9 percent of the population between the ages of 10 and 24 had tried drugs at some time in their lives. By 1999, this percentage had increased to 3.5 percent, and by 2001, it was at 4.5 percent.<sup>172</sup> Marijuana use was similar. In 1996, 5.4 percent of Colombians in the same age group had tried marijuana at least once in their lives, and in 1999 it was 9.2 percent, a figure that stayed the same through 2001. The situation has worsened as synthetic drugs have entered the Colombian market. These drugs are much more addictive than drugs made with natural substances, and since they are easily produced and trafficked, their supply and use could grow.

In Mexico, various information systems have shown that cocaine consumption has stabilized and that marijuana use continues to grow, though this varies from region to region. A 2003 survey of students in Mexico City revealed a similar situation: an increase in marijuana consumption and a slight increase in cocaine consumption. These changes in behavior are not the same all over the country. The northern states of Mexico—with the exception of Matamoros—are showing a high level of cocaine consumption and a serious heroin problem as well. The number of methamphetamine users is growing particularly quickly in

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<sup>172</sup>Sources: National Study on the Consumption of Psychoactive Substances. Colombia, 1991. Dirección Nacional de Estupefacientes [National Office on Narcotics-DNE] (18,770 people surveyed). Presidency of the Republic. Rumbos Program. National Survey on Drug Use among Youth, Ages 10 to 24 years old (305,869 people surveyed), 2001.

Sonora and Baja California. Finally, Juárez and Tijuana are the places with the highest level of drug use in the country, even more than in Mexico City.<sup>173</sup>

According to the Epidemiological Observatory on Drugs (2001), cocaine consumption among high school students increased from 1 percent to 5.2 percent between 1991 and 2000, and marijuana use increased from 2.8 percent to 5.8 percent. The Epidemiological Vigilance System on Addictions (SISVEA), also showed that methamphetamine use increased in northern Mexico by more than 30 percent from 1996 to 2004.

In Brazil, according to the 2005 Second Household Survey on Psychotropic Drugs Use in Brazil, conducted by the Brazilian Center for Information on Psychotropic Drugs (CEBRID), 22.8 percent of those interviewed in 2005 had taken drugs at some time in their lives as compared to the 19.4 percent who reported having done so in 2001.<sup>174</sup> Of those interviewed, 8.8 percent had tried marijuana, as compared to 6.9 percent in 2001. For cocaine, the 2005 figure reported was 2.9 percent, up from 2.3 percent in 2001. For crack cocaine, the 2005 figure was 1.5 percent, up from 0.4 percent.

These estimates show a trend toward more drug users in the local markets of all three countries.<sup>175</sup> This could be due to a greater supply being offered by traffickers, or to greater consumer demand, or both. Whatever the case, it appears that more drugs are being sold inside these three countries than before. The local market is emerging as an option for criminal organizations.

Selling on the local market becomes a more attractive option for traffickers when an increase in law enforcement operations makes it difficult for them to get the drugs out of the country. In Mexico, drug traffickers often pay for their merchandise in-kind (with drugs) and this also leads to an increase in the internal supply. Another situation that can lead to an increase in local drug sales is the capture of a *capo* or other key members of the crime organization, since they are the ones with the contacts. Until connections are reestablished, the drugs may accumulate, and it is sometimes necessary to sell them on the internal market.

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<sup>173</sup>Secretariat for Public Education in the Federal District. 2007. Survey on drug consumption among students in 2006. [www.afsedf.sep.gob.mx/drogas\\_estudiantes/panorama.jsp](http://www.afsedf.sep.gob.mx/drogas_estudiantes/panorama.jsp).

<sup>174</sup>Brazilian Center for Information on Psychotropic Drugs (CEBRID). First Household Survey on Psychotropic Drug Use in Brazil.

<sup>175</sup>The trend might take on different nuances and interpretations according to the methods and measurements used. One of the indicators is the percentage of people who have tried drugs some time in their lives (use in life); though, the most accurate information is annual prevalence, which measures the number/percentage of people who have used illegal drugs at least once during the 12 months prior to the survey.

## ANNUAL USE/PREVALENCE OF COCAINE\*

	Prevalence of cocaine**	Estimated number of consumers***	Price per kg of cocaine base in 2003 (US\$)****
United States	2.8% (2005)	5,666,102	\$23,000
Canada	2.3% (2004)	525,504	\$28,700
Spain	3.0% (2005)	821,622	\$31,510
England and the United Kingdom	2.4% (2004)	981,208	No information
Mexico	0.4% (2002)	282,838	\$12,000
Brazil	0.7% (2001)	922,337	No information
Colombia	0.8% (2003)	234,479	\$1,750

\*Number/percentage of people who have used an illegal drug at least once in the 12 months preceding the survey.

\*\*Source: United Nations Office on Drugs and Crime. World Drug Report 2007.

\*\*\*Population between 15 and 64 years of age.

\*\*\*\*Source: Europol

Increased drug traffic to Europe has also put countries like Brazil on one of the main routes. One of the repercussions of this dynamic is that larger quantities of drugs are available to the *Comandos*—and therefore, there is a greater supply.

These circumstances, which could be temporary, have meant that a primarily producer country (like Colombia) and two countries that have been considered transit countries (Brazil and Mexico) have all seen an increase in the use and supply of narcotics, though use is still far below the levels found in the United States or in European countries. In Colombia and Brazil, synthetic drugs are being used more, especially in the upper-middle and upper classes.<sup>176</sup> Additionally, in Rio de Janeiro and São Paulo, there has been a shift from cocaine to crack use as an alternative for people in the lower income levels. In Mexico, and especially in northern Mexico, the demand for methamphetamines has increased. This has a

<sup>176</sup>In late 2006, the United Nations Office on Drugs and Crime and the Inter-American Observatory on Drugs (OID) of the Inter-American Drug Abuse Control Commission published their first comparative study on the unauthorized use of drugs among secondary school students in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, and Uruguay. According to the study on the prevalence of illegal drug use by students aged 14 to 17 during the previous school year, Chile had the highest level of marijuana consumption (12.7 percent), Argentina showed the most cocaine use (2.5 percent), and Colombian students were using the most MDMA, or Ecstasy (3 percent). Paraguay topped the list for users of tranquilizers like benzodiazepine (7.1 percent).



direct impact on the U.S. border states. In summary, local markets are becoming more active and are showing certain consumption patterns, and drug traffickers are positioning themselves to respond to these patterns and demands.

Internal markets are primarily managed by local factions. In Colombia, they are managed by the “collection agencies,” and in some cities by the so-called emerging bands. In Brazil, the *Comandos* are primarily the ones in charge, and in Mexico—though they had not been very involved in this before—the cartels have started working on controlling *plazas* that they call *tiendas*. One direct consequence is a territorializing of organized crime and, therefore, more battles for control over the places where the drugs are sold. In the case of Colombia, the increase in the number of territorial disputes is tied to the places where production and processing happen and to who is going to control the routes.

The transnational market is related to the exportation and delivery of drugs to the United States or to a European country. Most drugs go to these places for a simple reason: there is a larger concentration of consumers with purchasing power and drugs can be sold at the best prices. The primary actors in this market have been the cartels, but behind every transaction there are a number of operators who keep a low profile, and about whom there is very little information.

Activity in this market is characterized by certain trends related to changes in consumption patterns in the developed countries. It is important to say, however, that demand is increasing in other places at the same time, especially in South America in countries like Argentina and Chile.

### ***Greater Use of the Pacific***

The report, “National Drug Threat Assessment: 2008,” of the National Drug Intelligence Center of the United States Justice Department, indicates that since 2006, “the Eastern Pacific route, the primary cocaine transportation route within the Mexico–Central America Corridor, may be gaining even greater prominence in cocaine trafficking to the United States.” According to this report, 66 percent of the cocaine that went from South America to the United States during 2006 was transported on the Pacific vector. This is up from 50 percent in 2005. Meanwhile, the percentage of cocaine shipped through the Caribbean decreased from 38 percent in 2005 to 24 percent in 2006.

According to the Government Accountability Office (GAO), the amount of cocaine that entered Mexico for shipment to the United States averaged around 290 metric tons per year between 2000 and 2006. About 36 metric tons—the equivalent of 12 percent—was seized. The U.S. Inter-Agency Assessment of Cocaine Movement calculated that about 380 metric tons of cocaine arrived

in Mexico during 2006. Figures from the Attorney General's Office indicate that from December 2006 to December 2007, more than 50.3 tons of cocaine were seized—the equivalent of 13 percent.

These figures indicate that most of the drugs coming into the United States come through the west coast, and that 85 percent of what comes through Mexico follows this route. This situation is the result of changes in cocaine production and export dynamics. During the last five years, at least, coca leaves have been sent to the Colombian Pacific coast, especially to the department of Nariño, though now coca fields have been seen on the border with the Departments of Valle del Cauca and El Chocó. Corridors toward ports like Buenaventura (Valle), Tumaco (Nariño), and southern Chocó (through the San Juan River) have also been expanded and strengthened. Guerrilla presence (especially that of the FARC) is strong in these areas, and the private armies of Norte del Valle (*Los Rastrojos* and *Los Machos*) are also present. More recently, the emerging bands, have also been operating in the area, especially in Nariño and southern Chocó. This confluence of actors has led to battles for the control of coca fields and the shipment of cocaine. It has also produced alliances between various factions for the purposes of coordinating the export of the product using a holding strategy.

Meanwhile, in Mexico, the factions grouped together in the "Federation" (the cartels closest to the Pacific) have most of the geographic corridors under their control. Drugs coming from Colombia are sent by various organized crime groups and are increasingly being sent directly by the guerrillas. It is not possible to say, therefore, that one particular group has a monopoly on export, as might have occurred before with the Medellín or Cali cartels.

The Mexican groups are increasingly gaining in strength. Some say they are hoping to have a more direct influence in Colombia and, indeed, members of Mexican groups have been seen in places like Antioquia, Urabá, Meta, Caquetá, Tolima, and Valle. Because of conflicts between their various Colombian contacts and repercussions from the actions of the Colombian public security forces, they seem to have decided to negotiate directly for their heroin and cocaine.<sup>177</sup> They are also seeking to expand their presence in Peru and Bolivia where there has been an increase in the amount of coca being grown.

Just a few years ago, when a shipment of cocaine went out, the following distribution of profits occurred: if a shipment of 600 kilos left Colombia, 250 kilos worth went to the Colombian group, 250 to the Mexican group, and 100 to the person who was actually making the sale at the final destination. The Colombian group's

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<sup>177</sup>*El Tiempo*, "Avance de mafia mexicana," September 14, 2004.

share and the share for the person(s) who made the transaction contact were paid for directly in dollars or possibly traded for weapons. The 250 kilos worth that went to the Mexican group was divided between the internal market and the export market. As changes have occurred and the Mexican organizations have expanded, however, the percentages have also changed. Now the contact that makes the sale and the Mexican group together receive 450 kilos worth of the profit. The Colombian group is left with 150 kilos worth—100 kilos less than before.<sup>178</sup>

### *Greater Participation of Central America*

Colombian traffickers have traditionally preferred the Caribbean route through countries like Haiti, Jamaica, and the Dominican Republic, but Mexican groups are choosing to go through Central America. According to the UN International Narcotics Control Board, as the Mexican groups have been replacing the Colombian groups in the United States, part of the illegal drug movement seems to be going more through Central America, especially through areas less patrolled by the police, like the Laguna del Tigre National Park in Guatemala, the Mosquitia area of Honduras, and the Atlantic Coast of Nicaragua. These areas are used by drug traffickers to refuel their planes and boats and to repack and store drugs.<sup>179</sup>

According to the Guatemalan Service for Antinarcotics Analysis and Information, there are 13 organizations in the country involved in the transshipment of drugs, but only four of them are classified as cartels. One of the strongest cartels is led by Jorge Mario Paredes, alias *El Gordo Paredes*, and its centers of operation are in Chiquimula, Jutiapa, Guatemala City, and Huehuetenango. This group is in charge of moving drugs from Colombia, to Panama and Central America, and into Mexico. The second cartel is the Gulf Cartel, led by Guillermo Herrera. It operates in Central America and along Guatemala's northeastern route. Another group is the Zacapa Cartel, headed up by the Lorenzana brothers. The Zacapa cartel controls the routes through the department of Zacapa, as well as parts of the Petén, Izabal, Alta Verapaz, and Baja Verapaz, among other places. The last group classified as a cartel is that of the Mendoza family, *Los Señores de Izabal*. They operate in the Petén, in Izabal, in Alta and Baja Verapaz, and in Quiché.<sup>180</sup>

<sup>178</sup>Real figure given by a person who works making transactions with Colombian and Mexican trafficking groups (information from early 2008).

<sup>179</sup>International Narcotics Control Board (INCB). United Nations. *Informe 2007*.

<sup>180</sup>Prensa Libre.com "Clan León se reacomoda tras matanza en Zacapa." March 28, 2008. <http://www.prensalibre.com/pl/2008/marzo/28/228572.html>

Recent information indicates that these factions have begun to clash with each other and that Mexican groups are probably involved, particularly that of *El Chapo* Guzmán. On March 25, 2008, for example, members of Guatemalan and Mexican groups joined forces to launch an attack on the private party of a rival drug smuggling group related to the Zacapa Cartel at a pool resort in Guatemala City. The result of the attack was nine dead, including Juan José León Ardón, alias *Juancho*, the leader of the Guatemalan Zacapa Cartel.

According to the International Narcotics Control Strategy Report published by the U.S. State Department's Office for International Narcotics Matters and the Bureau for International Narcotics Law Enforcement, Honduras is also a strategic place for drug trafficking because of its geographic location.<sup>181</sup> This country is increasingly used as a transshipment point for cocaine and heroin going to the United States. Aerial surveillance indicates that traffickers have moved some of their operations from Guatemala to Honduras.

Mexican cartels probably have influence in Honduras as well, and Honduran Police are not ruling out the possibility that Mexican *capo* Joaquin *El Chapo* Guzmán may be hiding out somewhere in Honduras after his participation in the attack that killed the head of the Zacapa Cartel in Guatemala.

In Nicaragua, the Public Prosecutor's Office is investigating an international drug trafficking ring after twelve vans carrying narcotics were seized inside the country. Eighteen people were arrested in that operation, including several Guatemalans who appear to be working with Mexican groups. During the investigation, authorities also found commercial links to at least ten Guatemalan companies that own the vehicles.<sup>182</sup> And while some believe that *El Chapo* Guzmán was hiding out in Honduras, others say that he was using Nicaragua as his center of operations.

It seems possible to assert that Central America's greater involvement in the drug market is due to the increased presence of Mexican groups, especially the structures linked to *El Chapo* Guzmán. These factions have taken advantage of the vacuums created during the Colombian organizations' period of readjustment, and they are operating both by competing and by making alliances with other organizations. Furthermore, the Colombian traffickers are now more focused on the Caribbean transactional market. The Dutch Antilles are being

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<sup>181</sup>Drug traffickers use a strategic triangle in Honduras to store drugs. It includes the region of La Mosquitia on the Atlantic Coast (also known as Gracias a Dios, on the border with Nicaragua); the Bay Islands in the Caribbean; and the southern border with Nicaragua at the El Guasaule customs checkpoint in the department of Choluteca.

<sup>182</sup>Prensa Libre.com "Empresas guatemaltecas, en la mira de Nicaragua," April 7, 2008. <http://www.prensallibre.com/pl/2008/abril/07/230099.html>

used for traffic towards the Netherlands; Jamaica is on the route to the United Kingdom; and the francophone islands are a stopover on the way to France.<sup>183</sup> In addition, Haiti serves as a route to the United States, and the Dominican Republic is a springboard for shipping drugs both to the United States and to Europe, since the government lacks equipment to protect its air space.

### *Europe is the Priority*

While the cocaine trade appears to be declining in the United States, it has found new and growing markets elsewhere, especially in Western Europe. Drug use is on the rise in Europe and has tripled in a number of countries during the last decade. According to Interpol estimates, 200 to 300 tons of cocaine are being smuggled into Europe every year. Much of it passes through western Africa where it is stored and repackaged in countries that are unable to prevent such activity.<sup>184</sup>

Among the countries that figure in this scenario are Nigeria, Ghana, Ivory Coast, and Guinea Bissau. This latter country—one of the poorest in the world—has become a veritable warehouse for cocaine, a situation facilitated by the fact that it has 90 islands, only 17 of which are inhabited. “The geographic situation of Guinea Bissau makes it easy for anyone who wants to go to Europe. The territory is too large and material resources too scarce for the police to control all of the islands being used today as storehouses by the drug traffickers,” says Nelson Moreira, President of Guinea-Bissau’s Inter-ministerial Commission to Fight Drugs. In this context, human rights activist Mario Sa Gomes warns about corruption and the links between the drug trafficking networks and the police, as well as military and political leaders in his country.<sup>185</sup>

Nigeria, the most populated country in Africa, is the main hub for drug distribution. Criminal networks in this country not only take South American cocaine to Europe and to Asia, they also transport Asian heroin to the United States, and they have ties with a number of different illegal groups in various parts of the world.<sup>186</sup> During the last year, numerous drug seizures at Lagos International Airport have forced drug traffickers to use land routes more

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<sup>183</sup>International Narcotics Control Board. United Nations. *Informe 2007*.

