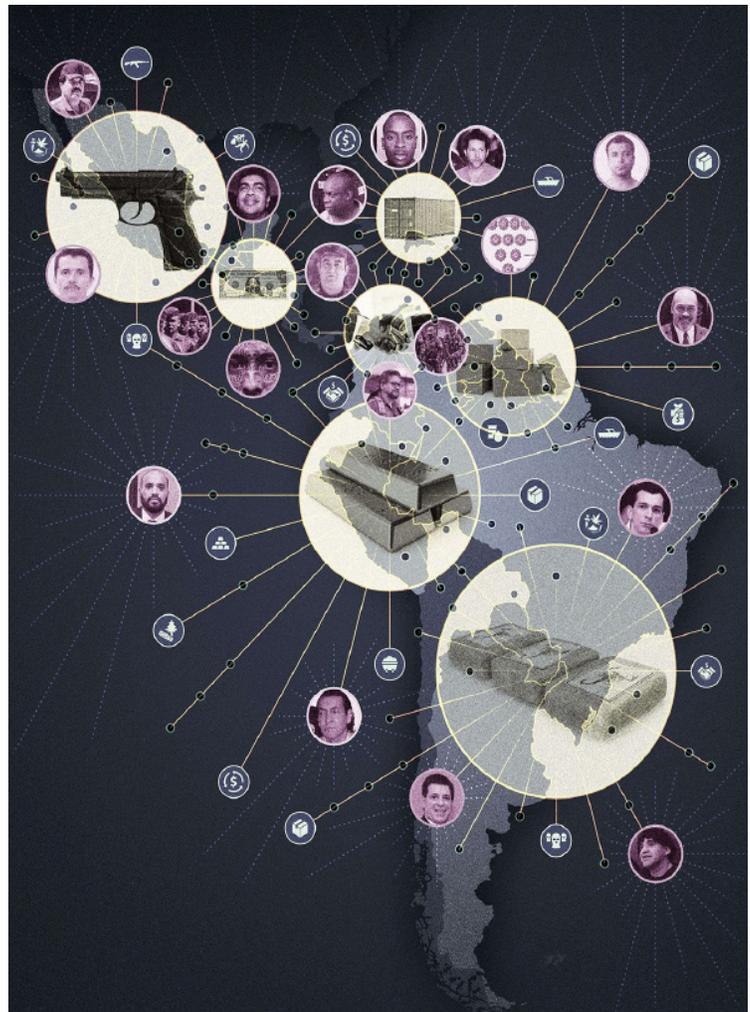


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## Criminal Networks in the Americas

*By InSight Crime and  
American University's Center for Latin American & Latino Studies*

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This report is produced by CLALS, in collaboration with InSight Crime, as part of a project supported by the U.S. Department of State to analyze and assess the diverse criminal networks of Latin America and the Caribbean. The project is led by AU School of International Service Associate Professor Matthew Taylor and InSight Crime Co-Director Steven Dudley. For more information, please visit the project page on our [website](#).

Cover image: InSight Crime

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1

# Criminal Networks – Major Findings

There are three major types of criminal networks in the Americas, and each requires the United States government to take a substantially different approach towards mitigating their power and effect:

- 1. State-embedded networks** are embedded in elected bodies, law enforcement, judicial entities, regulatory agencies, and other parts of the government. They use state power to enrich themselves and their partners via corrupt and criminal schemes and to systematically undermine the rule of law and regulatory powers, so as to protect their activities and ensure impunity. These networks are the most difficult for the United States government to address because they are, by definition, the US government's counterparts. They may also play a double game, employing their resources towards battling some criminal activities, which may correspond with US interests, even while they shelter and build out their own criminal portfolios. Battling state-embedded networks requires empowering international and local bodies, as well as supporting civil society organizations and media.
- 2. Social-constituency networks** draw from a constituency, built on shared circumstances, heritage, and/or political beliefs, and create criminal networks that advance the interests of the constituency. They may provide protection from rival criminal groups and a predatory state, while also providing tools for social and economic advancement. They draw from various criminal economies, but their power base is decidedly social and political in nature. These networks emerge and operate in areas where the government is absent, corrupt, or inept, and often assume some of the roles of the state, including the extreme use of violence to exert control over territory or physical space. To combat them, the US government should assist local partners in creating competing social-constituencies and in providing more effective services, such as protection from predatory actors, as well as encouraging social and economic advancement.

**3. Entrepreneurial networks** are designed like a commercial enterprise with multiple layers and a loose structure, which allow them to maximize profit and minimize risk. They mostly provide goods and services, but they are sometimes predatory and often employ violence. While the core of these networks is often one or more tight-knit families – which provide them many built-in advantages in terms of trust, recruitment, and conflict resolution – these networks are governed by profit motives, and they derive their power from economic capital. The US government may mitigate this power through demand-reduction policies at home and by targeting chokepoints in distribution chains and money laundering operations. Mitigation is essential to undermining the networks' ability to establish political and social ties that may lead to deeper entrenchment and resilience.