<sup>184</sup>*Ibid.*

<sup>185</sup>*BBC Mundo*. “Africa occidental, ruta privilegiada del narcotráfico latinoamericano.” Published in *La Nación*, June 30, 2007. [http://www.lanacion.cl/prontus\\_noticias/site/artic/20070729/pags/20070729202630.html](http://www.lanacion.cl/prontus_noticias/site/artic/20070729/pags/20070729202630.html).

<sup>186</sup>For instance, on April 13, 2008, the National Police of Peru captured a Nigerian who is allegedly a hit man for a drug group. The Nigerian has been connected to several murders, including that of a person being tried for shipping almost 300 tons of drugs to Spain in 2006.

frequently to get to their distribution points in neighboring countries.<sup>187</sup> Police information indicates that travelers with Nigerian passports represent more than 44 percent of the drug traffickers arrested in Europe, followed by citizens of Cape Verde (25 percent) and Ghana (8 percent). In one of the operations carried out in 2006, 32 “mules” (drug carriers) were arrested upon arrival at the Schipol Airport in Amsterdam. They had all departed from Guinea Bissau and travelled through Morocco on the same flight. Twenty-eight of the 32 were Nigerians.<sup>188</sup>

In South America, the two most frequently used drug routes are through Venezuela and Brazil. The movement of heroin from Colombia through Surinam has declined. According to the White House Drug Czar, John Walters, the amount of cocaine that went to Europe from Venezuela increased by more than 30 percent in 2007 reaching 58,148 kilos, compared with the 43,328 kilos sent via that route in 2006. Walters said that planes loaded with drugs depart from Venezuelan airports and go to destinations in the Caribbean, from where they are shipped to the United States and Europe. According to the Director of the National Antidrug Office of the Bolivarian Republic of Venezuela, Colonel Néstor Revel, 500 clandestine landing strips have been built in Venezuela for the purpose of transporting drugs produced in Colombia. They are scattered throughout the flatlands of the border states of Apure, Amazonas, and Zulia, and further north in Falcón and Guárico.<sup>189</sup>

Brazilian authorities, for their part, calculate that 70 percent of the cocaine produced in Bolivia ends up in their country. Government sources indicate that Brazilian factions distribute the cocaine and re-export it to Europe. The traffickers import the equivalent of US\$200 million per year in cocaine and cocaine base paste from Bolivia, and they re-export it to Europe to the tune of about one billion dollars in profit. One of the structures involved is the *Primeiro Comando da Capital*, which, according to Bolivian daily newspaper *La Razón*, probably has people operating directly out of Santa Cruz, Bolivia. While this is happening, the government of Evo Morales is reclaiming the coca plant as part of the indigenous culture and is seeking to take the coca leaf off of the Vienna Convention's list of illegal drugs. Currently, coca leaves are growing on 32,000 hectares of land in Bolivia, and they appear to be of better quality than the Colombian plants. To obtain one kilo of cocaine, only

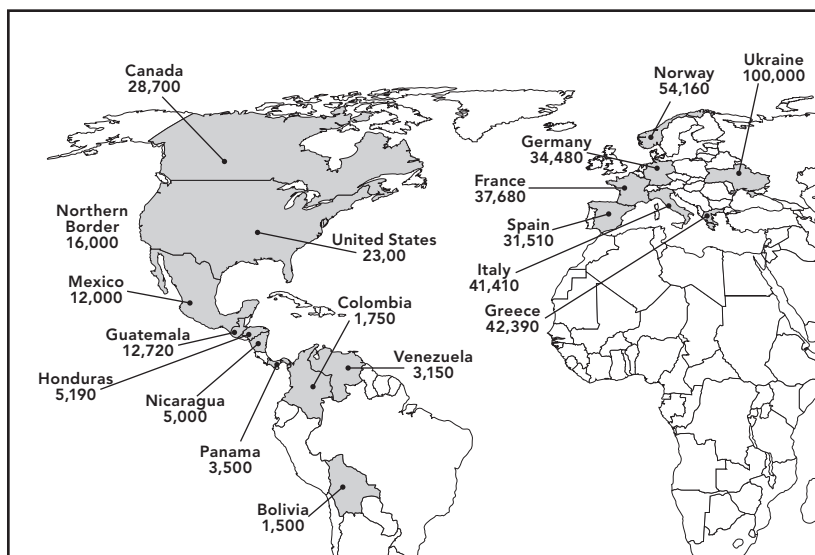
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<sup>187</sup> *BBC Mundo*. “Narcotráfico: Industria Global.” <http://www.bbc.co.uk/spanish/extra0006drogastrafico5.htm>

<sup>188</sup> *El Siglo de Torreón*. “Tránsito de drogas; de Sudamérica a Europa,” February 8, 2008.

<sup>189</sup> *BBC Mundo*. “Golpe al narcotráfico,” March 31, 2008.

## COCAINE BASE PRICES PER KILO IN 2003\*



\*Price in dollars. Source: Europol.

365 kilos of dry Bolivian coca leaf is needed, as compared to the 1,000 kilos of green Colombian leaf needed to produce the same amount of cocaine.

The drugs coming from Colombia must be added to this scenario. In 2001, when one of the most powerful Brazilian traffickers, Fernandinho Beira-Mar, was captured, he confessed that he paid US\$10 million monthly to Colombian guerrillas to obtain 20 tons of cocaine, which he later delivered to distributors in Brazil or exported via Surinam to Europe. Connections also exist between Brazilian groups and Colombian drug traffickers in Norte del Valle, as shown by the capture of Colombian trafficker, Juan Carlos Ramírez Abadía, alias *Chupeta*, in São Paulo in August 2007.

In this same context, new and diverse networks have formed that connect various states of Brazil (São Paulo, Mato Grosso, Rondonia, Paraná, Minas Gerais, Espírito Santo, Rio de Janeiro) with producer countries (Paraguay, Bolivia, Peru, and Colombia). Through these networks, cocaine and weapons reach their destinations inside towns and cities.<sup>190</sup>

<sup>190</sup>Zaluar, Alba. 2004. *Las paradojas de la democracia en Brasil: Violencia, crimen, e impunidad*. <http://www.insumisos.com/lecturasinsumisas/Paradojas%20de%20la%20democracia%20en%20Brasil.pdf>

## **The Global Market**

The global market is the market where drugs are sent to the developed countries via the participation of intermediaries and the use of an international network. It could be thought of as the pinnacle of the illegal economy's pyramid. Clients in this market are those with the most purchasing power and those who can provide the traffickers with their highest profit levels. The following map reinforces this point by showing the price of cocaine base around the world.

The map on the next page shows that while cocaine prices increase from south to north on the American continent (from US\$1,500 in Bolivia to US\$28,700 in Canada), it increases from west to east in Europe (from US\$31,510 in Spain to US\$100,000 in the Ukraine). This has to do with the distance between where the drugs are produced and where they are consumed. As distance increases, more agents have to be involved, and the costs also grow. Prices are higher in Europe, reaching levels double and sometimes triple the rates paid in the United States. These are definitely the two markets. The European market is relatively new and growing; the U.S. market has been around longer and is more stable.

### ***The Global Market in Europe***

Cocaine is the second most consumed drug, after marijuana, in many European countries. More than 12 million Europeans (about 4 percent of the population) have used drugs at some time in their lives, and in the case of Spain, India, and the United Kingdom, the figure is over 5 percent. At least 4.5 million Europeans have said that they used drugs at some time during 2007. This figure is an alarming increase over the 3.5 million who reported having used drugs in 2006.<sup>191</sup> In some areas, cocaine consumption is replacing the use of synthetic drugs like Ecstasy (with more than twice as much cocaine being consumed), but this trend is the opposite of what is occurring in developing countries where synthetic drugs are displacing cocaine. It is interesting to see these different trends, since while the first world is using drugs produced in the third world, it is precisely the hallucinogens produced in the first world that are being used increasingly in the third world. These are nascent markets that are just now beginning to expand.

The primary producers of the drugs consumed in Europe are Colombia, Peru, and Bolivia, in that order. The most frequently used route for smuggling cocaine into Europe is the Iberian Peninsula where Portugal appears to be playing an

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<sup>191</sup>European Monitoring Centre for Drugs and Drug Addiction. *Last year prevalence (percentage) of drug use among all adults (aged 15 to 64 years old) in nationwide survey among the general population: last survey available for each Member State*. Year: 2007. <http://www.emcdda.europa.eu/stats07/gpstabl0>



increasingly large role. The Netherlands are in second place in Europe. All the other European countries, including Belgium, Germany, France, and the United Kingdom, have also reported cocaine coming in from outside of Europe. Distribution may also be diversifying, since indications are that drug activity is increasing throughout Central and Eastern Europe via secondary transit points in European Union countries and in other neighboring countries.

Different sales points use different retail rates for cocaine, with prices ranging from 45 to 120 euros per gram. In most countries the price is between 50 and 80 euros per gram.<sup>192</sup> It is possible to buy cocaine at “reasonable” prices in Poland (45 euros), and with a little bargaining, it might be possible to obtain a gram for about 50 euros in Lithuania or Belgium. In Norway, however, the price of cocaine is over 100 euros per gram.

Thus, Europe presents a number of scenarios and possibilities for the illegal market, as well as a variety of routes, places of distribution, and illegal actors who handle various segments of the market. According to Interpol, Albanian, African, Turkish, and Australian groups have all entered Europe to sell cocaine or work in the drug business in some way. They are connected to crime groups operating in Germany, Spain, England, and the Netherlands, and are part of a complex network of contacts and transactions. How do the groups that produce and export cocaine manage to get their products to sales points in Europe? And how do European crime groups get their supply?

José Enrique García Molinares, a repentant drug trafficker currently in jail in Puerto Santa María (in Cadiz, Spain), says that he began working with drugs in 1994 when he began storing pineapples filled with cocaine base paste in his warehouse in Barranquilla (on the Colombian Atlantic).<sup>193</sup> At the time, the Mejía Múnera brothers (better known as *Los Mellizos*), who were drug traffickers from Valle del Cauca, spoke with the head of the North Coast Cartel, Alberto Orlandes Gamboa—better known as *El Caracol*—to get permission to operate in the area. Their main task at that time was to send cocaine to Mexico for *El Señor de los Cielos*.

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<sup>192</sup>European Monitoring Centre for Drugs and Drug Addiction. Table PPP-3. Price of cocaine products at retail level, 200. <http://www.emcdda.europa.eu/html.cfm/index39484EN.html>

<sup>193</sup>José Enrique García Molinares has made statements and contributed documentation to a court case against *Los Mellizos* in Spain. The judge in the case is National Audience Court judge, Baltasar Garzón. Carlos Castaño (then top leader of the AUCs) and Victor Carranza (an emerald dealer) were also part of the trial. They were named in one of Garzón’s court orders calling for the trial of 32 other people, including Victor and Miguel Angel Mejía Múnera, for involvement in the case of the ship named *Privilege*. Quotes from García Molinares’ testimony have appeared in the media in various places including Spain’s daily paper *La Razón* (February 8, 2004). News about charges against Carlos Castaño appeared in *El Tiempo* (February 5, 2004).

*Los Mellizos* began to work out of Cali, based on the agreement they made with the head of the North Coast Cartel and in cooperation with a small crime group in Mexico that had established contacts with Amado Carrillo. In 1994, García Molinares participated in sending four shipments of 800 kilos of cocaine each to Cancun in speedboats. The business began to prosper and the brothers decided to use small commercial ships instead of the speed boats. Over the course of a little more than three years, they transported more than 10,000 kilos of cocaine in eight operations on board commercial vessels headed to Mexico and Cuba. They also began to make their first efforts to send cocaine to Spain.

In 1998, García Molinares took over the arrangements for delivering the cocaine from the coast to the boats. The drugs, stored in Barranquilla (on the Colombian Atlantic) were taken in small boats from Puerto Veleros, Playa Mendoza, and Salinas de Galersamba to the commercial ships. *Los Mellizos* had another similar infrastructure in Berruga (Córdoba) and on an island they owned in the San Bernardo del Viento archipelago. These transfers were made under the watch of paramilitary groups that charged a fee for using the area. The drug group also owned a farm on the Panamanian coast that they kept supplied from the warehouses in Berruga.

As the organization grew and got involved in large-scale drug trafficking activities, the Mejía Múnera brothers brought in various armed groups to ensure the safe transport of the cocaine over land. They also bought off several paramilitary leaders in order to obtain better coverage for their drug pickups in the northern part of the country. *Los Mellizos* also brought in new collaborators whose mission was to connect with other international drug trafficking organizations to open up new routes. They also sent delegates to Italy and Brazil.

Eventually, they were able to make contact with an organization of Greek drug smugglers. The Greeks charged US\$4 million for each shipment no matter what drug was being shipped and they refused to go to the United States. *Los Mellizos* decided to accept the deal and in exchange, they asked that two of their men be on board the ships, one with the title of captain who would make sure things ran as planned, and another armed man to guard the shipment. The payment was handled in the following way: one million dollars was paid when they boarded the ship and the other three million was paid when the ship was unloaded in Europe, discounting for expenses like shipping agency fees, fuel, food, and port expenses.

In May 1998, a new route to Europe opened up through the Netherlands that was called *la ruta de los quesos* (the cheese route). It involved unloading 5,000 tons of cocaine from three ships at a particular dyke in Amsterdam with

the collaboration of the ships' owners. In order to be admitted at the port, they had to make a formal request to port authorities to repair the ship, and they had to pay the owners 25 percent of the merchandise. The rest was sold by *Los Mellizos* people in Europe.

According to García Molinares, by the middle of 1999, the Mejía Múnera brothers no longer had a reliable fleet for their drug trafficking activities. Half of their ships had been apprehended and the rest had deteriorated beyond repair. It was then that *Los Mellizos* decided to reduce risks and put together a system with ships that operated independently of each other. The objective was to separate the drug trafficking activities of each boat in such a way that there would be no relationship or connection between them and they could avoid the domino effect that they had been experiencing when one ship was discovered. Until that date, the ships belonging to the Mejía Múnera brother all belonged the same offshore company, located in Panama and run by Pérez-Carrera & Co. whose owner—lawyer Roque Pérez—used the same shipping agencies in Panama, Curacao, Mexico, and Surinam.<sup>194</sup> The crew was made up of Lithuanians, Panamanians, and Colombians with false Panamanian passports.

*Los Mellizos* then acquired a commercial ship in Denmark through intermediaries who were in charge of its management. They also rented boats through other organizations in the same way they had been working with the Greeks. In addition, they created a new kind of shipment using tugboat-pulled barges. This new formula resulted in the purchase of Trolley Bay and Brandon Bay tugboats in England.

When the U.S. Coast Guard stepped up the pressure in the Caribbean in early 2000, *Los Mellizos* moved their operations over to the Orinoco Delta. In a place near Upata in Venezuela, they set up shop on a property belonging to the Mafiol family. The place provided the possibility of building a clandestine airstrip, warehouses to store and hide large amounts of cocaine, and ocean access through an acquired fishing station. The organization purchased a Cesna 206, a Cheyenne III, and used the aircrafts to carry 40,000 kilos of drugs from Colombia to Venezuela. They got to the point where they could “bomb” (throw the drugs from the planes at night) about 14,000 kilos in just two weeks. Their desired destination was Europe, and their goal was to start sending shipments of cocaine of 12,000 kilos each. Doors had been opened in Albania and they were going to begin with the boats *Privilege* and *Suerte I* acquired for that purpose.

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<sup>194</sup>Offshore businesses are used to hide the name of the owner or beneficiary of certain goods.

At this point, they ordered García Molinares to make arrangements through their Albanian partners to try to get Russian military instructors “willing to train a paramilitary group in Colombia that they were creating inside the organization.” The group referred to was the so-called *Bloque Vencedores de Arauca*, an AUC faction led by one of the Mejía Múnera brothers who had previously been a paramilitary commander called *Comandante Pablo Arauca*. García Molinares also received instructions to buy an Antonov plane “with sufficient autonomy to fly from Venezuela to Albania.” He traveled to Albania where he reviewed the infrastructure available for receiving, storing, and transporting the drugs, and negotiated with the Albanians on “the most appropriate type of legal cargo they would use for cover.” They agreed that they would transport asphalt in barrels.

The drug shipping operation was thwarted early on when the drugs were aboard several speed boats off the coast of Venezuela and two Corvette warships of the Venezuelan National Guard appeared. When García Molinares tried to restart the operation, he was told that Victor Mejía had decided to suspend it. According to the case file in the Spanish courts, “the reason the shipment was suspended was that Victor Mejía had received a secret message from one of his contacts that the communications between Colombia and Albania (where the shipment was to be unloaded) had been intercepted and that ‘they were waiting for the ship.’”

Finally, the Venezuelan police and the DEA intercepted the drugs in the summer of 2000. Spanish forces seized the *Privilege*, and the Miami Coast Guard took custody of the *El Suerte I*. The organization of *Los Mellizos* came to an end in April 2008 after an intense attack by the Colombian public security forces. One of the brothers was killed and the other was captured at a police roadblock, hiding in a small compartment behind the driver’s seat of a cargo truck. The action occurred as an Atlantic Coast faction belonging to the brothers, known as *Los Nevados*, was trying to form a corridor that would link this area of Colombia with the Venezuelan border. The Mejía Múnera brothers always suspected that García Molinares had something to do with the police operation that brought down their efforts to flood Europe with cocaine from Venezuela.

### ***The Global Market in the United States***

In the United States, more than five and a half million people use cocaine, which is about a million more than all of the cocaine users in Europe combined. While it is only the equivalent of 2.8 percent of the population between the ages of 15 and 64 years of age, it is still an exorbitant number from any point of view. According to reports from various sources, the number of addicts is declining, but this varies

from state to state. The situation is especially critical in places on the border with Mexico (Texas, Arizona, and New Mexico) and on the East Coast from Florida to Washington, DC. This distribution of addiction coincides with the two routes most frequently used by the traffickers: the southern border and the Atlantic Coast.

According to the *National Drug Threat Assessment 2008* of the National Drug Intelligence Center of the U.S. Department of Justice, the “unprecedented” anti-drug campaign of the Mexican government and the extradition of drug *capos* to the United States caused a cocaine scarcity in at least 38 states that had become prominent drug markets. In places like Detroit, Buffalo, Minneapolis, Kansas City, Atlanta, Baltimore, New York, and Washington, prices increased from US\$95 to US\$136 dollars per gram.

Information on the criminal organizations involved in these activities is limited. What the public generally hears is that addiction levels are high, but the cause most often mentioned is drug production in South America. The mechanisms used to ensure internal supply are not discussed much in the media, and authorities tend not to go into much depth on the complexities of the distribution market in the United States.

Two myths have become commonly accepted in the United States. One is that the drug trafficking is being done by immigrant groups like the Italians, Russians, Colombians, Chinese, Cubans, Jamaicans, Haitians, and others. The second is that once the drugs come into this country, they go out to an infinite number of local markets over which no one has control.<sup>195</sup> These two ideas must be challenged: first, because U.S. citizens also play a large role in this business, and second, because even if the United States does not appear to have powerful cartels like those in Mexico, it is possible to see that certain factions have more influence in certain territories, especially in the border states where there is a strong presence of Mexican crime groups.

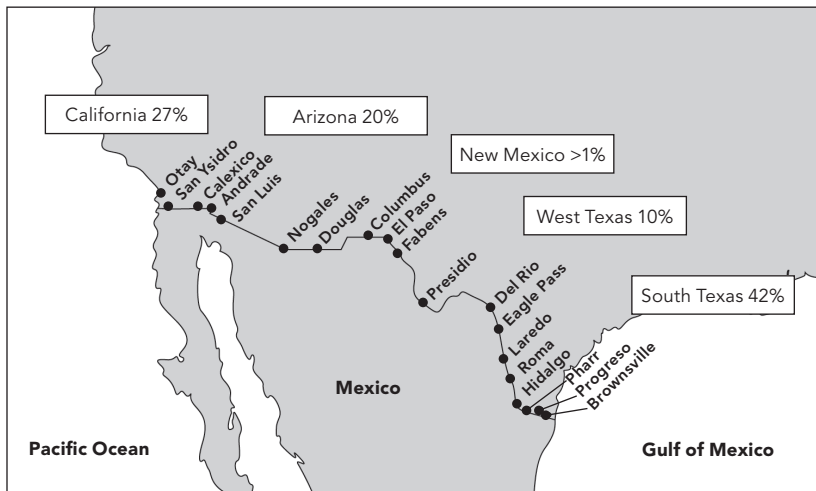
Traffickers have used two main ways to get cocaine into the United States: ground transportation, and the use of people as “mules.” The volume is such that it is almost impossible for U.S. law enforcement to keep up with it. Each year 90 million cars cross the border, as do 4.5 trucks and 48 million pedestrians. Personal vehicles are the most common form of transportation used for transporting drugs, though trailers are used as well. Less frequently, commercial boats on riverways are used. For smaller quantities, commercial flights and mail flights are also sometimes used.

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<sup>195</sup>Fernández, Jorge & Ronquillo, Víctor. 2006

Once the drugs are inside the U.S. territory, they are stored in large warehouses, which supply the various markets through networks controlled by the same organizations that have smuggled it in to the United States. They repack-age the product for distribution and sale on the streets.<sup>196</sup> The factions that control the business in Mexico are the same ones that control activities on the other side of the border. Numerous border crossing routes exist, as shown on the following map made by the U.S. Office of National Drug Control Policy.

### **SOUTHWEST BORDER AREA PORT-OF-ENTRY INCIDENTS WITH COCAINE SEIZURES OF AT LEAST 500 GRAMS DURING 2006.**



Taken from: "Cocaine Smuggling in 2006" from the Office of National Drug Control Policy.

The White House Office of National Drug Control Policy has identified 26 zones that it has called High Intensity Drug Trafficking Areas (HIDTA). These areas are experiencing serious problems related to drug trafficking, problems that also impact other areas of the country. The California HIDTA is considered the most serious problem area in the country, with 145 local cartels producing and selling drugs in the southern part of the state. The New York HIDTA is believed to include 260 criminal organizations dedicated primarily to money-laundering. The Houston area has more than 150 groups. The United States Department of Justice has identified more than 300 heads of criminal

<sup>196</sup>Ibid.

networks whose names are unknown to the public. Most of them are still at large, and one-third of them are white U.S.-Americans.<sup>197</sup>

An extensive investigation of Mexican drug trafficking operations and their distribution cells in the United States resulted in the arrest of more than 400 people all over the country, including 66 individuals in California, Arizona, and Illinois. The so-called “Operation Imperial Emperor” employed more than 50 federal, state, and local agencies through the Organized Crime Drug Enforcement Task Force and was directed against a drug trafficking faction based in Mexico that was under the command of Victor Emilio Cázares Salazar, alias *El Licenciado*, a member of the Sinaloa Cartel.<sup>198, 199</sup> Cázares Salazar was responsible for providing tons of cocaine every month, as well as large quantities of methamphetamines and marijuana, to distribution cells all over the United States.

According to court records, Cázares’ organization in Mexico contracted the transportation of the drugs into the United States over land, by air, and by sea. Tons of drugs were shipped from Colombia and Venezuela and through Central America to Mexico via trucks, non-commercial vehicles, and airplanes. Once in Mexico, the drugs were transported to the United States through various entry points on the southwest border.

When the shipments arrived in the United States, they were divided up in cities like Los Angeles and San Diego—the main cities for warehousing—and were later shipped to places all over the country where they would be distributed. The states mentioned were Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington, and Oregon. This organization had a remarkable infrastructure. By February 2007, US\$45.2 million dollars in cash, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamines, 227 pounds of pure “ice” methamphetamines, and 11 pounds of heroin had been confiscated in this operation. Also seized were US\$6.1 million in property and assets, about 100 weapons, and 94 vehicles.

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<sup>197</sup>Ibid.

<sup>198</sup>Department of Justice. 2007. *Investigación de importante organización mexicana de narcotráfico resulta en centenas de arrestos en todo el país.*

<sup>199</sup>Victor Emilio Cázares Salazar, or Victor Emilio Cázares Gastélum is a cattle rancher in the municipality of Mocorito in the Mexican state of Sinaloa on the Pacific Coast. He was receiving financial assistance from the Mexican government through the Secretariat of Agriculture, Rural Development, Fishing and Food (Sagarpa).

DEA special agent Timothy Landrum stated that it was a complex operation against a powerful criminal organization with connections in Venezuela and Colombia that transported cocaine to Mexico in large ships and later in small aircrafts and trailers and then took it across the border for distribution in major cities.

The illegal drug economy is a complex web that extends from the local to the global (and vice-versa). Brazilian commandos are exporting drugs to Africa. Mexican crime groups are making direct contact with production sites in South America. Colombian traffickers are acquiring ships in Europe to smuggle cocaine. Albanian groups are able to arrange for the Russian military to train mafia armies in Colombia. Mexican cartels have cells located in all the big U.S. cities. Nigerians serve as “mules” to carry Bolivian-grown cocaine. Haitians are transporting Colombian cocaine to the United States. Criminals in Ghana are guarding drugs that come in from the Americas. It is a whole network of different structures that relate to each other in a clandestine way.

This network operates in a world with porous borders where territorial limits only appear on maps. These tenuous borders include the ones between Mexico and the U.S., Colombia and Venezuela, and Brazil and Bolivia, along with the various borders between the Central American countries. The Caribbean islands serve as transshipment points towards the Netherlands, and countries like Portugal and Spain serve as the free trade zones where the products first arrive.

Crime factions are no longer rigid hierarchical structures concentrated on the internal market. They have become multi-national businesses that operate with decentralized command centers and horizontal networks. This is how we must look at organized crime in our countries. It may look like a chaotic system, but often that is the result of their capacity to adapt, an essential condition for staying active in a market that is as dynamic as the drug market.

Within this framework, the emerging band that guarantees the security of a drug corridor in Colombia is just as important as the Turkish criminals who take drugs into Germany. Each one plays a specific role in the development of the criminal economy. This puts the United States at a crossroads, since illegal groups are the result of a social web linking gang members to hit men, local drug dealers with weapons traders, and child soldiers with traffickers. Criminal structures have become successful businesses able to get their local products on the world market.



## PART TWO

### ORGANIZED CRIME'S CONNECTION TO THE "LEGAL" WORLD

*"The devil's most cunning trick is to  
convince us that he doesn't exist."*

The Generous Gambler  
CHARLES BAUDELAIRE

We usually think of the world of crime as a kind of surreptitious world far from the daily lives of average, ordinary, and honest citizens. In reality, the crime world relates to the legal world more often than we'd like to think. The connections take place in the political, economic, and policing arenas of our societies, forming a clandestine network that we hear about only when corruption scandals appear in the news. Most of the time, it lies hidden beneath the surface and invisible. The criminal world is like the internet: a group of virtual networks that we can gain access to, but where it is difficult to see the true face of the people who are participating.

According to a United Nations' study of a group of 40 criminal organizations in 16 countries, 18 of these organizations participated in acts of corruption with public officials as an essential tool for carrying out their primary illegal activity; 12 others stated that they occasionally use corruption as a tool. Thus, 75 percent of the organizations that provided information said that they participated in bribing government officials either regularly or occasionally.<sup>200</sup> For criminal structures in Brazil, Mexico, and Colombia, corruption is a constant, though it varies according to the dimension of the illegal activities that each group is involved in.

### THE POLITICAL-CRIMINAL NEXUS

Roy Godson, a professor at Georgetown University, has studied the link between organized crime and the political world, which he has called the "political-criminal nexus." The nexus is defined as relationships of various levels of collaboration between politicians and criminals at the local, national, and transnational levels. According to Godson, the connections made between the

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<sup>200</sup>Office on Drugs and Crime, United Nations, 2002, *Result of a Pilot Survey of Forty Selected Organized Criminal Groups in Sixteen Countries*. Global Program Against Transnational Organized Crime. [http://www.unodc.org/pdf/crime/publications/Pilot\\_survey.pdf](http://www.unodc.org/pdf/crime/publications/Pilot_survey.pdf).

political and criminal spheres are dynamic and changing, and either sphere may predominate at any given time in the relationship.<sup>201</sup>

Godson states that the type of political-criminal nexus and its scope are related to the dimension of the criminal operations being undertaken. For example, a local group of smugglers may require the support of the local security and justice structures, but it may not have much contact at all with officials at the national level of these structures. On the other hand, a criminal group that engages in illegal activities in a larger area needs to increase and diversify its protection relationships throughout various institutions.<sup>202</sup>

Godson also posits that the way that power is structured has a direct effect on the way the political-criminal nexus is articulated. For example, the nexus between criminals and politicians in the United States has been established in the local arena and not in the national arena, because authority is diffuse and fragmented, and there is no centralized police force.<sup>203</sup> This may also be the case for Brazil where there is a significant dispersion of institutional authority and there is little connection between what happens at the national level and what happens at the federal level (the states). Drug traffickers take advantage of this lack of coordination to gain influence at the local level.

In Colombia, the process of decentralization—begun with the 1991 Constitution—helped improve essential services and created a democratic opening with the election of governors and mayors. At the same time, however, it allowed criminal groups to appropriate local spaces, exerting influence on the local administrations and strengthening their presence there. In this context, so-called “armed clientelism” took its place alongside traditional clientelism, and the public arena was captured by means of violence.

In Mexico, an alliance between the National Action Party (PAN) and the Environmentalist Green Party defeated the Revolutionary Institutional Party (PRI) in the 2000 presidential elections. Vicente Fox’s election as President marked the first time in 71 years that a party other than the PRI would be running the federal government. Relationships between the central government and the drug traffickers fell apart at that point, since the traditional relationships were broken. According to Luis Astorga, a specialist in the international drug

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<sup>201</sup>Godson, Roy. 2003. “The Political Criminal Nexus and Global Security,” in Godson, Roy. *Menace to Society: Political-Criminal Collaboration Around the World*. New Brunswick, NJ: Transaction Publishers.

<sup>202</sup>Ibid.

<sup>203</sup>Ibid.

phenomenon, this caused the various factions of organized crime to work on increasing their power regionally, establishing new agreements with governors, municipal presidents, and police authorities in each area.<sup>204</sup>

It may be difficult for political analysts to accept that Mexico, Brazil, and Colombia are weak states. At most, they may say that they are unconsolidated states. However, these states have not developed evenly throughout their territories. All of these countries have some regions that are relatively autonomous and have what can still be considered young and precarious states. In places like this, decentralization processes are actually a new opportunity for criminal organizations.

Another side of Godson's analysis of the political-criminal nexus has to do with the fact that entire sectors of the population have come to depend on the resources provided by criminal structures and by those hybrid actors, small or large elite groups, who are related to crime. In these contexts, citizens have no other alternative than to submit to a political-criminal elite that manages and distributes favors and privileges. As Gayraud shows, *a complex triangular relationship* is developed between criminal groups, political and economic elites, and a submissive and dependent population.<sup>205</sup> Organized crime has three ways of getting into this political game: it can run its own members as candidates in elections (as the PCC is trying to do in São Paulo); it can support the candidacy of its "friends" (as the Cali Cartel did in Colombia); or it can negotiate with elected politicians (as drug trafficking groups have done in Mexico).

Their levels of influence can be multiple. In Colombia in 2006, the links of many politicians to illegal paramilitary groups were revealed in what was called the "parapolitics" scandal, which erupted into public view after the process of demobilization of paramilitary groups. By April 2008, 51 congressmen had been implicated in the scandal (30 of which are now in jail); as well as 23 mayors from around the country; 7 governors; one municipal councilman; 5 regional deputies; and 23 public officials, including the former director of the state intelligence agency (The Department of Administrative Security-DAS).

In Brazil in 2002, the Parliamentary Commission for Investigating Drug Trafficking also revealed connections between drug traffickers and several politicians. Among the most well-known were two national congressmen, Augusto Farias and Jose Aleksandro da Silva (from Acre) who had replaced Congressman Hildebrando Pascoal after the latter was jailed for the alleged murder of approximately 50 people. Silva was tried for ties to organized crime,

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<sup>204</sup>Cited in Gutiérrez, Alejandro, 2007.