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# Criminal Networks – The Methodology

We broke our research into three macro-regions within Latin America and the Caribbean: 1) Mexico, Central America and Colombia (henceforth, the **Isthmus**); 2) the Caribbean and Venezuela (henceforth, the **Caribbean**); 3) South America below the equator (henceforth, **South America**). These generally correspond to the State Department’s division of labor with some slight variations. In each of the macro-regions, we analyzed the economic, geographic, and cultural dynamics that influence how criminal networks interact, in particular the ways in which they fit into global chains of production and distribution. Finally, all the sections on the sub-regions addressed the ways in which these criminal networks interact with or represent threats to the United States.

We conducted over 200 interviews with law enforcement, judicial authorities, prosecutors, academics, and other experts on organized crime. We also analyzed judicial cases, intelligence reports, regulatory documents, and other open-source reports on organized crime, including InSight Crime’s extensive database. In each of the three macro-regions, our teams used this information to:

1. Identify the criminal economies at the regional, national, and subnational levels.
2. Catalogue the criminal networks that emerged within the national jurisdictions.
3. Select the networks that were most emblematic of their respective regions and national jurisdictions and that best demonstrated the key characteristics of criminal networks within national settings.
4. Describe several of these networks, in terms of the network characteristics: their core ethos and identity; their economic, social,

and political base; their *modus vivendi*<sup>1</sup> and *modus operandi*,<sup>2</sup> including their use of violence; and their structure.

5. Determine the connections between the nodes (individuals or groups) within each of the major networks, as well as between the network and other networks and individuals. These links between diverse nodes were used to create network maps to illustrate network structures and illustrate the connections between criminal networks.

As a collective, we then:

6. Developed a conceptual framework and typology of criminal networks.
7. Researched policy approaches at the national, sub-national, and international levels.
8. Developed policy prescriptions that corresponded to our typology.
9. Wrote the report.

The first part of the report covers the conceptual framework and typology of the criminal networks. The second part of the report covers the policy prescriptions for each of the three types of criminal networks. The third section is broken into three macro-regional reports (Caribbean, Isthmus, and South America), which cover the geography, major criminal economies, and the major networks. In all, we studied over 100 criminal networks, and profiled 19 of them. In some cases, they are still active. In other cases, we have described networks that have already been dismantled because they are representative of dynamics that are likely still in play, often under newer but undiscovered networks. In all cases, they are representative of the way criminal networks operate in those regions.

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1 By *modus vivendi*, we are referring to what they live from.

2 By *modus operandi*, we are referring to how they operate.

3

# Criminal Networks – Conceptual Framework

For the purposes of this project, the unit of analysis is the **criminal network**, understood as a group of people that associate on a regular and prolonged basis to facilitate a criminal objective. This network may be characterized by formal and informal partnerships, alliances, and/or cooperation. This emphasis on networks recognizes that not all markets are marked by visible and prominent criminal organizations with a high public profile.<sup>3</sup> Some markets may instead be dominated by smaller, less visible, or less structured networks.<sup>4</sup> By using the term network, we recognize that the boundaries of all criminal organizations are to some extent fluid and able to integrate new contacts. Further, criminal networks may often work with these contacts consistently and frequently over time without formally integrating them as members.<sup>5</sup> We also understand that these networks may be bound and motivated by a variety of reasons, including economic, political, and social incentives.

Particularly at the subnational and national level, these networks may be structured as **criminal organizations**, understood by the United Nations Convention against Organized Crime as a “structured group of three or more persons existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences...”<sup>6</sup> It is considered “transnational” in nature if the offense is: “committed in more than one State...; a substantial part of its preparation, planning, direction or control

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3 An example of a high-profile criminal organization is the Sinaloa Cartel, detailed in the Isthmus section of the report.

4 Nigel Coles, “It’s Not What You Know That Counts: Analysing Serious Crime Groups as Social Networks,” *British Journal of Criminology*, vol. 41, no. 4 (2001), pp. 580-594; Phil Williams, “Transnational Criminal Networks,” in John Arquilla and David F. Ronfeldt (eds.), *Networks and Netwars: The Future of Terror, Crime and Militancy* (California, 2001).

5 In one example we detail in the South America section, the First Capital Command (Primeiro Comando da Capital – PCC) maintained a relationship with a coca supplier for years in Bolivia without formally integrating him.

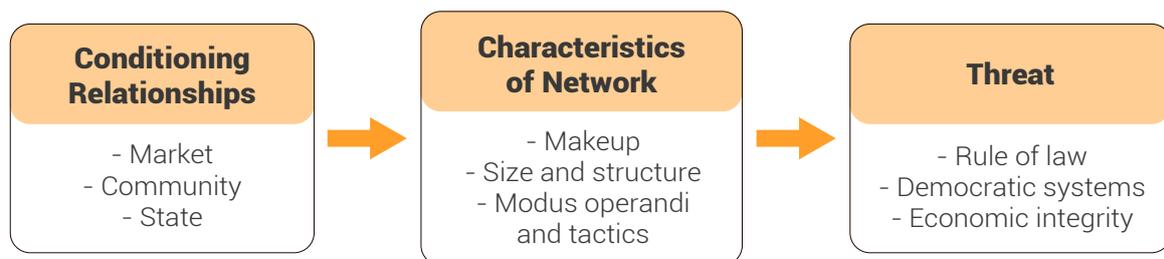
6 United Nations General Assembly, “[United Nations Convention against Transnational Organized Crime and the Protocols Thereto](#),” 8 January 2001.

takes place in another State...; involves an organized criminal group that engages in criminal activities in more than one State; or ... has substantial effects in another State.”<sup>7</sup>

When discussing criminal networks at the subnational and national levels, therefore, we will refer to them interchangeably as “organizations” and “networks.” However, it is worth emphasizing that central to the concept of the criminal organization is that an organization is defined by a shared criminal objective (e.g., to provide illicit goods or services; extract resources or rents from legal and illegal economies; fight off opposing networks and/or regulate underworld activities). Networks, by contrast, may include multiple organizations with disparate and sometimes even conflicting objectives.

## **Criminal Networks – Basic Approach**

Our approach evaluates criminal networks in three broad stages, shown in the figure below. The basic intuition that guides our approach is that the threat posed by criminal networks is in many ways a consequence of the characteristics of the network, which are in turn shaped by the network’s relations with the market, with the state, and with the community. Each of these is addressed below.



Source: InSight Crime and American University

September 2021

<sup>7</sup> Ibid.

## **Conditioning Relationships**

There are three, overlapping factors that shape the character and nature of criminal networks.<sup>8</sup>

1. Their relation to the **market**. What criminal market are they in, how does it fit into the subnational, national, and regional criminal economy, and where does this network fit into the global production and distribution chain? Commodity chains in Latin America flow outward (illicit drugs, mining, flora, contraband), while goods and services chains typically flow inward (arms, money laundering, chemical precursors). Criminal networks do not only mediate inward and outward flows of goods and services, however; they also may extract rents from others who do so and may sometimes regulate markets themselves.
2. Their relation to the **community**.<sup>9</sup> Within the jurisdiction or social arena where this network is most active, what are the social norms that govern their criminal enterprise? For example, is contraband trafficking considered a “normal” part of local community life? The criminal network may also serve specific functions in the community: mediation and conflict resolution; regulation of commercial and social interactions; enforcement for specific transgressions; taxation and welfare provision; employment and social mobility; protection from predatory criminals and a predatory state. How big and/or influential is the network’s constituency? And does it form a lasting core of social support for the criminal enterprise?
3. Their relation to the **state**, particularly law enforcement, the judicial system, and regulatory bodies. What is the state’s capacity? How

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8 Enrique Desmond Arias, *Criminal Enterprises and Governance in Latin America and the Caribbean* (Cambridge, 2017); Ana Arjona, *Rebelocracy* (Cambridge, 2016); Diego Gambetta, *The Sicilian Mafia: The Business of Private Protection* (Cambridge, 2016); Stathis Kalyvas, *The Logic of Violence in Civil War* (New York, 2006); Benjamin Lessing and Graham Denyer Willis, “[Legitimacy in Criminal Governance: Managing a Drug Empire from Behind Bars](#),” *American Political Science Review*, vol. 113 (2019), no. 2, pp. 584-606; Beatriz Magaloni, Eduardo Franco-Vivanco and Vanessa Melo, “[Killing in the Slums: Social order, criminal governance, and police violence in Rio de Janeiro](#),” *American Political Science Review*, vol. 114, no. 2 (2020), pp. 552-572; Zachariah Cherian Mampilly, *Rebel Rulers: Insurgent Governance and Civilian Life During War* (New York, 2011); Samuel Popkin, *The Rational Peasant: The Political Economy of Rural Society in Vietnam* (California, 1979); Paul Staniland, “[States, Insurgents, and Wartime Political Orders](#),” *American Political Science Review*, vol. 10, no. 2 (2012), pp. 243-264.

9 By community, we mean a space in which economic, social, and political capital are regularly exchanged in close physical or virtual proximity.

effective is the state at controlling territory at the subnational, national, or regional jurisdiction? How repressive is it of crime? These relations are not always adversarial. They can be evasive, corrupting, or confrontational.<sup>10</sup> Networks may also operate from inside the state, systematically intervening to assist criminal enterprises or extract rent from others. Networks may also finance or control political parties or other political movements to secure a place inside the state that permits them to manipulate it to their own ends.

### ***Characteristics of Network***

Research on criminal networks suggests that the three conditioning relationships shape the networks in a variety of ways<sup>11</sup>:

1. They shape the core identity of the networks. Criminal organizations can be blood-related or clan-based, religious, or political, or built of shared experiences, origins, and circumstances. The foundation for trust between core members may be built upon these shared, communal experiences, beliefs, and ideologies, and these may be the driving force of their unity and connection. This identity can be assumed formally or informally and is often reinforced by expressions of collective action against outsiders or the state. Alternatively, the conditioning relationships could create networks that are disperse, and whose principal connection is transactional, commercial, or political in nature. Policy responses that disregard identity by treating criminal relationships as purely transactional are likely to be ineffective or even backfire.
2. They shape the *modus vivendi* and the *modus operandi* of the network. The network's core power base could come from economic, social, or political capital. Its relations with markets, the state and community also shape their use of violence, how they employ corruption, their relations with non-members, their need to operate clandestinely, their

<sup>10</sup> John Bailey and Matthew M. Taylor, "Evade, Corrupt, or Confront: Organized Crime and the State in Brazil and Mexico," *Journal of Politics in Latin America*, vol. 1, no. 2 (2009), pp. 3-29.