<sup>205</sup>Gayraud, Jean-François. 2005.

tax evasion, and perjury. There were also some well known people among the provincial congressmen implicated. One of them was the president of Espirito Santo's Legislative Assembly, José Carlos Gratz.

In Mexico, political-criminal ties have become stronger at the local level. The most recent case is that of the mayor of the municipality of Izucar de Matamoros in the state of Puebla, who was arrested in the United States (California) on March 23, 2008 and will be tried in a federal court in New York for crimes related to drug trafficking in the United States.

These kinds of relationships between criminals and politicians are based on a simple exchange: the criminals demand privileges and special treatment from the police and from the courts, and the politicians ask for votes, money, and, in some cases, the elimination of their competitors. In this way, the "political market" is incorporated into the "criminal market" and becomes part of its virtual network. At the same time, the economic power of the drug trafficker becomes political power.

## THE ECONOMIC-CRIMINAL NEXUS

Organized crime deals in millions of dollars, but what do they do with all that money? How do they get the money they make selling cocaine on the streets of Amsterdam into their own country? Where do they hide money after a bank robbery? What do they do with the millions of *pesos* from methamphetamine sales in northern Mexico? And what about the *reales* generated every week in the *bocas de fumo* in Brazil? Where can the astronomic sums made in drug trafficking be stored? Are they hidden? Are they reinvested? It's not such a simple matter. Governments are putting an increasing amount of restrictions on financial markets, and modern technology permits more efficient follow-up on accounts and transactions. So, what are the options? Well, it depends on where the money is made and where the traffickers want it to go. Criminals have come up with all kinds of mechanisms: from the most sophisticated methods to methods akin to "hiding it under the mattress." In fact, sometimes it actually is hidden under a mattress. In Valle, Colombia, more than US\$81 million was found during just three raids on stash houses belonging to traffickers.

As illegal markets and structures have scaled up to the international level, the criminal economy has also globalized. Though the precise magnitude of the phenomenon is not known, some estimates say the criminal economy is the equivalent of 2 to 5 percent of the Gross Global Product. Other estimates vary between US\$ 100 billion and US\$ 300 billion per year. A good part of these resources does not return to the traffickers' countries at all and continues to

circulate in the international centers of drug consumption and in the so-called tax paradises. Criminal organizations are also using new kinds of unrecorded financial operations: offshore institutions, merchandise trade, and investments in real estate and other sectors of the real economy.

Asset laundering has moved beyond the banking system into individual and business arenas where an undetermined number of people are laundering money in different ways. Some of the methods used include: exchanging dollars by making bank transfers to other people who lend their names so they can receive several remittances per year; participating in fictitious export operations; forming businesses that offer services (that are never actually provided) in foreign countries; and declaring sums of money as prizes won in lotteries or received via inheritances or insurance. There are also a number of strategies for using business enterprises as cover. Companies may actually be used for criminal activities, or illicit funds may be used to capitalize businesses or to decrease their debt. Generally the businesses utilized are businesses that are having financial troubles.

In October 21, 1995, U.S. President Bill Clinton signed Executive Order 12978 called "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers," better known in Colombia as "The Clinton List." Preliminary investigations by the DEA or the FBI are sufficient for the Office of Foreign Assets Control (OFAC) to update this "black list."

One of the last people to be included on the list is a man by the name of Ramiro Rengifo Puentes, alias *William Torrijos*, who used to control an extensive corporate network in Colombia and Spain that included a sugar mill in Cali (Valle, Colombia); a business center and a real estate company in Bogotá; an urban development project in Madrid, Spain; and several construction companies and real estate projects located in Cali. Millions of dollars were laundered through these businesses. This is just one of the 1,100 people on the Clinton List, which also includes the names of 600 business enterprises.

According to the Council for the Oversight of Financial Activities (COAF), part of the Ministry of the Economy in Brazil, criminal organizations in the city of São Paulo alone moved close to 63 million *reales* (more than US\$ 35 million) between November of 2005 and July of 2007. The money was being circulated in approximately 686 bank accounts. Most of the movement of money was tied to high level members of criminal structures, the people with the most influence in the capital and in other cities with large prisons. The COAF has also identified 2,607 people as having ties to criminal groups. Of these, 748 were included in intelligence reports for financial irregularities and 252 of them are under investigation.

Between 2000 and mid-2007, the Information and Financial Analysis Unit (UIAF) in Colombia received 87,000 Suspicious Operations Reports (ROS) which served as fundamental intelligence in the investigation of asset laundering and terrorist support operations. More than 150,000 people and almost 8,000 businesses have been implicated. In Mexico, information is scarce. In the middle of this decade, Mexico was listed as among the five worst countries in Latin America in terms of its implementation of mechanisms to detect asset laundering and terrorism support operations. The Secretariat of the Treasury and Public Credit did not create the Financial Intelligence Unit as the entity charged with preventing the use of the financial system for illicit operations until August of 2004. By March 2008, they had only recorded 22 “troublesome operations” for the year. The number for the entire year of 2007 was 250, only 3 percent of the ROS reported by the UIAF in Colombia.

Processes for monitoring financial activities have identified a multitude of people participating in asset laundering, and these are only the ones that the governments have managed to detect. Countless other operations and modalities are not detected or are not actually monitored. In reality, this is just scratching the surface of the economic-criminal nexus; the complete extent of its roots and branches is still unknown today.

What we do know is that crime has infiltrated the economy to a surprisingly high degree. The mall that you go to on weekends, the restaurant where you like to go out to eat at night, the clothing store where you buy Italian shirts at reasonable prices, the pharmacy on the corner where you buy your cold medicines, even the apartment where you are living right now could be using money acquired from organized crime. All of these situations are real examples from countries like Colombia and that probably also occur in places like Mexico City, São Paulo, and Rio de Janeiro. Moisés Naím was right when he warned us:

Illicit commerce has gone beyond its historical limits and burst into our lives. Now we cannot even be sure: sure of who is benefitting from our purchases, sure of who is backing up our investments, sure that our own work or consumption is not linked to material or financial connections with purposes or practices that we abhor.<sup>206</sup>

The criminal economy and the legal economy have become intertwined in our countries, but we are not fully aware of its reach and its limits. Most analyses have looked at the negative impact and consequences of crime in legal economies, but we must also examine the strength that illegal markets have acquired locally,

<sup>206</sup>Naím, Moisés. 2006.

regionally, and globally. In some areas, they are the primary source of resources and the drivers of investment. Of course, it is disorderly investment with private ends and with resources obtained from preying on other sectors.

### ***Chupeta's Computer:*** **The Dimensions of the Criminal Network**

In late 2006, Colombian authorities were able to infiltrate the organization of a Colombian drug trafficker named Juan Carlos Ramírez Abadía, also known as *Chupeta*. Through contact with a key informant, they were able to find some computers in which the *capo* did his accounting and followed up on each of his transactions. Information netted included information on river and ocean routes, overland corridors, shipments, stash houses, bribes, investments, payments to hit men, and family and personal expenses, among other things.<sup>207</sup>

The files show the dimension of the criminal economy run by *Chupeta*, his enormous income, and the way he administered his resources. To give an idea: in 2004, on one of his routes alone, he was able to ship 122.7 tons of cocaine. The profits that the *capo* obtained for this work was, on average, US\$70 million per month.

The computer also had a complete accounting of who participated in the drug shipments and with what quantity of merchandise. In 2004, one report is on 10 tons of contraband. Six belonged to *Chupeta*, and the rest was cocaine belonging to another five people, including paramilitary commander Ramón Isaza, who in that particular shipment had 50 kilos of cocaine. The computer also had information about places of production, routes, helpers, members, AUC members, and buyers.

In addition to the details about the organization and the actual drug smuggling, the files reveal how the *capo* laundered millions of dollars. Using the stash houses, or *caletas*, was one effective way of hiding money, but *Chupeta* also created dozens of front businesses and invested millions of dollars in legal companies to launder his money. He sent money to the accounts of major supermarkets, luxury auto dealers, and well-known businessmen.

The computer also shows how *Chupeta* invested enormous sums of money in bribes to judges, prosecutors, members of the public security forces, and journalists. Examples include: 30 million *pesos* to “lift” a road block in order to let a drug shipment go by; “fifty million for deal with prosecutor to throw out

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<sup>207</sup>Information about the computer was published in *Semana* magazine “El computador de ‘Chupeta’” September 29, 2007. [http://www.semana.com/wf\\_InfoArticulo.aspx?IdArt=106590](http://www.semana.com/wf_InfoArticulo.aspx?IdArt=106590) and the Cali daily paper, *El Pais*, in “Corrupción invadía disco duro del PC de ‘Chupeta’” October 4, 2007. <http://www.elpais.com.co/paisonline/notas/Octubre042007/nac01.html>

the case,” six million monthly to move a warship; and US\$ 500 for “Christmas presents to intelligence friends.” *Chupeta* paid some US \$4.2 million monthly in bribes and other payments to public officials and private workers and US\$2.5 million in “gifts.” Authorities are trying to determine whether the latter fell into the hands of police, prosecutors, judges, DAS detectives, members of the armed forces, or officials of the National Penitentiary Institute (INPEC).

According to *Chupeta*’s expense records, most of the money he paid out between 2002 and 2005 was for court cases of interest to him. The largest amounts went to lawyers’ fees and payments to judges. For example, between September and November of 2004, *Chupeta* spent US\$250,000 just in court matters. With that money he was able to get witnesses to change their testimonies, learn in advance about asset forfeiture proceedings against him, and even influence the sentencing of cases that were of interest to him.

He was also able to buy journalistic information that might compromise him. His expense records, for example, show that he paid money to acquire news that was about to go out. On May 21, 2002, he seems to have paid US\$10,000 to purchase videos from two different media outlets. On June 11, 2002, *Chupeta* paid someone—probably a journalist—to “stop news from going out.” The computer had information about the purpose of the payment and the media group that he was about to intervene in. For that particular favor, the *capo* paid US\$ 9,000.

These figures show how extensive an illegal economy can get and the level of corruption and infiltration that criminals can reach without even having to pay sums that they consider large. Of the US\$70 million that *Chupeta* took in monthly, only 10 percent went to bribe public officials. The rest of the money, from which he might have to draw for occasional favors, was stashed in *caletas* or invested in the legal economy in money laundering operations.

## THE POLICE-CRIMINAL NEXUS

Criminal economies and illegal markets could not function without a certain amount of tolerance on the part of government forces, and in some contexts, these forces can even end up being integrated into the clandestine networks. Police forces frequently have less economic capacity and even less weapons capacity than the criminal groups. This is especially true at the local level. The level of infiltration, corruption, and collusion of government forces vary according to the dimension of the criminal activities being carried out. But they are also related to structural factors like the political system (and the political-criminal nexus), the relationship of elite groups with crime, and the willingness of the central government to fight against criminal groups.



While government forces have more capacity as a whole, when you add up the capacities of the various units, individually, they can be out-powered by illegal groups. At the local level, there is a marked inequality between what the criminal organizations have to offer and what government institutions and their officials are able to give.

Police salaries at the local level are much smaller than the bribes the criminal organizations are willing to pay. In some places like São Paulo, members of the Military Police have even had to protest on the streets to demand pay increases.<sup>208</sup> In Colombia, Brazil, and Mexico there is a generalized perception that municipal and neighborhood-level cops do not earn enough in wages. In Rio, for example, after policemen complete their shift, they often work as security guards or in some other kind of activity that will allow them to bring in more income. In this context, it is difficult for the government to compete economically with the criminals.

In addition, investigations are few and punishment is unusual. It is true that the various governments have made efforts to reduce the number of bribes and payoff cases and to impose sanctions on policemen so that this kind of behavior occurs less frequently. However, it is also true that corruption continues. In areas where organized crime has a strong presence, citizens are afraid to denounce corruption and there is so much infiltration in the government that cases against corrupt officials often do not go anywhere. Police forces do not always have the capacity they need, and in some areas—especially rural areas and marginal neighborhoods—they are completely absent.

Police forces do not have sufficient response capacity either. In certain municipalities in Mexico, for example, police agents are operating with old weapons and insufficient training. This contrasts markedly with the size and fire power of criminal groups. Previously we mentioned the case of Zacatecas (Mexico), where *Los Zetas* attacked a police station killing seven officers. Twelve policemen resigned after this shootout, arguing that they lacked the weapons and the equipment necessary to confront “such dangerous criminals.” The case in São Paulo is also illustrative. There, in the midst of the mega-rebellion in May of 2006, the police ended up holed up inside their own police stations just trying to protect themselves from the attacks of the commandos.

Another element that plays into this panorama in Brazil and in Mexico is that the police are fragmented into different units. There are federal agencies on the one hand, and state and municipal police on the other, creating a situation in

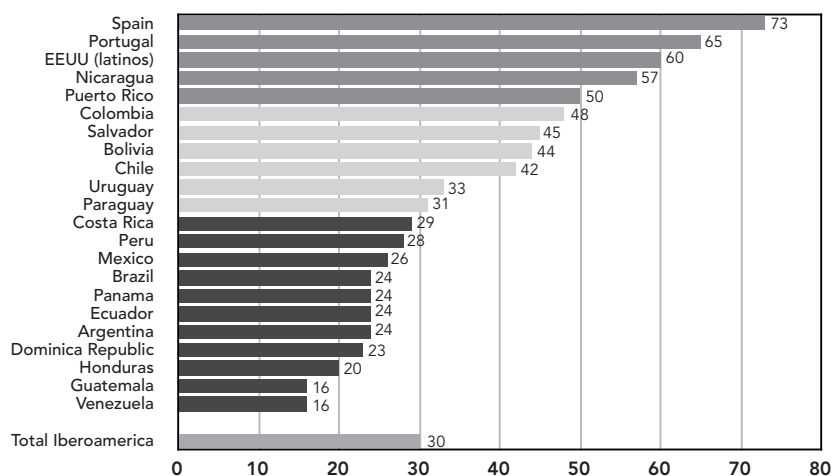
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<sup>208</sup>This happened on the eve of Carnaval in late January 2008.

which, all told, there may be hundreds of different units with specific functions. In Mexico there are 1,661 police corporations.<sup>209</sup> Local police units operate as islands and have very little connection or communication with other police groups. Criminal groups take advantage of this situation to establish connections with the isolated police forces.

One element that must also be taken into account is the way in which the population perceives the police, which can also be an indicator of its levels of corruption. In Mexico and Brazil, citizens do not trust the police, and in Colombia, only half do. People often believe that the police are an instrument for protecting institutions but that they are not necessarily there to protect them as citizens.

## PERCENTAGE OF PEOPLE WHO TRUST THE POLICE IN IBERO-AMERICAN COUNTRIES



Source: Ibero-American Consortium for Market Research and Advising, *Barómetro Iberoamericano de Gobernabilidad*. May–June 2007.

This combination of elements—low wages, institutional weakness, an environment of impunity, and limited police response capacity, along with the high levels of citizen distrust and the perception that the job of the police is to protect institutions rather than the population—makes it very likely that organized crime will establish agreements with police units. These agreements

<sup>209</sup>All 31 states of Mexico and the Federal District have their own police force and many of the 2,000 municipalities also have their own municipal police force.

include everything from accepting bribes to “look the other way,” to direct participation in illegal activities or in logistics and protection work related to the illegal market.

Crime has many different connections to government security forces. Sometimes the police have been directly involved in territorial disputes between rival factions. At other times, police have left their jobs as protectors of the civilian population and joined the traffickers. In cities like Rio de Janeiro and São Paulo, policemen have even established a system of extortion in which they demand fees from the traffickers in exchange for not arresting them or seizing their merchandise. There have been occasions when infiltration has reached unimagined levels. In Colombia, for example, one unit of the Colombian military, acting on the orders of a trafficker, attacked a police contingent and killed ten of its members.<sup>210</sup> In Mexico, the Attorney General’s Office had to work with the Army to take the Police by assault, disarming agents who were working with a certain cartel.<sup>211</sup>

The connections between organized crime and government forces happen in an isolated way in the national context, but in the regions and municipalities they are frequent, especially in places where institutional control and functioning is still weak and illegal armed factions have a notable presence. In spite of the efforts made by governments, corruption has exceeded their capacities to control it. In some places, it has come to stay.