<sup>11</sup> United Nations Office on Drugs and Crime (UNODC), "Results of a Pilot Survey of Forty Selected Organized Criminal Groups in Sixteen Countries," September 2002.

use of transborder operations, their penetration into the political system, their penetration into the legitimate economy, and their cooperation with other criminal organizations.

3. They shape the structure of the network: its hierarchy, size, complexity, and geographic reach. In a jurisdiction marked by heavy law enforcement, for example, networks are likely to be smaller, operate less overtly and develop ways to ensure each part knows little or nothing about the other parts. By contrast, in jurisdictions with low state presence, organizations may operate openly, assume a clear identity, adopt a group name, shared symbols and a common self-identity. They may also organize more hierarchically and perhaps engage more openly with the community.

### ***Threat Posed by Network***

The conditioning factors and characteristics of the network shape the threat they pose. Each of the criminal networks we analyze presents different threats at the local, national, and international levels, which can be broken down into three major categories.

1. First, these networks may **subvert the rule of law** by systematically undermining the social norms that are essential to the effective functioning of judicial, law enforcement, and regulatory institutions. These networks may greatly undermine adherence to a broader state-imposed rule of law by introducing new rules and understandings of what is “right,” by raising questions about the legitimacy and effectiveness of the state and its laws, by protecting constituents from predatory state and criminal actors, and by offering economic and social incentives to disobey or ignore those formal rules.
2. Second, criminal networks may **subvert political systems**. Some criminal networks may rely heavily on violent tactics, which contribute to high levels of homicides, human rights abuses, internal displacement, and mass migration. Criminal organizations may also supplant the state, becoming de facto regulators of markets, or

in more extreme cases, establish themselves as a parallel police or judicial system. In adopting these tactics, criminal networks challenge the state's monopoly of violence and undermine its legitimacy. There may also be cases of systemic collusion between criminal networks and political and economic elites who benefit from weak judicial, regulatory, commercial, and administrative laws and institutions. In the most extreme scenarios, criminal networks not only have ties to government officials or politicians who represent their interests, these officials and politicians are the criminal enterprise, and the criminal enterprise becomes the system of governance. Given the need for the US government to maintain diplomatic relations with its national counterpart, this final scenario is especially fraught with reputational risk and hard tradeoffs.

3. Third, criminal networks may **damage economic integrity**. Tactics such as corruption and coercion distort the functioning of regulatory institutions: regulators, licensing agents, notaries, judicial officials, or other commercial regulatory bodies. The laundering of criminal revenues may subvert the banking system, raise local asset prices, and introduce unfair competition in local markets. Criminal networks are well-poised to exploit their economic power to establish unfair labor and commercial practices, carrying over tactics from the illicit world into the licit world. They may undermine unions and commit widespread environmental crimes. However, it is important not to frame this as simply a "penetration" of the commercial and economic system but very often an alliance of between criminal networks and the "licit" actors in the economy, and to consider how political and economic elites benefit in myriad ways from their relationship with criminal networks.

# 4

## Criminal Network Typologies

Criminal typologies are a useful way to categorize criminal networks, to hypothesize about the behavior expected of criminal networks, and to tailor the most effective policy responses to specific types of criminal networks. Over the past half-century, there have been several efforts to sort criminal networks into distinct types:

Some of the earliest typologies focused on **heritage**. From Albin<sup>12</sup> to Abadinsky<sup>13</sup> to Ianni and Reuss-Ianni,<sup>14</sup> much of the academic literature from the 1970s and early 1980s emphasized racial, ethnic, and national connections between these groups.<sup>15</sup> This tendency was, in no small part, related to the rise of the Italian Mafia in the United States, dramatic testimony provided in Congress by some of its members, and subsequent movies and television shows mythologizing this depiction. Still, this type remains one of the most prominent ways of categorizing organizations,<sup>16</sup> including at InSight Crime, where we track processes like criminal migration<sup>17</sup> for the movement of criminal groups of predominantly one nationality from one nation to another. After all, shared heritage, especially among immigrant populations, may provide both a motive to organize (i.e., to overcome marginalization and provide community), as well as useful tools, most notably a language and customs that may not be widely shared with the host community and thus may be difficult for law enforcement to penetrate, as well as a common means for resolving disputes.

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12 Joseph L. Albin, *The American Mafia: Genesis of a Legend* (New York, 1971).

13 Howard Abadinsky, *The Mafia in America: An Oral History* (New York, 1981).

14 Francis A.J. Ianni and Elizabeth Reuss-Ianni, *A Family Business: Kinship and Social Control in Organized Crime* (New York, 1972).

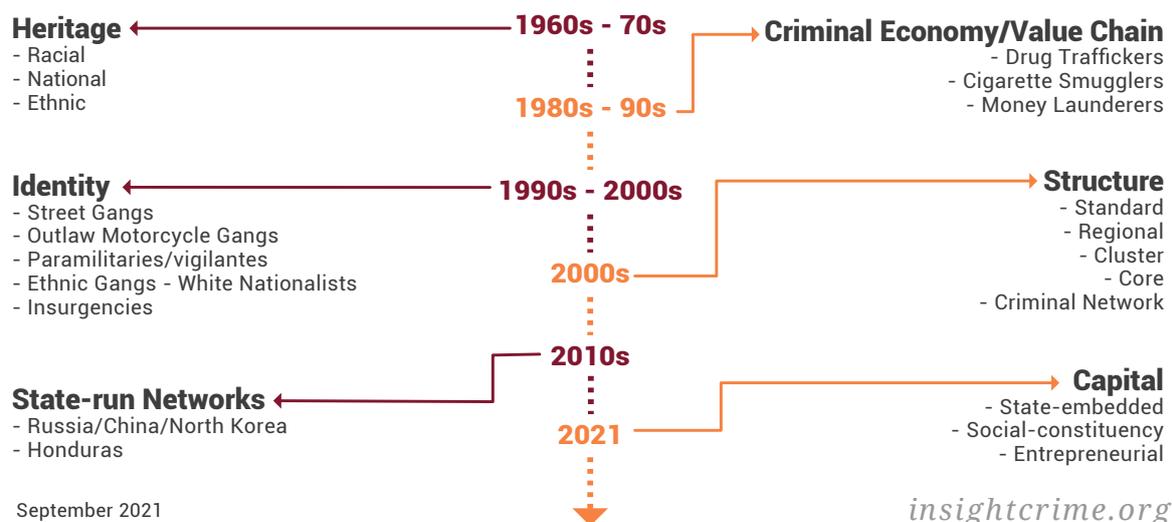
15 United Nations Office on Drugs and Crime (UNODC), “[Local, cultural model of organized crime](#),” May 2018.

16 See the Federal Bureau of Investigation’s [website](#) on transnational organized crime where it still divides some of its threats and programs by ethnic and national boundaries.

17 See InSight Crime: [Criminal Migration](#).

Later academics began to divide networks according to their **criminal activities**, specifically citing a commodity or service provided, or a criminal activity pursued. These categories were often codified in legal statutes, which allowed scholars to focus on specific sub-groups via judicial documents and interviews with felons and ex-convicts. The most oft-studied sub-group have been drug trafficking organizations (DTOs), where distinct drugs often seem to lead to distinct behaviors. In the 1980s, for example, Alder noted that drug trafficking groups were structured depending on the drugs they sold,<sup>18</sup> while Reuter and Haaga noted that DTOs were more like “shifting coalitions” than hierarchical corporations.<sup>19</sup> These typologies suggest that different criminal activities may lead to distinct types of criminal behavior and organization: money launderers and cocaine smugglers, for example, will be quite distinct in their methods of organization, their tactics and their organizational hierarchy.

## Typologies – The Literature



In the 1990s, the emphasis of market-oriented typologies shifted toward the criminal group’s position in the value chain. Natarajan and Belanger developed a typology of DTOs based on structure (freelance, family business, communal business, corporation) and on the segment of the distribution chain the DTO occupied (manufacturer, importer/smuggler, wholesale

<sup>18</sup> Patricia Adler, *Wheeling and dealing: An ethnography of an upper-level drug dealing and smuggling community* (New York, 1985).

<sup>19</sup> Peter Reuter and John Haaga, *The organization of high-level drug markets: An exploratory study* (Santa Monica, 1989).

distributor, regional distributor).<sup>20</sup> Two decades later, when some of these same scholars reevaluated the model, it largely held, with variations noted when it came to the amount of drugs sold and the type of drug sold. Although they had trouble accounting for organizations that performed more than one task in the distribution chain, they concluded the typology generally corresponded to other entrepreneurial groups that are: “(a) transnational in nature, (b) require smuggling across international borders (e.g., smuggling of humans, of weapons, of antiquities and artifacts, and of endangered species), and (c) presumably, require the ability to launder money.”<sup>21</sup> The value chain approach has been popular among government and think tank circles,<sup>22</sup> and, as we noted in our conceptual framework, an organization’s position in the value chain is certainly a conditioning factor in the development of criminal networks.

However, focusing on illegal activities or position in the value chain has its limitations. It assumes that criminal groups’ core identity is always commercial. Many criminal organizations have social and political motivations or may function as de facto regulators of commercial and social relations.<sup>23</sup> Many criminal networks also have incredibly varied and dynamic economic portfolios, so fitting them into one single criminal economy does not always accurately describe who they are or what they do. As noted above, even if they are focused on a single criminal economy, networks may perform several tasks along that value chain. Finally, market-based typologies do not always differentiate between market-based and predatory criminal organizations,<sup>24</sup> which may have vastly different identities, structures, and interactions with the state.<sup>25</sup>

Partly in consequence, other scholars have used **identity** to differentiate criminal networks. In addition to heritage, which can remain a centering point for just about any organization, criminal networks are sometimes categorized by communal or blood ties. Criminals are often grouped as “co-

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20 Mangai Natarajan and Mathieu Belanger, “Varieties of drug trafficking organizations: A typology of cases prosecuted in New York City,” *Journal of Drug Issues*, vol. 28 (1998), pp. 1005-1026.

21 Mangai Natarajan, Marco Zanella and Christopher Yu, “Classifying the Variety of Drug Trafficking Organizations,” *Journal of Drug Issues*, vol. 45, no. 4 (2015), pp. 409–430.