The connections between organized crime and legal political, economic, and police arenas in the three countries have developed around the need to protect the illegal market. The true dimensions of these connections have not yet been revealed, but the structure continues to resemble a secret virtual network that now also includes relationships with judges, prosecutors, and customs officials

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<sup>210</sup>In May 2006, 15 members of the “Rodrigo Lloreda” Alta Montaña Battalion killed 10 police men and one civilian in the area surrounding Potrerito, south of the Valle del Cauca. In the aftermath of the event, the Attorney General, Mario Iguarán, said that the Battalion’s commander had been acting on “orders of the drug traffickers.” Almost two years later, the Fourth Judge of the Specialized Criminal Court, Edmundo López, held Colonel Bayron Carvajal, commander of the battalion, responsible for the events. Paradoxically, both the police and the army groups involved in the clash had received recognition for their good work. The Cali Commission (Comca) of Dijín—the police group—had been congratulated by the United States for their success against drug trafficking. And the Lynx group of the BAM had taken down 36 members of illegal groups in 16 months under the command of Carvajal, who had seven medals and 154 commendations on his C.V.

<sup>211</sup>This happened, for example, in Apatzingán, when it became clear there were connections between the Police and drug traffickers. In this case, the Gulf Cartel had even purchased new patrol cars for the Police, which were used by Los Zetas for their own patrolling purposes.

(among others). If, as Godson says, the extent of the legal world's connections with the criminal economy is directly related to the size of the criminal operations occurring, we can be sure that we have only uncovered the tip of the iceberg of this phenomenon that has burst onto the scene in our societies.

## PART THREE

### THE CRIMINAL NETWORK AND PRISONS

When we hear that a *capo* has been captured or that a criminal group has been dismantled after the arrest of one of its members, we tend to breathe a sigh of relief. Finally, the authorities have put the bad guy behind bars. Finally, his life of crime is over. Unfortunately, our sense of relief would probably be unwarranted. The truth is that illegal organizations keep their networks and connections active even when their leaders are in jail. Even from the prisons, the *capos* are able to plan actions, order executions, and continue controlling the criminal economy.

Jails have turned out to be the perfect environment for organized crime. People are living in degrading conditions, corruption levels are high, and violence is a part of everyday life. These elements converge to create the kind of situation where a criminal group with money and coercive power can seize control. This has certainly been the case in both Colombia and Mexico. Additionally, in Brazil, criminal organizations have actually been founded and have grown inside the prisons, as we have seen with the example of the *Comandos*.

The power of these criminal groups comes from their ability to manipulate and monopolize the resources available in jail. One such resource is the prison population itself, the great majority of which are poor, susceptible to the influences of the moment, and vulnerable to arbitrary and violent actions.<sup>212</sup> Prisoners end up joining or collaborating with the crime groups out of fear, by calculation, or simply out of resignation.<sup>213</sup> The fear is associated with the permanent threat of physical violence; the calculation has to do with the possible benefits of gaining protection from the arbitrary abuse of guards or from attacks from rival factions; and the resignation has to do with a sense that it is impossible to choose a different path and that they must work for the criminal organization in order to survive.

Violence is the code of conduct in jails, and all kinds of behavior occurs there including: clashes between factions, drug deals, stealing of personal possessions,

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<sup>212</sup>Adorno, Sergio & Salla, Fernando, 2007.

<sup>213</sup>Paixão, A. L. 1987. *Recuperar ou punir? Como o Estado trata o criminosos*, São Paulo

extracting payments in sexual favors (not only from the prisoners, especially the youngest, but also from their wives, partners, and daughters), and a system of privileges, given or conquered. People are raped, accounts are settled, and confrontations occur between organized prisoners and prison authorities.<sup>214</sup>

On the other side of this cycle of violence are the prison guards who have usually had little training or education, receive very low wages, and lack the basic conditions necessary for performing their job adequately. As Sergio Adorno, the coordinator of the Center for Violence Studies and Professor of Sociology at the University of São Paulo, points out, the number of prison guards is also completely insufficient as compared to the size of the prison population.<sup>215</sup> The extremely stressful working conditions of the guards add to the tensions in this already fragile and precarious institutional environment where everything—from material things, to relationships, to lives—is subject to continuous negotiation.<sup>216</sup>

Organized crime groups take control of the system and turn prisons into their own mafia territories. They offer protection to prisoners (generally by way of extortion), and they regulate the illegal operations (like prostitution and drug sales) that take place in jails. In the process, they are able to gain control over the prison population and this control gives them the ability to negotiate with the authorities—which is very useful for establishing a system of privileges and for forcing the government to make concessions to them.

In February 2001, for example, the PCC organized a rebellion in the jails that forced the Brazilian government to recognize their existence. At that time, the prisoners were demanding the removal of penitentiary directors who practiced torture and violence, faster court processes to keep prisoners who had already served their terms from continuing to be imprisoned, and an end to

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<sup>214</sup>Adorno, Sergio, 2006.

<sup>215</sup>The number of prisoners has gone far beyond the capacity of the prison facilities in all three countries. The National Commission of Human Rights (CNDH) in Mexico—and its state commissions—have documented a high level of overcrowding in prisons for many years. Cells designed for three people have at times been filled with as many as 40 prisoners, sleeping on the floor, on top of other prisoners, or tied to the bars with sheets so they don't fall. Others lie in the patio, the kitchen, and the hallways. The CNDH calculates that Mexican prisons are on average 35 percent over capacity. In Colombia, the Attorney General has reported that jails are more than 30 percent over capacity, with 14,000 more prisoners than current spaces should allow. In Brazil the situation is similar. In 2005, Director of the Penitentiary Department of the Ministry of Justice, Mauricio Kuehne, stated that the country's jails were short space for 70,000 beds. To accommodate this number of prisoners adequately, Brazil would need to build 100 new prisons.

<sup>216</sup>Adorno, Sergio, 2006.

humiliating searches of visitors. The government conceded to some of these demands, and the prisoners' movement was able to get into the media. This allowed them to consolidate their power in the jails and expand their influence on the outside.

Having control over the prison population also gives criminal organizations an army of people that can be used to confront other groups inside the prison. In fact, it is not very common for one organization to control an entire prison. Generally various groups exist inside the jails, from gangs to more sophisticated configurations, each following the orders of different leaders. Members of rival cartels or commandos may be in the same jail, for example, and the battles taking place on the streets are reproduced inside the prison. In these circumstances, the prisoners don't have a choice. They have to join one of the groups so that they will not be labeled as enemies or traitors.

The jail population is also a consumer market. Organized crime manages drug sales inside the prisons which—given the high levels of addiction among prisoners—is a significant source of income. All kinds of products are sold in addition to drugs, from cigarettes to sex. These transactions happen with the tacit consent of the guards who, on occasion, are actually in charge of the distribution.

Prisoners are also a potential labor force for criminal organizations. People who have been jailed for minor offenses are quickly co-opted by these structures. In the jails, with all the time in the world, they learn to identify models of expensive watches, distinguish luxury car models, detect bullet-proofing, and verify whether someone has bodyguards. In this kind of situation, a prisoner develops many new contacts. Once they are free, they begin a new career in the underworld, but this time as a professional with a higher level of sophistication and as a member of a criminal organization he has to respond to.<sup>217</sup> In this way, jails become crime schools where criminals learn to use weapons, engage in extortion, rob banks, and carry out murders. With this available resource, the criminal organizations expand their base of support and extend their power outside the jail walls.

In Brazilian penitentiaries where the PCC is present, the “professor” figure has emerged. The *Comando* began to give courses in the jail on how to use military caliber weapons. After that, they developed another training module on how to attack an armored vehicle. For instruction purposes, the weapons are drawn on paper. In one raid in a jail, authorities found poster boards with pictures of

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<sup>217</sup>Carbonell, Miguel, 2008. “Cárceles: Engranajes del crimen,” in *El Universal*, February 22.

revolvers, AR-15 rifles, hand grenades, grenade launchers, machine guns, and even rocket launchers. One action planned in these prison crime schools was an assault on the State Bank of São Paulo, where the equivalent of more than US\$20 million was stolen in June 1999. Similar assaults have been planned and executed on armored vehicles, toll booths, and luxury condominiums.<sup>218</sup>

Prisons are also spaces where conflicts are played out and alliances are made between crime groups. Cooperation agreements have actually been signed between enemy factions in jail. One such agreement was signed in the La Palma Prison between Benjamín Arrellano, the head of the Tijuana Cartel, and Osiel Cárdenas, the leader of the Gulf Cartel. Opposing groups can have serious clashes in jail as well. The commanders of the Cali Cartel and the Norte del Valle Cartel have confronted each other in Colombian prisons, for instance, and the *Comando Vermelho* has clashed with its rival factions in Rio de Janeiro jails. Vendettas between traffickers are common, and several *capos* have been murdered in the jails.

But the influence of criminal groups is not limited to the prisons. From the jails, they also manage and control illegal markets outside of the jails, with a list of activities that includes drug sales, kidnappings, and extortion. To be able to maintain their dominance, they need resources and efficient communications systems. They also need to demonstrate their capacity to operate and, in particular, to intimidate or to extract revenge.<sup>219</sup> The armed component of the criminal group has a primary role in maintaining this blurry line between fear and respect. Generally it is composed of groups of hit men who follow orders.

Members of a criminal organization are obedient to the organization because of the real possibility of being murdered if they don't follow orders. They also know that there is a high probability that they will commit another crime and end up in jail again. Recidivism rates are around 50 percent (though they can go as high as 70 percent), which means that at least half of all criminals will commit another crime, and some percentage of them will return to the jails.<sup>220</sup> In such a scenario, it is an enormous risk to not follow the orders of the crime groups that are dominant in the jails. If a criminal goes back to jail in these conditions, he will almost definitely be murdered.

One interesting case that illustrates this situation is found in São Paulo with the so-called *bin ladens*. This is what they call PCC members who have

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<sup>218</sup>Souza, Percival de. 2006.

<sup>219</sup>Fernández, Jorge and Ronquillo, Victor. 2006.

<sup>220</sup>This percentage varies according to the source. It is not the result of rigorous exercise but rather a calculation based on specific cases and perceptions.

debts to the organization but don't have the means to pay the debts.<sup>221</sup> The *bin ladens* are forced to take high-risk actions like placing bombs or attempting the murder of a person with a strong security system. Once the crime is committed, the criminal will go back to being in good standing with the *Comando*. If he doesn't do it, however, he is considered a traitor, an offense which carries a death sentence.

In addition to having resources and the capacity to intimidate, crime structures in the jails must have an efficient communications system. In fact, they actually have been able to find various ways to keep in contact with the outside world, primarily by making use of new technologies that allow them to keep their information network active. These technologies include cell phones, communication centers, and, to a lesser degree, the Internet. According to statements made by the São Paulo Secretary of the Penitentiary Administration to a local newspaper—authorities confiscate between 800 and 900 cell phones every month in more than 140 prisons in the city of São Paulo alone. In Mexico, during the first four months of 2005, the Federal District Prosecutor's Office received more than 300 reports of telephone extortion acts that had originated in a prison. During the first half of that year, they confiscated 200 telephones from prisons, primarily those in Mexico City. In Colombia, the director of the National Penitentiary Institute, retired army major general Eduardo Morales Beltran, stated in mid April 2008 that they had confiscated 4,000 phones of all different makes and models during prison inspections.

Controlling the flow of telephones into the prisons has been an unsuccessful endeavor. All kinds of methods have been used to detect them, including exhaustive searches of visitors and powerful metal detectors and devices with X-ray technology. But the cell phones keep getting into the hands of prisoners with the complicity of the guards.

Another alternative for keeping prisoners from communicating via cell phones has been to block their signals. There are several problems with using this method, however. For one thing, cell phone companies are not cooperating sufficiently since interrupting service could result in the loss of thousands of clients. For another thing, in the areas surrounding the prisons, residents have gone to court to keep signals from being suspended, and that has kept signals from being blocked.

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<sup>221</sup>Either because they didn't pay their dues when they were in jail, or because they did not continue contributing to the organization after they got out of jail.



Authorities have had more success intercepting signals and monitoring calls. It is not feasible to intercept the calls of the entire prison population, however, since that would require a multitude of people. For now, the main leaders are being monitored and that has led to some actions being taken against these criminal structures. Because of this, some factions have stopped using cell phones and use intermediaries instead. Lawyers, wives, family members, and prisoners who have already served their time all serve as messengers between leaders who are in jails and members of the organization on the outside.

For example, the top leader of the PCC, known as Marcola, refuses to use a cell phone, and has prohibited his members from mentioning his name in any of their phone conversations. Since Marcola fears his conversations may be taped, he prefers to use his lawyers for communication. One Parliamentary Investigation Commission, using the information it received from the Secretariat of Penitentiary Administration, discovered that Marcola alone received 135 visits from 29 lawyers between January 2003 and June 2006.

It is impossible to keep a prisoner completely and constantly isolated. The prisoner has the right to conjugal visits, the right to be in contact with his lawyers, and the right to be visited by family members. In one way or another, therefore, he will continue to have communication with the outside world. In Brazil, attempts have been made to toughen recruiting standards for guards and to make sure the prisoners cannot be in communication with others. In something called the Differentiated Disciplinary Regimen (RDD), the prisoners spend 22 hours a day locked up in individual cells. They can't listen to the radio, watch television, or receive personal visits. This system is used to isolate the criminals from the rest of the organization. Some sources say, however, that because of the corruption of public officials, criminal groups are able to stay in communication with the outside world even in the prisons where the RDD is applied.

Colombia has built modern maximum security prisons. One of these is the Cómbita Prison in Boyacá where most of the extraditable prisoners (about 200) are kept. Lawyers can visit their clients in the Combita Prison once a week in a contiguous cell, and the conjugal visit happens only twice a month. In spite of a great deal of prisoner isolation, however, there is evidence that they are in contact with the outside world. In December 2007, the Director of the National Police, Oscar Naranjo, stated that he had monitored conversations from the penitentiary in Boyacá for seven months. Among the communications intercepted was that of three arrested members of the FARC who were talking with others about criminal plans, including plans to kidnap the children of President Álvaro Uribe.

We cannot forget that organized crime's influence in the jails and their ongoing connection with the outside world would not be possible were it not for the cooperation of the guards and public officials who work in the penitentiary system. Their collaboration may happen voluntarily through corruption (being bought off) or it may be the result of intimidation and threats. It is very difficult for a guard or his boss to refuse to follow the orders of the criminal group. Investigations have revealed a number of cases where employees of the institution have been complicit in crimes, including: drug-dealing inside the jails, the murder of a prisoner, allowing cell phones into the prisons, and the escape of a *capo*.

All of these factors have led to a situation in which the penitentiary systems in Brazil, Mexico, and Colombia have been incapable of containing the influence of organized crime. Criminal groups maintain their connections with the illegal world and continue to control the criminal economy. The number of prisoners has risen beyond the capacity of the State to house them appropriately, and the power of corruption and the intimidation of the illegal groups have turned prisons into the territories of mafias; where they coordinate their activities; recruit new members; clash with enemy organizations; and forge agreements to carry out various kinds of transactions, from extortion and kidnapping to the shipment of drugs.

## THE UNCONTAINABLE CAPACITY OF TRAFFICKERS

In mid 2001, after drug trafficker Luis Fernando da Costa (better known as *Fernandinho Beira-Mar*) was captured in Colombia, he was extradited to Brazil where he was sent to prison in the Superintendency of the Federal Police of Brazil. After a few months, he was charged with ordering the severe beating of another prisoner. When the injured prisoner returned from the hospital, he was almost burnt to death in a fire that someone set in his cell.

After these incidents, *Fernandinho* was transferred to the Bangú I Prison in Rio de Janeiro, where he started several rebellions. In one of them, he invaded the quarters of his rivals, along with his accomplices, and ordered the execution of some of his enemies. He was also accused of ordering criminal actions on the streets of Rio because he was upset that authorities had taken away some of his privileges. Even as a prisoner, *Fernandinho* had cell phones and other equipment that allowed him to keep directing the drug trade. The government had to mobilize military troops to patrol the streets of Rio and reestablish order.

After this, he was taken to a high security prison in São Paulo, where he stayed for one month. The authorities of that state did not want to keep him longer for

fear that the same kinds of things would happen there. The Minister of Justice, Marcio Thomaz Bastos, then ordered that he be transferred to the prison of the Superintendency of the Federal Police of Macció, the capital of the state of Alagoa, and extracted a commitment that he would be kept there for 40 days. Four years had passed since his arrival in Brazil and they had not managed to keep the *capo* in any jail. The governors refused to accept his entry into the prisons in their territory.