22 Angela Rabasa, et al., “[Counternetwork: Countering the Expansion of Transnational Criminal Networks](#),” Rand Corporation, 2017.

23 Diego Gambetta, *The Sicilian Mafia: The Business of Private Protection* (Cambridge, 2016); Federico Varese, *Mafias on the Move* (Princeton, 2011).

24 Alan Block, *East Side, West Side: Organizing Crime in New York 1930-1950* (New Brunswick, 1983).

25 RT Naylor, “[Towards a General Theory of Profit-Driven Crimes](#),” *British Journal of Criminology*, vol. 43, no.1 (2003), pp. 81-101.

offenders,” connecting because of their similar criminal interests or because of shared prison experiences. Criminals may be affiliated to well-known groups such as insurgencies, outlaw motorcycle gangs, ethnic street gangs, or white nationalist groups, each of which have vastly different motivations than the loosely knit, entrepreneurial networks connected by their market approaches.

Identity is useful because it recognizes that criminal interests often include common social motivations. In numerous ways, identity may overlap with heritage. Like-minded “communities” are often bound by race, ethnicity, and nationality, and heritage can serve as a major conditioning factor in the development of criminal networks.<sup>26</sup> Community-based problems are very often the key motivation behind the formation of the criminal network, taking primacy over any other concern, including making money. In fact, identity groups often serve as de facto regulators of economic and social interactions in emerging markets or ungoverned spaces, where they can become virtually indispensable for the wider community.<sup>27</sup>

Another approach to distinguishing criminal networks is to focus on their organizational **structure**. A much-cited 2002 report commissioned by the United Nations Office on Drugs and Crime (UNODC) developed a structure-based typology, detailing a range of distinct forms of organization, which went from “standard hierarchies,” with strong internal structures and a clearly defined territory, to loose networks that are either akin to franchises or that came together in only occasional and fleeting fashion.<sup>28</sup>

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26 However, in these communities, the lines are often blurred between “revolutionary,” “vigilante,” and “bandit,” something we try to account for in our own typology. Eric Hobsbawm, *Bandits* (New York, 2000); Gonzalo Sánchez Gómez and Donny Meertens, *Bandoleros, gamonales y campesinos: El caso de la Violencia en Colombia* (Bogotá, 1983).

27 Diego Gambetta, *The Sicilian Mafia: The Business of Private Protection* (Cambridge, 2016); Federico Varese, *Mafias on the Move* (Princeton, 2011).

28 The specific forms include: a “standard hierarchy” with one single leader, a strong hierarchy and internal discipline system, “social or ethnic identity,” and a clearly defined territory; a “regional hierarchy” with a “single leadership structure” with a “line of command from [the] center,” often with “strong ethnic or social identity,” but a degree of autonomy at the regional level; a “clustered hierarchy” with a number of criminal groups whose collective identity is formed by “social/historical context” and whose governing arrangement “can range from a flexible umbrella-type structure, to a more rigid control body,” but whose regional autonomy is “relatively high,” and it has numerous types of criminal structures and criminal economies represented; a “core group,” which is made up of a small number of individuals with little ethnic or social ties, which is “surrounded by a loose network” of criminal groups that help them achieve their ends; and a “criminal network” defined as “key individuals who engage in illicit activity in often shifting alliances [who] coalesce around a series of criminal projects.” See: United Nations Office on Drugs and Crime (UNODC), “[Results of a Pilot Survey of Forty Selected Organize Criminal Groups in Sixteen Countries](#),” September 2002.

The problem is that structure on its own varies over time in response to market and law enforcement pressures, and it is not fully determinative of the tactics these groups use. Partly in consequence of this weakness, the UN typology also emphasizes identity, the organization's use of violence and connection to specific territory as secondary features. Although we think that structure itself is not a useful criterion for typologizing, in the remainder of the report we will occasionally draw upon the UN's descriptions of structures, since they capture the essence of various organizational hierarchies found in the Americas.

Finally, there is another category that we found important, but which has received relatively little attention in comparison to other categories emphasizing economic or social motivations: the **presence of the state** within the criminal network. Many of the above-mentioned typologies assume the state is irrelevant, absent, ineffective, or corrupted by outsiders. In the literature on developing countries, for example, the issue of state-crime relations is often framed as "state capture,"<sup>29</sup> where government actors have little agency, are perceived as the victims of predatory non-state actors and are, at worst, co-conspirators. Peter Lupsha famously characterized criminal-state interactions as "predatory," "parasitic" or "symbiotic."<sup>30</sup> Similarly, Phil Williams, while mostly focused on Russia in the post-Soviet era, broke down these relationships between state and non-state illicit actors into "tacit connivance," "active encouragement," and "collusion."<sup>31</sup> While hugely influential, such approaches foster the idea the non-state actors are the central protagonists in the state-criminal relationship.<sup>32</sup>

However, there are scenarios in which the state itself is an illicit actor with its own interests.<sup>33</sup> For example, Haller described four types of direct participation by state actors in criminal enterprises: direct revenue generation, indirect revenue generation, procurement and territorial control.<sup>34</sup> Chayes' study of Honduras took it one step further, noting that the purpose of the Honduran state had been completely subverted by corrupt

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29 The control and influence the private sector, public resources, and policymaking processes for personal and political gain – World Bank. Powerful individuals, groups and organizations undemocratically shaping a nation's policies, legal institutions and economies to illicitly enrich themselves with impunity. See: Transparency International's [glossary](#).

30 Cited in: James Cockayne, "[State Fragility, Organised Crime and Peacebuilding: Towards a more Strategic Approach](#)," Norwegian Peacebuilding Resource Centre, September 2011.

31 Jonathan HC Kelman, "[States can play, too: constructing a typology of state participation in illicit flows](#)," *Crime, Law, and Social Change*, vol. 64 (2015), pp. 37–55.

32 Ibid.

33 Ibid.

34 Ibid.

special interests that she labelled “kleptocratic networks.”<sup>35</sup> These networks may foment the illicit activities of non-state actors and have considerable agency. More importantly, they emanate from the state itself, rather than being imposed on it by external criminal actors.

The challenge of focusing on the presence of the state in criminal networks, of course, is that it provides only one dimension for distinguishing criminal groups, leaving aside some of the important detail and information that can be gleaned from information about a group’s economic and social characteristics. As the next section explains, our typology attempts to use all three characteristics simultaneously to distinguish criminal networks and the threat they pose.

## **Criminal Networks in the Americas**

As the discussion above demonstrated, various attempts to typologize criminal networks along a single dimension fail to capture the multiplicity of criminal organizations in their entirety or their complexity. In our typology, we instead distinguish between criminal networks not by adopting exclusive categories (e.g., heritage, identity, market, structure), but instead by evaluating the relative priority that criminal networks ascribe to three forms of capital. Criminal networks in the Americas fit into three broad types: those motivated centrally by political capital; those motivated primarily by social ties and social capital; and those motivated predominantly by an effort to secure economic capital. These motivating factors are a combination of organizing principles, core ethos and identity. They shape the modus vivendi for each type of networks’ criminal activities: whether they privilege political, social, or economic capital. The three modus vivendi, in turn, lead to corresponding modus operandi and to structures that enable those tactics and behaviors.

It is important to note that although this typology emphasizes the prominence of one form of capital<sup>36</sup> in each of the three network types, all of the criminal networks covered in this report rely on some combination of political,<sup>37</sup>

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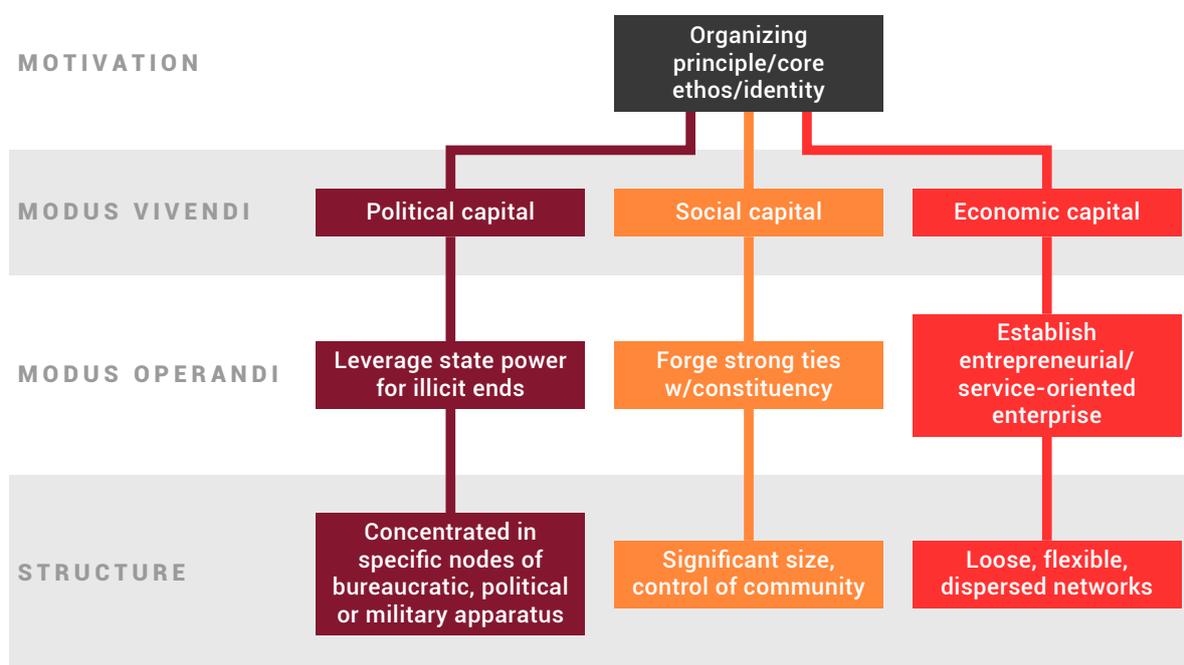
35 Sarah Chayes, “[When Corruption is the Operating System](#),” Carnegie Endowment for International Peace, 30 May 2017.