Finally, after passing through the Catanduva Federal Penitentiary in Paraná, *Fernandinho* was sent to the maximum security prison of Campo Grande in the state of Mato Grosso do Sul. According to the *O Globo* newspaper, he continued to direct the sales of up to 10 tons of cocaine per month from the jail. In December 2007, after one year of investigations, authorities carried out “Operation Phoenix,” in which they arrested *Fernandinho*’s wife and lawyer, Jacqueline Alcántara de Moraes, in the city of Rio de Janeiro. According to the investigations, Alcántara de Moraes had become the *capo*’s “right hand man” in charge of carrying out his orders—among them, several murders—and of managing a variety of activities including drug trafficking, weapons smuggling, and money laundering. It must be highlighted that in the time that it took for the police investigation to happen, no suspicious conversation was detected via cell phone. All of his instructions were given to the relatives and lawyers who visited him.

Recent news indicates that, in mid-April 2008, a group attacked the prison at Campo Grande. Some ten men armed with rifles opened fire against the guards who repelled the attack. About a hundred agents were mobilized quickly to confront the attackers who escaped toward the woods surrounding the jail. One of the hypotheses of the investigators is that the goal of this action was to liberate one of the prisoners—probably *Fernandinho Beira-Mar*.

On August 24, 2007, Colombia awoke to the following news: according to the statements of the Minister of the Interior and of Justice, Carlos Holguín Sardi, and based on investigations and monitoring done by the national government, the demobilized paramilitary leader Carlos Mario Jiménez, known as *Macaco*, continued to commit crimes from the Itaguí Prison (Antioquia) in activities related to drug trafficking.<sup>222</sup>

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<sup>222</sup>Jiménez (*Macaco*) was one of the commanders of the Bloque Central de Bolívar (BCB) paramilitary group who turned himself in during the demobilization process in Colombia. According to news sources based on police investigations information, Jiménez may have acquired several paramilitary groups as “franchises” in order to participate in the process of negotiation with the government. *Semana* magazine classified him as a “pure-blood narco.” *Macaco* demobilized and several months later answered President Álvaro Uribe’s call to AUC paramilitary commanders to turn themselves in and be sent to the maximum security jail of Itaguí.

According to evidence obtained in monitoring activities, Rosa Edelmira Luna, *Macaco's* wife, visited him in prison during the second week in July. As night fell, the small woman, originally from Puerto Asís (Putumayo) left the prison and immediately made a phone call to send a message for Jiménez. "The boss says to put the money back into the businesses that we have and that we should await instructions on the next errands," she said.<sup>223</sup>

Rosa Edelmira did not realize at the time that the conversation had been intercepted by security organizations that were able to confirm that *Macaco* was continuing to commit crimes from the prison. The content of the conversation and another 1,000 telephone calls monitored was turned over to President Álvaro Uribe, who was demonstrably angry. On August 24, 2007, Uribe announced that *Macaco* was continuing to direct his criminal organization in spite of the fact that he was demobilized, and that, therefore, he would be expelled without question from the framework and benefits of the Justice and Peace Law.<sup>224</sup>

In mid-September 2007, police were able to dismantle a criminal structure called "Meta y Vichada Security Cooperative" that was operating in the department of Vichada. According to authorities, the organization belonged to Carlos Mario Jiménez (*Macaco*). After two weeks of investigation, more than 150 men belonging to this faction were arrested. This evidence that he continued to be involved in criminal activities is what caused *Macaco* to finally lose the benefits he obtained when he demobilized as a paramilitary member under the Justice and Peace Law. Soon, authorities were able to arrest three other men who were close to *Macaco*, who were known by the aliases of *Mario Bros*, *Palaguas*, and *Tiza*. The three of them gave authorities the information necessary to totally dismantle the organization.

In the midst of all of this, at the end of August, *Macaco* was transferred to the maximum security prison of Cúmbita. Another former paramilitary commander, Diego Murillo (known as *Don Berna*) was also in that prison. According to police sources, *Macaco* and *Don Berna* had been competing for control of the city of Medellín. Also in the same prison was Diego Montoya, the drug trafficker from Norte del Valle who was considered a close ally of Jiménez (*Macaco*) and had mediated in 2005 to resolve the dispute with Wilber Varela (also known as *Jabón*). This concentration of powerful criminals in one

<sup>223</sup> *Cambio* magazine. "Las pruebas que tienen con el pie en E. U. a 'Macaco.'" [http://www.cambio.com.co/paiscambio/772/ARTICULO-WEB-NOTA\\_INTERIOR\\_CAMBIO-4103196.html](http://www.cambio.com.co/paiscambio/772/ARTICULO-WEB-NOTA_INTERIOR_CAMBIO-4103196.html)

<sup>224</sup> This law established sentences of between five and eight years in jail for paramilitary members accused of committing atrocities. In exchange for the light sentence, the perpetrators were to confess their crimes, make reparations to the victims, and renounce all other criminal activity.

place was considered a high risk for the government, so the decision was made to transfer *Macaco* to a frigate of the National Armada, but he spent very little time there. In November 2007, a court order was obtained to transfer Jiménez to a prison where his daughter could visit him, and as a result, the former paramilitary commander was sent to the Bellavista Prison (Antioquia).

Some versions of the story say that *Macaco* reactivated his criminal networks from this penitentiary, using several cell phones and the daily visits of more than 30 people. Possible evidence of the continuation of Jiménez's criminal activities were later found in the computer belonging to Raúl Reyes, the guerrilla commander of the Revolutionary Armed Forces of Colombia (FARC). One letter found on the computer was sent in January 2008 and signed by Rodrigo Londoño, alias *Timoleón Jiménez*. In this letter, the FARC Secretariat was informed about the connections they had with *Macaco*'s people in Bajo Cauca and in Sur de Bolívar for the purpose of trafficking in drugs. Irregularities in the jail at Bellavista led to the ouster of its director, and *Macaco* was transferred once again to the prison in Cúmbita, where he stayed until he was extradited on May 7, 2008.

In short, before he was turned over to U.S. authorities, *Macaco* had been sent to three different prisons, not counting the short period of time he spent on the frigate. While he was still in Colombia, he was an extremely difficult person to monitor. Even when he was in a maximum security prison, the authorities were not able to cut significantly into his power.<sup>225</sup> This is why it became urgent for the government to extradite him and finally put an end to his ability to continue managing the criminal economy.

In 2005, one of biggest news items in the Mexican media was about the fact that La Palma Prison was under the control of Osiel Cárdenas, the head of the Gulf Cartel, who had been captured in 2003. As journalists Jorge Fernández and Victor Ronquillo point out, this was not exactly news for Mexicans. People were already aware that Joaquín *el Chapo* Guzmán had taken control of the Puente Grande jail and that the Los Texas band had gone so far as to install video cameras that they used to monitor happenings outside the jail from their cells in Nuevo Laredo. In early 2005, they had also witnessed prison breaks in Tijuana, Tamaulipas, Apatzingán, and from the Nezahualcóyotl jail in the state of Mexico. Each of these events were possible because of complicity between the prisoners and public officials.

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<sup>225</sup> *Semana* magazine. "Cuál es la urgencia de extraditar a Macaco?" April 30, 2008. [http://www.semana.com/wf\\_InfoArticulo.aspx?IdArt=111452](http://www.semana.com/wf_InfoArticulo.aspx?IdArt=111452)

The story repeated itself in every prison: guards and prison directors were bribed and intimidated, family members and lawyers acted as accomplices, and prisoners maintained connections with the outside world through cell phones. The *capos* could also count on loyal factions capable of enforcing their orders. This is how Osiel Cárdenas operated, and while he was in Mexico, he continued to pull the strings of his organization from his place in prison.

Cárdenas sent handwritten messages to his various structures, some of which were discovered in public security force operations. "Tell the accountant to send 100,000 dollars for el Vecino Benja (Benjamin Arellano)," one of the messages said. "If guys in Laredo are with *El Chapo* or Arturo Beltrán get rid of them," says one letter with instructions for Z14, the former army man, Efraín Teodor Torres, then in charge of the organization in Nuevo Laredo, Tamaulipas. "... Send someone to Acuña to talk with the head of the state police and give him the money. He is reinvesting the *néctar* (profits). He has 150 and he's asking for 50 more and in national currency. He has 5 tons and he is asking for 2 more." Cárdenas used messages like these to order executions, move drug shipments, buy off police, and authorize the lending of money to the heads of other cartels.

Lawyers and family members carried the messages, as did recently freed prisoners or prisoners' family members when they left the jails. Cárdenas also had several cell phones, a fact that became apparent when they did the inspections at the prison. All of this communication happened under the complicit eyes of prison officials, who were also accomplices to the smuggling in of weapons and the murder of certain prisoners, including rival cartel members.

During his stay in La Palma, Osiel Cárdenas formed an alliance with Benjamin Arellano Felix, who, some say, agreed to take orders from the *capo*. Various privileges were possible in jail, such as: not having to wear particular colors of uniforms, having televisions, and being able to spend up to 12 hours in the visiting room area. When discipline was relaxed in the jails, lawyers and their clients took advantage of the time to plan and organize activities outside the prison walls. It also allowed the inmates to have contact with each other and to form partnerships. Some have even said that Osiel Cárdenas was using his time to plan his escape from the prison.

In late October 2004, Mexico's Attorney General, Rafael Macedo de la Concha, said the following of Cárdenas: "in spite of being deprived of his freedom in the La Palma Prison, this man, through the tentacles of his organization has been continuing his criminal activities... Is he still operating? Yes, we see that from the point of view of leadership because he continues to be the leader

of that organization.” Macedo also denounced a series of irregularities at La Palma involving the collusion of prison officials.

To uncover this network of corruption, members of the Federal Agency of Investigations (AFI) infiltrated the high security jail. Passing themselves off as custodians and prisoners, the agents were able to detect the existence of criminal networks inside the jails that were at the service of Osiel Cárdenas. They found that 40 prison guards were acting as messengers and allowing the entry of drugs and weapons for Cárdenas. The investigators also found that Cárdenas, along with Benjamin Arellano Félix; Francisco Rafael Arellano Félix; Arturo Hernández (alias *El Chaky*), the former head of the Juárez Cartel hit men; drug trafficker Pedro Lupercio Serratos (*El Chacal*); and Daniel Arizmendi; (*El Mochaorejas*) had been the instigators of the protests and hunger strikes being carried out by family members and supporters outside the jail. Journalist inquiries revealed that people participating in these protests travelled with all expenses paid (hotel and food), and that they received reimbursements as high as 1,000 pesos for making the trip. All of this came from the resources of Cárdenas.

The political operation carried out by Cárdenas, with Arellano's help, was remarkable. Prisoners with political experience and information helped establish the links necessary to organize lawyers and family members.<sup>226</sup> Demonstrations were organized at the offices of the National Human Rights Commission, the Chamber of Deputies, and in the areas surrounding the prison. During times when the prisoners were placed in solitary confinement without access to visits, the crime groups used the discourse of human rights to pressure for those measures to be reversed. They even used legal mechanisms to keep conditions from becoming too severe. For example, in early 2005, the inmates obtained temporary suspension orders protecting them from the Federal Secretariat of Public Security's ability to relocate them, mistreat them physically, or impose new operations to keep prisoners incommunicado in the maximum security prison.

From La Palma, Osiel Cárdenas went as far as to publish a newspaper insert with a communiqué directed at President Fox, complaining that his rights and the rights of his lawyers and family members were being violated. He also placed a phone call directly from the prison to the Carlos Loret News Show on Televisa and had a long conversation without being disrupted in any way. In the phone call he denied being the leader of the La Palma Prison, saying: “People say a lot of things about me, an endless number of things. The truth is

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<sup>226</sup>Fernández, Jorge and Ronquillo, Victor, 2006.

that there is a campaign against me coming from the offices of Mr. José Luis Santiago Vasconcelos (Assistant Attorney General).

Osiel Cárdenas continued to direct the Gulf Cartel from La Palma, threatening people and buying them off, ordering the executions of his adversaries in and outside of the prison, coordinating the transfer of drug shipments, and making decisions for his organization. At the same time, he developed a strategy to demand his rights inside the prison. Behind this political maneuvering, his goal was always to control the prison, improve his conditions of imprisonment, and obtain higher levels of freedom and movement. The only way of interrupting this dynamic was to extradite him to the United States in mid-January 2007. Some say, however, that he continues to send messages to members of his organization from where he is now in Texas.

Drug traffickers have turned jails into their own mafia territory and continue to manage the activities of the illegal economy from their prisons. Meanwhile, the governments (of Brazil, Mexico, and Colombia) have proven to be incapable of stopping them. Given this reality, governments are choosing to extradite, and while some sectors reject this option for reasons of national sovereignty, so far extradition has been the only effective measure for breaking the connection between the top *capos* and their organized crime groups. As long as prison systems cannot effectively isolate and control prisoners—by decreasing the level of corruption—prisons will continue to be functional spaces for illegal groups.

Governments are also at a crossroads. Society is demanding tougher crime policies and more punishment for criminals, and this has led to more arrests. At the same time, the increasing numbers of prisoners have overwhelmed institutional capacity, and now there is an effort to relieve crowding in jails, generally by decreasing sentences and implementing quicker and more efficient judicial processes. The result is paradoxical: there are more prisoners, but they are spending less time in jail. This doesn't exactly establish a real scenario of punishment, and it may end up generating more loopholes, since many prisoners are repeat offenders who know the system and know how to get around it.<sup>227</sup> This is clearly a scenario that is favorable to organized crime; not only are sentences becoming more flexible, there is also a constant flow of prisoners who continue to feed the criminal network.

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<sup>227</sup>Isaac Dyer and Sebastian Jaén have done interesting work using the Colombian penitentiary system as a reference point. They show that certain penitentiary policies are not only ineffective, but that in the medium to long term, they cause greater crowding in the prisons. See Dyer, Isaac and Jaén, Sebastián, *La rentabilidad del crimen: ¿Un problema de presupuesto, prisiones, o política?* Universidad Nacional de Colombia. [http://dinamica-sistemas.mty.itesm.mx/congreso/ponencias\\_pdf/19](http://dinamica-sistemas.mty.itesm.mx/congreso/ponencias_pdf/19). La rentabilidad\_del\_crimen.pdf



## PART FOUR

### CRIME AND COMPANY: NETWORKS OF COERCION AND VIOLENCE

Today a massacre occurred in one of the three countries. Try to imagine the course of action that will be taken when the event becomes public. It's actually quite predictable. The day after the massacre, the following headline will appear in the paper: "Massacre by Drug Dealers in X." Pick any place at random for "X" and substitute "massacre" with any other sensational word. The number of columns given to the story will be proportional to the number of deaths and the caliber of the weapons used. Later, at an improvised press conference held anywhere—but with so many microphones that you can barely see the face of the person speaking—the high level official of the day will say: "Yes. Yes. We have a well founded suspicion that this horrendous crime was related to drug trafficking. This is all happening because trafficker 'Y' and trafficker 'Z' are fighting for control of the illegal economy in 'X' place." For traffickers 'Y' and 'Z' you can substitute the names of the most well-known drug groups or industries of the moment. Afterwards, you will hear some inoffensive and venial comments about the terrible effects of the drug industry on society. Some columnists will make conjectures about the people implicated in the crime and their sinister plans, and there will be yet another announcement of a new crusade, campaign, fight, raid, offensive, or what have you, against the drug business all over the country.<sup>228</sup>

Does this sound familiar? The public immediately understands the case: it's the drug traffickers. And since neither traffickers nor drug tycoons tend to sue for slander, there is unlimited freedom to write (invent and imagine) about the matter. But how many murders does organized crime really commit? It is hard to answer this question, since the number of homicides resolved in the courts is minimal and the perpetrators are unknown in most cases.

It's true that organized crime uses violence, but how often do they use it? And under what circumstances? Rather than allowing ourselves to be influenced by the headlines, let's think about this question objectively. In the case of the drug industry there are two main positions: one is that violence is incidental to the drug economy, and the other is that violence is an inherent part of it. From the first perspective, the drug business isn't that different from any other intermediation activity. It's all about buying and selling drugs in different markets where prices vary. According to this point of view, what is being monopolized are the clients

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<sup>228</sup>This exercise is a modified version of an exercise in Resa, Carlos, 2006.

(rather than production activities, drug sales, or territories). The case of marijuana in the United States is used as an example, since more money is made in marijuana sales in the U.S. than in the entire marijuana industry in countries like Mexico and Brazil, but it rarely generates episodes of violence.<sup>229</sup>

But the most accepted position is the second, which assumes that drug markets have a proclivity towards the exercise of violence. Three reasons are given to support this. The first has to do with pharmacology and refers to the idea that drug use can make people violent. The second has to do with compulsive violence and the immediate need to obtain money to buy a costly consumption item. The third has to do with the use of violence as a regulating mechanism. Illegality frees people in the drug business (and criminals in general) from taxes and other such expenditures, but it makes it impossible for them to use public security resources to protect their property rights and enforce contracts. Criminals are not protected from fraud and robbery. Violence then becomes a cheap substitute for that impartial third party that would have helped to resolve business disputes, and it minimizes the risks associated with having no legal protection.<sup>230</sup> A fourth reason could be added to support the idea that violence is an inherent part of the drug economy, and that has to do with the fact that criminal groups need an armed structure capable of confronting internal or external obstacles to their illegal activities. Groups capable of posing such obstacles include rival criminal factions or the armed forces of the government. The criminal armed structure needs to be capable of using violence in cases where threats alone do not work.

What perspective should we choose? Both could work. It all depends on the moment the criminal organization is in. Sometimes, crime groups prefer not to use violence in order to avoid attention and stay out of the way of police actions. At other times, they will use violence frequently, especially in contexts of disputes with other criminal factions or against the State. The use of violence then will swing between high points, where homicide rates increase markedly, and low points that give the impression that crime has abated.

From this perspective, while the violence related to organized crime may appear at first glance to be chaotic and absurd, it actually has a certain logic and responds to very specific situations and objectives. Violence is always self-justifying, but beyond that, I would like to emphasize that its use is rational and

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<sup>229</sup>Ibid.

<sup>230</sup>Resa, Carlos. 2005. *Nueve mitos del narcotráfico en México (de una lista no exhaustiva)*. Universidad Autónoma de Madrid: Research notes. [http://www.uam.es/personal\\_pdi/economicas/cresa/nota0305.pdf](http://www.uam.es/personal_pdi/economicas/cresa/nota0305.pdf)

that it follows a cost-benefit analysis.<sup>231</sup> It is important to keep in mind that, generally speaking, the logic of violence and how it is used and applied is a collective logic. Violence, far from being the result of intolerance among citizens (and the responsibility of many aggressors), is actually caused by just a few repeat offenders with an underlying logic and considerable power. As Mauricio Rubio says: “The monopolization of illegal markets, a recurring idea in literature on mafias and organized crime, is a more consistent idea (for explaining high levels of homicide) ... than the notion of a society in which the average citizen is a criminal.”<sup>232</sup>

The collective logic of organized crime’s use of violence is determined by three questions: how much violence to use, when to use it, and with what purpose. Jean-François Gayraud maintains that all organized crime structures (which he calls mafias) have always imposed their power through brute force (violence). When this power is established and recognized and that “chaotic” genesis is overcome, however, violence stops being an ongoing instrument for the exercise of power and is reduced to being a mere modality of that power. Violence then moves from being the constant state of things to being a potential occurrence. No established power, whether mafia power or not, needs to remind you constantly of its existence; it only needs to do so in minimal doses. In this framework, violence is part of a first moment when a mafia power asserts itself and establishes itself, but it is not a permanent element.<sup>233</sup>

When a criminal organization is already consolidated and it dominates the illegal economy, it will use violence in small doses, but when the group is just forming, or it enters into conflict with another group, it will use violence more frequently. In the first case, the objective is to maintain control; in the second case, the objective is to achieve recognition or eliminate adversaries.

This way of framing things is consistent with what is happening in Brazil, Mexico, and Colombia, where high levels of violence—especially homicides—have been associated with contexts in which organized crime is operating, but especially in areas where various factions are battling each other or where there is an all-out confrontation with government forces. The recent upswing in the number of deaths in Mexico is directly related to the various areas where drug trafficking groups are

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<sup>231</sup>As Stathis Kalyvas, who studies violence in civil wars, warns: the generalized perception of violence as a random, chaotic, and anarchic process, or as a phenomenon that is better seen from the perspective of passions and emotions, has no validity. Stathis N. Kalyvas, 2001. “La violencia en medio de la guerra civil. Esbozo de una teoría.” *Análisis Político* 42, 3–25.

<sup>232</sup>Rubio, Mauricio, 1998. “La economía en una sociedad violenta.” In *Revista de Estudios Sociales*. Universidad de los Andes. No. 1. August.

<sup>233</sup>Gayraud, Jean-François, 2005

operating and to their willingness to confront the State and stay in competition with rival groups. In cities like Rio de Janeiro and São Paulo, there is a connection between the number of murders and the activities of the comandos, especially when rival groups or the police make incursions into the *favelas*. Such incursions caused 1,260 deaths in Rio in 2007—deaths that were attributed to “acts of resistance.”<sup>234</sup> In Colombia the homicide rate has been going down, but spikes in violence levels in some departments and municipalities have been associated with confrontations between various factions of organized crime.<sup>235</sup>

When these confrontations happen, generally the violence is directed at the rival group, and you often hear political and judicial authorities say something like: “At least they’re just killing each other and not messing with society.” But the fact is that the population is still hard hit in this kind of situation. Women and children are caught in the crossfire, and entire communities are subject to the pressures of these criminal groups who exercise a kind of social control over them. Criminal organizations tend to watch the population closely to make sure no one is taking information to the enemy or denouncing their illegal activities to the authorities. Forced recruitment also ramps up during the heat of this kind of confrontation, and many children and youth end up being drafted into service of an armed criminal group.

The other time when violence is used more frequently is when a criminal structure is first being formed and consolidated. A criminal organization has several hurdles to overcome in order to make a place for itself and begin participating in the illegal economy. One of the things it has to do is build networks of coercion that will allow it to enforce contracts, collect debts, protect itself from government offensives, keep the competition at bay, and maintain internal discipline. Maintaining internal discipline means punishing traitors and members who don’t follow orders and eliminating those who might jeopardize their criminal economy.

An emerging group will always announce its existence by using violence. That is the way it demonstrates its power and gains recognition. It sets out to earn a respect that is based essentially on fear. Criminal groups must demonstrate that they are willing to enforce their orders through any means necessary. They have to make examples out of some people to send a clear message to their clients, providers, and possible competitors. Forms of violence may vary, but

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<sup>234</sup>When people suspected of clashing with the police are killed, their deaths are called *autos de resistencia*, a term which implies legitimate self defense on the part of the police.

<sup>235</sup>This has happened in places like Baranquilla (Atlántico), Valledupar (Cesar), Cúcuta (Norte de Santander), Apartadó (Antioquia), Buenaventura (Valle), Tumaco (Nariño), among others.

torture, mutilation, massacres, and disappearances are some of the methods they use. In this process, the criminal organization will also have to subjugate smaller structures in a kind of natural selection process where only the strongest survive. Groups that find themselves in weaker positions must submit to the dominant group or run the risk of being eliminated. Meanwhile, the dominant group will try to gain a monopoly on the use of illegal violence.

Leaders are also identified and move up in the criminal world according to their willingness to use force. This is what has happened with cartels in Mexico, with drug trafficking organizations and emerging bands in Colombia, and with the comandos in Brazil (The story of how Marcola emerged as a leader is a prime example). With this kind of a dynamic, criminal groups are in a constant state of internal paranoia, and this leads to the construction of coercion networks that impose discipline and offer protection—even from members of the same group.

The coercion networks may be the group's own networks, or the role might be outsourced. For example, the *Comando Vermelho* in Rio de Janeiro has its own armed component, but in Mexico, cartels are repeatedly making agreements with groups of hit men who provide this service for money. Even government forces may be involved in these practices, hiring themselves out to work for one of these groups. The risk of outsourcing for criminal organizations is that the coercion network could end up more powerful than the other components. This is the scenario that could happen if Los Zetas end up taking over the leadership of the Gulf Cartel, and *El Lazca* ends up as its main leader.

The emergence of coercion networks, which run not only the protection market but also the violence market in general, can help us to understand the high levels of homicides and other crimes. These organizations end up being mechanisms for disseminating criminal activity that moves through space and time, generating what Fabio Sánchez calls technology and knowledge “spillovers.” In his article “Conflicto, crimen violento, y actividad en Colombia: Un análisis espacial,” Sánchez suggests that the patterns of contagious expansion of violence and criminal activity can be classified in two ways: a) *Relocation*, when violence leaves one region and goes to another—when criminal activity is displaced, for instance, because of the increased presence of public security forces or the exhaustion of illegal profits; or b) *Diffusion*, when violence and criminality spread from a central hub to contiguous spaces with the center still experiencing high levels of crime.<sup>236</sup>

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<sup>236</sup>Sánchez, Fabio. 2007. *Las cuentas de la violencia*. Bogotá: Universidad de los Andes, Grupo Editorial Norma.

The first type of expansion is what happened with some of the crime groups in Colombia who relocated and began operating in other places. For example, *Los Rastrojos* emerged in Norte del Valle, but they moved to areas like Nariño, Putumayo, and Caquetá—far from their place of origin. This has to do both with the presence of government forces in Norte del Valle and with the exhaustion of illegal profits there. A good example of the second type of expansion is the Mexican cartels, which have expanded their criminal activities from their original places of operation to contiguous areas, spreading violence, and crime in general, to other territories.

So, the process of violence generation is dynamic and depends on various factors, including how much money there is to be made from illegal activities, the response of government forces, the capacities of the coercion networks, and the calculations of the criminal enterprise. From a geographic perspective, all of this is reflected in moments of expansion or contraction that will depend on whether the illegal armed groups are in a period of consolidation, growth, or withdrawal.

While their groups are in a stage of formation, growth, or expansion—which means there will be disputes—organized crime uses violence frequently. Once the criminal economy (and the faction running it) is consolidated, the coercion network will apply a smaller dose of violence. At this point, the group has already won control of its space and has a recognized name. The initial violence has helped establish a real reference point for what the organization is capable. Its members, providers, and clients, and the population in general, have already seen the consequences of resisting the organization, breaking agreements with it, or not following its orders. Rival factions will also be aware of the kind of power its competitor has acquired and its ability to keep out external threats.

In this situation, media reports and rumors in the local area and region become very important, since the publicity helps to increase the prestige of the criminal group. The media, in pursuit of news, ends up acting as a free public relations vehicle for criminal enterprises, enhancing their image as effective protectors that no potential client could ever elude. After reading in the newspapers or hearing on the radio how a particular coercion network has used a massive amount of violence, it is unlikely that a client visited by this group will decide to resist them or refuse to pay the required fees. This unintentional cooperation on the part of the media contributes to the general strategy of the criminals.<sup>237</sup>

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<sup>237</sup>Resa, Carlos. 2005

At an initial stage, this situation has advantages for the criminal group, but it also carries some risks. Violent methods rile up public opinion and people begin to pressure authorities to take measures. The organized crime group is exposed now and can become more vulnerable. The list of its top leaders is on the front page of the newspapers and government forces step up actions against them. Once the group is on the radar of the security agencies, its reputation with providers and clients can begin to erode. In addition, all kinds of crimes and connections may be attributed to the group, whether they are involved or not. This is a well known strategy that security agencies use to try to appear effective.

In this contradictory situation, the best option for a consolidated organization is to move from real violence to potential violence, based on the premise that the greater their reputation for effective use of violence, the less their need to actually use it. At this point, the criminal group will concentrate on intimidating and maintaining control over dissonant elements or possible threats. They will also strengthen their political, criminal, and police connections through the use of corruption. The objective is to go from being a challenging power to an invisible power. This will be facilitated by their connections with the legal world, their economic power, and their potential (but real) capacity to use violence.

At that point, the protection market is consolidated in the hands of the coercion network that offers this service. Once organized crime presents itself as a real threat, it creates the demand for security. The paradoxical thing is that in pronounced contexts of illegality where the presence of state institutions is weak, the protection is actually supplied by the same organizations that are operating outside the law. Criminal structures begin to levy a kind of parallel tax, charging both for legal activities and for crimes. Though at times it may seem like a “voluntary contribution,” in reality, it is more like extortion.

The coercion network also positions itself as a mechanism to resolve conflicts and intra-community disputes. It creates a parallel system of “justice” that citizens can go to to resolve a whole range of problems, from domestic violence to debt collection. Organized crime is then consolidated as the “other power,” with the capacity to offer protection (from its own actions), charge taxes, regulate social and commercial relationships, and impart “justice.”

This situation once again presents a paradox, because a context with a very high level of illegality may not actually show high levels of violence. Declining homicide rates do not always mean that crime groups are less present. In fact, they may even be an indicator that criminal networks have consolidated and

that effective coercion groups are present. This challenges the assumption that lower indicators of violence are the irrefutable result of successful State action. Violence levels have gone down in some municipalities and departments of Colombia, and both Rio de Janeiro and São Paulo had fewer homicides last year. But was this the result of successful policing and anti-crime work? It's true that government forces can play a major role in these falling numbers. But sometimes less violence may actually mean that mafia power has been consolidated.

Once the criminal enterprise manages to consolidate itself, it will seek to grow by expanding its illegal market. One option that is increasingly being used by organizations is the franchise system, which turns out to be a cheap and efficient way of expanding the criminal network. In the same way that Starbucks, McDonalds, or Burger King sell franchises, organized crime groups offer concessions and agreements through which it gives a faction or an individual the right to do business under specific conditions. That may include the right to use the brand name (PCC, *Águilas Negras*, or Gulf Cartel), but may also include training, a supply of products, and even financing.

Criminal structures use these strategies to spread their knowledge, expand their presence in various territories, and increase the number of their contacts. For those who acquire the franchise, there are also several advantages. The first is the benefit of having a brand name and an already established reputation. The product being offered is already "accepted" by the population, which is to say that the group's capacity to use violence is already recognized. The second benefit is access to an organization's experience and a direct connection to its members. These two benefits lead to a third advantage: the risk and uncertainty inherent in starting any business activity is reduced.

All kinds of franchises exist in the criminal world. The right to use the name of the organization can be sold, the right to operate in a certain territory can be negotiated, and the right to use a certain shipment route can be acquired. It is even possible to purchase a part of the criminal group. In Mexico, for example, the cartels charge groups of delinquents for the use of the so-called *plazas*, where drugs are distributed. This right is commonly called the *derecho de piso*. Traffickers also permit gangs to use their territories to ship and sell marijuana. In São Paulo, the PCC demands a percentage of the profits made from any crime committed in their areas of control. Some groups also acquire the right to use the PCC acronym. In Colombia, after the official demobilization of the paramilitary groups, the hold-out groups that were not disbanded were sold to drug traffickers from Norte del Valle; in this case it wasn't the brand that was



sold, but rather the experience and “the know-how.” There have also been cases of *capos* who have attempted to sell their coercion networks. It appears that that is what Wilber Varela was trying to do with a part of *Los Rastrojos* operating in the department of Nariño. It looks like the group was going to be sold to an alias *Don Mario*, one of the top leaders of the so-called emerging bands.

Franchises can also be established beyond borders. Mexican traffickers sell the right to distribute drugs in some U.S. cities, especially on the west coast. Some factions of Colombian organized crime have franchises in Mexico in charge of negotiating with local *capos*. PCC members function as a franchise in Bolivia to make sure that the drugs get into Brazil. The *Comando Vermelho* has cells in Paraguay that provide them with marijuana shipments.

A criminal enterprise takes several risks when it decides to implement this kind of system. One risk is that the franchise owner could use the brand name or commercial name improperly, and the actions of the franchise could have an impact on the whole network. This could happen, for example, if a contract is not honored, if a shipment is not delivered, if the relationship with the provider is damaged, if a violent action provokes tensions with a partner, if there is a dispute with a powerful group, or worse, if they draw the attention of the authorities. A second and related risk is that franchise owners could resist following the rules of the central group. This could cause internal disputes in the criminal structure that could lead to the segmentation and possible loss of a part of the illegal economy. If points of resistance like these develop, it will impact the image and internal cohesion of the group. This could be taken advantage of by an opposing organization or by government authorities.

When a network is extended in franchise-fashion and it becomes possible for smaller factions to make use of the name, territory, or information belonging to the established criminal organization, the organization runs another risk as well: the risk that imitators and falsifiers could appear and try to pass themselves off as members of the criminal organization. These “free riders” are groups of common criminals who show up in the midst of an expansion of a criminal network and try to pose as members of a larger organization. In Colombia, for example, police investigations have shown that extortionist groups have used the name of the *Águilas Negras* (a paramilitary emerging band with an established name) in order to take advantage of the reputation already built by that organization. In Mexico, similar situations have occurred with local *bandidos* who have presented themselves as part of *Los Zetas*. And in São Paulo, any thief can say that he is a member of the PCC as a way of gaining prestige.

Government forces can also contribute to this confusion since pressure for results may lead authorities to claim that the criminals they have arrested are part of the most powerful organization. Petty thieves may be presented as major criminals; smaller operators may be passed off as heads of dangerous organizations; an insignificant accountant may be accused of being the chief of mafia finances; and low-level drug transporters may be portrayed as emerging traffickers.

The viability of the coercion network and its ability to consolidate a protection market will be closely tied to whether or not it can discourage imposters who are trying to reap benefits without having invested in the creation of the brand name and its image. If anyone can engage in extortion without having the power of a big organization behind him to protect him, the monopoly of that organization deteriorates and it can become so costly to go after the free riders that the entire organization could implode. If the criminal structure is not able to control this upswing in imitations, its future will not be very promising.

We can conclude then that there is a close relationship between the existence and propagation of the coercion network and the spread of violence. Beyond the image created by the media or what we have seen in movies, organized crime is a determining factor in the level of murders and other crimes. Violence is the primary mechanism through which the criminal network expands, and at times it grows uncontrollably like a cancer. The victims of this violence can be members of these organizations as well as those who are on the margins of illegality.

When organized crime is appearing for the first time or competing with other groups, it uses violence as often as necessary against rival factions, institutions, and common citizens. This situation can overwhelm the capacity of security forces and the judicial system to work efficiently, leaving society in a defenseless situation.

Thus, the illegal coercion network compromises the State's monopoly on the use of force, one of the minimal conditions for its existence.

Once its presence is consolidated, organized crime tries to lower its profile, shielding itself against possible actions by the state through corruption, consolidating its commercial infrastructure, and integrating into society as a coercive parallel power, taking advantage of vacuums in institutional presence. In this situation, governments, which are happy with the declining crime rates, will go back to considering organized crime a minor issue. Meanwhile, crime will have set up shop in the heart of our political and economic systems, making use of all of its resources and connections. A great corporation will have expanded: Crime & Co.



# Where Are We Headed?

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Organized crime has been changing at a rapid pace. Criminal economies are expanding their markets and diversifying their products; connections between the legal and illegal world are being established through ingenious new mechanisms; and clandestine coercion networks are reaching farther into our social, political, and economic systems. Meanwhile, we keep looking at organized crime in the same old way: as if it were a rigid, heavy structure, isolated from the daily lives of ordinary, honest citizens. We keep imagining big cartels and organizations directed by powerful kingpins who manage the destiny of the criminal world according to their own whims. In reality, we are witnessing a process of fragmentation. Organizations are becoming increasingly horizontal, and there has been a proliferation of armed groups, which battle each other or join forces, depending on the circumstances. They are the primary determinants of the violence levels in our societies.

While organized crime is fast becoming one of the biggest challenges for our countries; politicians, analysts, and academics unaware of its true dimensions continue treating it as if it were a matter of “cops and robbers.” While we attempt to minimize the problem, organized crime is taking advantage of our ignorance and indifference and making new inroads. Perhaps we haven’t spent enough time analyzing these matters. We might be aware that things aren’t going well and that our societies are not very safe, but we seldom ask about the cause or what we can do to change the situation. We have gotten used to avoiding certain places, not going out after a certain hour, locking our possessions down, and keeping our windows rolled up. Other things have become part of our daily lives as well: the sale of pirated objects, drug use in night clubs, the fact that a certain criminal group dominates a certain area, or the fact that homicides are occurring in public places. Police corruption scandals have also become commonplace, as have politicians’ connections with illegal activities, and the suspicious appearance of prosperous businesses that can’t explain where their resources have come from, or what their magic formula is.

These situations persist in spite of the efforts of governments, the actions of states, and the resources invested in making our cities safer. Drug trafficking continues unabated and *capos* are arrested, killed, or extradited only when the criminal organizations are in a period of readjustment. As one Mexican expert in criminology said to *The New York Times*: “The good news is that the

government of Mexico has arrested more *narcos* and dismantled more cartels. The bad news is that it hasn't done any good."<sup>238</sup> What are we doing wrong? What factors keep organized crime strong in spite of all our efforts? To answer these questions and determine whether we are using the most appropriate strategies, it seems to me that we first need to ask ourselves if we really know where we are headed—and, especially, if we know where organized crime and the illegal economy are headed.

What changes are occurring and what do they mean? The following are some of the tendencies:

***Organized crime is increasingly fragmented.*** The big cartels, the mafia structures that carry out the orders of a powerful boss, the illegal organizations with defined hierarchies, strict discipline, and well-enforced codes of conduct, are becoming increasingly rare. They are being replaced by networks that constantly readjust to respond to different transactions and the shifting demands of the moment. We are in a time of transition where some criminal groups are resisting this new way of organizing and hoping to maintain a monopoly on illegal actions. Other groups are changing quickly, refusing to be controlled and aspiring to preserve their independence. The former are like dinosaurs—large heavy animals that attract the attention of the government and are unable to respond quickly to changes in the criminal economy. The latter are more like a virus that is spreading through the environment in imperceptible ways.

***The big crime bosses are disappearing and the “coordinators” or “networkers” are emerging.*** The time of the “boss,” the “*don*,” and the “*jefe*” is over, and their role is no longer functional. These days, very few traffickers and criminals are willing to appear publicly as leaders of organizations. It is increasingly frequent to find horizontal structures with collegial leadership systems focused on associations or joint investment projects, such as sending a shipment of drugs or engaging in all-out combat with government forces, to name two examples. Now, the person with the central role is the coordinator (*articulador*), the one who has the contacts and the information about how to make the transactions and the capacity to establish relationships between various criminal networks. In this kind of set-up, the boss, commander, or leader of the criminal faction is simply an operator who plays a specific role in the production or distribution chain.

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<sup>238</sup>Thompson, Ginger & McKinley Jr., James. 2005. “Mexico’s Drug Cartels Wage Fierce Battle for Their Turf.” In *The New York Times*, January 12.

***Criminal economies are globalizing.*** Local criminal enterprises have been able to get their products into world markets. Cocaine produced in Bolivia goes through Brazil, passes through an African country, and arrives on the streets of Amsterdam; drugs grown and processed in Colombia are transported to Venezuela, warehoused on a Caribbean island, and then shipped to Portugal; and Nigerian “mules” carry Peruvian cocaine in their stomachs for Turkish operators who plan to sell it in bars in Berlin.

This kind of globalization has created interdependence between the different factions involved in the illegal market. Organizations that sell drugs on the streets of Los Angeles, depend on Mexican traffickers who, in turn, depend on production in South American countries. Colombian producers depend on the ability of Central American groups to circulate cocaine on the streets of major U.S. cities.

The system has a multitude of providers (Colombians, Peruvians, Bolivians), a large number of traffickers (Mexicans, Nicaraguans, Guatemalans, Haitians), and a great many distributors (more than 145 criminal organizations in California, 260 in New York, and 150 in Houston). All this infrastructure is employed to fill the demand of a world market with more than 9 million customers in the United States and Europe alone. And that is only the drug economy. Imagine the dimensions of what we are talking about if we include activities like the smuggling and pirating of other items. As world markets become increasingly open and borders become more blurred, criminal structures are also enjoying the benefits of economic integration. And while nations still respect territorial boundaries and the centrality of sovereignty, for illegal groups, borders are just places that merchandise crosses over.

***Illegal markets are emerging.*** Drug trafficking is still a growing industry, and some nascent markets are just beginning to develop. In the United States, cocaine consumption is down, but methamphetamine use is growing in areas that border with Mexico. In Europe, more cocaine is being consumed, spreading from the Iberian Peninsula toward the countries of the former Soviet Union. Even places that have been relatively untouched up until now are also slowly joining the world cocaine and heroin markets as a side-effect of sustained economic prosperity. The new demand in China, for instance, has begun to be supplied with Peruvian drugs, and Colombian cocaine shipments have been seized in the port of Shimizu in the prefecture of Shizuoka, Japan. Speaking of Asia, we should keep in mind that this is where a kilo of cocaine fetches the highest price. The United Nations Office on Drugs and Crime reports that the sales price for a kilo of cocaine in Asia and Oceania can be as high as

US\$150,000 (five times more than what is paid in the United States and three times more than the going rate in Europe.)

In South America, local consumption is on the rise. Argentina and Chile are emerging markets, Brazil is seeing higher levels of consumption, and crack is beginning to be used more in middle class and working class populations. In Colombia, more synthetic drugs are being consumed, and in Mexico, teenagers are increasingly using cocaine and, in some areas, methamphetamines.

We already know about the “balloon effect” in production.<sup>239</sup> Now we are seeing a “balloon effect” in consumption, as markets open up to allow sectors of the population that have previously had little access to drugs to acquire them at local prices. This dynamic presents a dramatic scenario, not only in terms of public health, but also in terms of the competition that could be generated for control of these markets and its subsequent effects on levels of violence. The situation also poses a huge challenge for governments. Now that the illegal economy has spread to involve more countries, addressing it will require a comprehensive approach with more cooperation between nations.

***The expansion of the illegal market is an issue that involves everyone.*** When we truly begin to understand how illegal trafficking works, we can’t continue to think in terms of a clear line between “good guys” and “bad guys.” We have to recognize that “law-abiding” citizens who always pay their taxes and never fail to stop at a traffic light sometimes (actually fairly frequently) smoke a joint, listen to music from a pirated CD, buy the latest DVDs on the corner, or purchase fake Louis Vuitton bags. These people are part of the many faces of illegal commerce today.<sup>240</sup>

I am not trying to equate ordinary buyers with drug traffickers and smugglers. However, we need to be aware of the fact that as long as we focus our attention on the providers of these illegal products and not on the “honest” citizens whose demand is creating the incentives that make trafficking possible, the problem will persist. It is clear that organized crime is providing something that society is demanding. We all have a responsibility when we look at it this way, because what we consume today can end up financing groups or practices that we abhor.

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<sup>239</sup>The “balloon effect” occurs when authorities are able to interrupt the production of drugs in one area and drug traffickers move their center of operations to another territory—like air that moves to the other side of a balloon when one side is squeezed.

<sup>240</sup>Naím, Moisés. 2006.

***Clandestine networks assure their continuity by increasing their connections with the legal world.*** Organized crime could not exist if it didn't develop relationships with people in political, economic, and policing circles—people who benefit from the profits of the criminal economy generally do so through bribery and corruption. So far, investigations by journalists, judicial inquiries, academic exercises, and public scandals have uncovered only a superficial layer of the relationships that exist between the legal and illegal worlds. Most of these connections continue to be hidden via sophisticated mechanisms that allow illegality to spread into legal and institutional channels or, at the very least, take advantage of legal vacuums. Organized crime's new way of operating demands new responses on the part of governments. These responses must come in the form of new legislation that provides mechanisms not only for pursuing criminals and taking them to court, but also for dismantling their support networks.

Organized crime has focused on building relationships with legal entities at the local and regional levels where they are trying to shape political institutions to protect themselves and their properties. At that point, the political clientelism that has been so common in Latin America turns into a kind of criminal clientelism, and entire sectors of the population can come to depend on resources managed by criminals and by major or minor elite groups related to crime. In these situations, citizens have no option but to submit to a political-criminal elite that is managing and distributing favors and privileges. As a result, the public sphere becomes privatized and becomes part of the criminal economy.

The full impact of organized crime in our economies is still unknown. Most analyses have focused on the terrible consequences that crime has on the legal economy. We do not have good estimates, however, of the kind of strength these markets have acquired locally, regionally, and globally. In some areas they are the main source of wealth and are catalysts for investment—albeit a disorderly investment with private ends and with resources derived from preying on other sectors. In some areas, illegal activity is the primary option for residents, one of a few alternatives for insertion in the economy. Examples include the coca-producing areas in Colombia and places where methamphetamines are made in Mexico, as well as marginal areas of cities, *favelas*, or the commercial areas where contraband goods are sold.

But organized crime is not just connected to marginalized sectors. It has established relationships in the areas of finance, services, and business creation, and it also plays a role in the development of the informal economy, where the lack of government regulation opens up spaces for the crime world to intervene.



In Colombia alone, 8,000 suspicious operations were identified between 2000 and mid-2007, and approximately 600 businesses and more than 1,000 people are on the so-called Clinton List. In Mexico and Brazil, the dimensions of the criminal-economic complex are still unknown and it has been necessary to adjust mechanisms for detecting money laundering. In all three countries, even the seizure of the property of traffickers is a cumbersome and dysfunctional bureaucratic process, making it very difficult for criminals to be separated from their investments. The use of front operations is widespread, and the network of contacts is so broad as to overwhelm the capacity of investigative bodies.

Government forces are vulnerable to being corrupted by criminal groups in scenarios where wages are low, institutions are weak, impunity is the norm, and response capacity is weak, especially at the local level. As long as these factors persist, crime will continue to make inroads into the security agencies. This will have a big impact on the public image of these groups and citizens will have a low level of trust in them, especially in the police. Fierce debate has arisen in countries like Mexico and Brazil about including the Army in the fight against organized crime. While their presence is meeting a real need and it is one real alternative for controlling armed structures that are operating outside the law, it also creates the risk of expanding the network of corruption. Cases in Colombia illustrate this situation. Given these situations, it would be prudent to reinforce controls and counter-intelligence mechanisms.

***At the local (micro) level, criminal factions try to regulate illegal activities and can actually replace the role of the State.*** Perhaps, as Gambetta mentions, the tasks of a criminal structures are similar to those of a State. Crime groups ensure compliance with contracts, they resolve conflicts, they dissuade the competition (by restricting the entry of certain actors in the market), and they regulate the underworld. All of this occurs in a context of distrust.<sup>241</sup> Organized crime tries to gain a monopoly on illegal violence, by including (by agreement or by force) the different criminal components, which become part of a coercion network. In this context, dominant factions establish a series of “taxes” that must be paid to obtain the right to use their turf or their routes or for the service of protection. It is not very different from what the government does.

In their areas of influence, criminal structures may also use their economic resources in social investment projects. They may build housing for the poor, make contributions to public events, or supply public goods to communities.

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<sup>241</sup>Gambetta, Diego. 2007.

These kinds of actions allow them to launder their profits, build a reputation for themselves, and start substituting for the government in concrete, practical ways. A situation is then created in which people transfer their loyalty to criminal leaders and start to justify the illicit acquisition of wealth. Systems of impunity and protection are validated, while laws are perceived as invalid and ineffective for social development. What is legal becomes illegitimate, and what is illegal becomes what is reasonable and necessary.<sup>242</sup>

Jails are mafia territories and places for the formation and coordination of organized crime. It is clear that the penitentiary systems of Brazil, Colombia, and Mexico are in crisis. The combination of serious overcrowding, degrading treatment, high levels of corruption, and the use of violence as a regulatory code make jails fertile ground for criminal groups, who take over by using their money and coercive power. In these circumstances, none of the three countries is able to control the traffickers, who continue to manage the criminal economies from the prisons.

When society demands iron fist policies and more punishment for criminals, government forces generally arrest more people, but prisons do not have the capacity to hold more inmates. So, eventually, it becomes necessary to free up space in jails by reducing sentences and employing quicker and more effective judicial mechanisms. The combination of these factors, however, ends up producing a paradoxical situation: today there are fewer prisoners and they are spending less time in jails. This is not a true scenario of punishment, and it can even lead to prisoners learning how to use the system. Jails are increasingly dealing with recidivists who know the system and know how to get around it. It is clear that the situation in prisons will continue to be favorable for organized crime. Sentences are lighter, and criminal organizations can count on a constant influx of prisoners who will continue to feed the criminal network.

Governments frequently minimize the dimensions of the organized crime problem, underestimating its potential impact on our political systems, economies, ways of organizing and relating to each other, and levels of citizen security and protection. The idea of a State that holds a monopoly on the use of force and that regulates conflicts in society is being tested by the existence of criminal groups who are creating parallel powers, backed up by coercion networks willing to use violence, and by clandestine networks that exercise political, economic, and social influence. In spite of the magnitude of the problem, academia continues to look at organized crime as a minor issue, decision-makers tend to

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<sup>242</sup>Resa, Carlos. 2005.

see it as a police matter, and ordinary citizens see it as just one more factor in their daily lives. The truth of the matter is not hidden from us. Rather, it is we who deny its existence. The first challenge for confronting organized crime is to understand it and to ask ourselves what we can do differently.

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**Mafia & Co.** provides an analytical perspective of the inner workings and expansion of organized crime in three Latin American countries. Juan Carlos Garzón, a Colombian political scientist, provides a comparative investigation looking specifically at criminal networks in Colombia, Mexico, and Brazil. Published by Planeta, this book was published in August 2008, with the support of the Fundación Seguridad y Democracia and the Open Society Institute.

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<sup>\*</sup> The opinions expressed by the author in this book do not represent the positions, policies or views of his employer.