36 By capital, we are referring to tangible and intangible assets that permit networks to exercise power.

37 By political capital, we mean the power accrued from the accumulation and continued control of political positions or bureaucratic posts.

social,<sup>38</sup> and economic<sup>39</sup> capital. What differs between the network types, then, is not the use of particular types of capital, but instead, which type of capital is privileged by that group.<sup>40</sup> We find that over time, criminal networks seldom abandon the primary source of capital that drove their early organization, even though, if unchecked, they tend to seek to expand into other forms of capital that enable them to become more resilient, as well as to perpetuate and expand their power.<sup>41</sup>

## Typology – A Basic Approach



Source: InSight Crime and American University  
September 2021

*insightcrime.org*

38 By social capital, we mean the power obtained by establishing safe, meaningful, and predictable social relations among a society or a significant subset of the society.

39 By economic capital, we mean cash, businesses, properties, and other assets that may be traded or exchanged in the marketplace.

40 Joseph L. Albin, *The American Mafia: Genesis of a Legend* (New York, 1971).

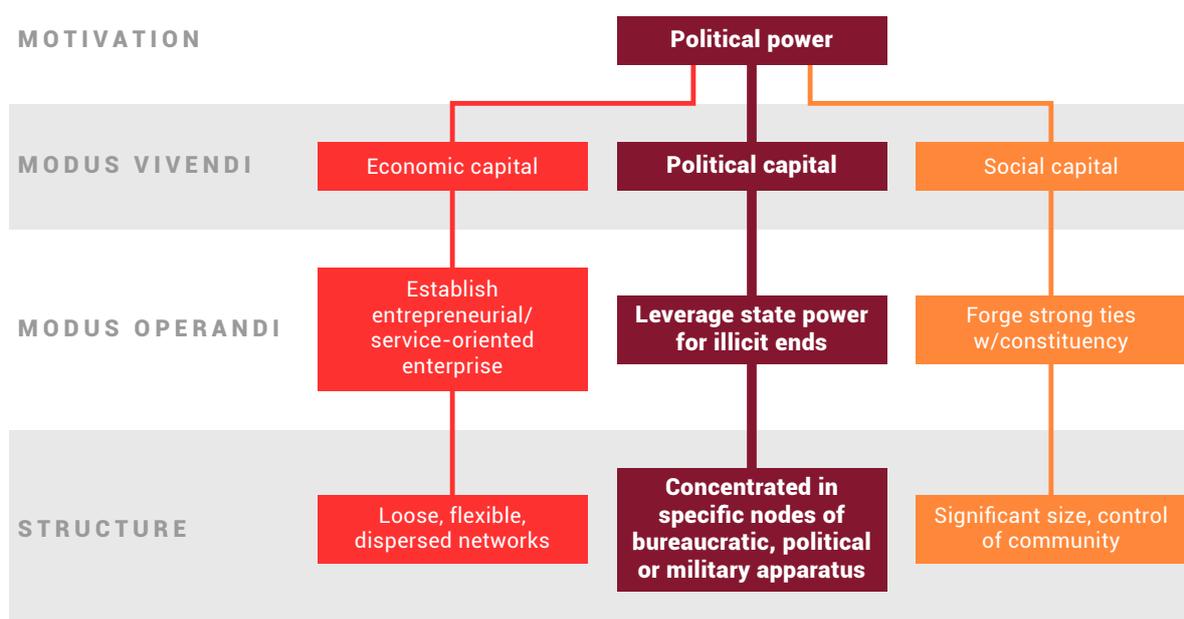
41 We know of no examples of prison gangs that voluntarily surrendered the social capital that they initially gathered by controlling prison populations, but there are many examples of prison gangs that subsequently moved to increase their political capital within prison bureaucracies and their economic capital in markets outside prisons. Similarly, we know of no examples of political-criminal networks that voluntarily surrendered the political capital they gathered by controlling state functions, but there are good examples of state-driven networks moving to increase their economic capital by expanding into new illicit economies. In both examples, furthermore, the networks seem to continue to rely on their original source of capital as the organizing framework for their actions, even after they developed new sources of capital.

## State-embedded Criminal Networks

The first type of transnational criminal network is **state-embedded**. In our in-depth regional analysis of 19 emblematic criminal networks, we identified five state-embedded networks. The networks' primary motivation is to obtain and maintain power over key parts of the state via its elected representatives or its bureaucracies. In this way, the network can accrue rents from various criminal activities, including from the flow of illicit goods and services, as well as via corruption and blackmail schemes involving both state resources and private-sector kickback schemes. In other words, state-embedded networks can be participants, logistical hubs, or leeches.

Perhaps the most cited state-embedded network in the Americas is Venezuela's Cartel of the Suns (**Cartel de los Soles**). Named for the insignias delineating officer rank in the military, the cartel is a series of power blocs within the country's armed forces, which have become steadily more involved in the country's most lucrative criminal businesses including drug trafficking, gasoline smuggling, and illegal mining. Working with various parts of the government, such as members of the presidential family, congressmen, and other corrupt officials, these networks facilitate and traffic contraband and illicit goods through neighboring nations. The Cartel has no single leader but is structured like a clustered hierarchy, which uses contacts reaching to the highest levels to protect its members and its interests and maintain power over key positions that oversee trafficking activities.

## State-embedded Criminal Networks



Although it can have top-down control of criminal and corrupt schemes, the state-embedded criminal network is rarely a monolith. This is because the state itself is such a large and varied structure and because opportunities emerge from so many different parts of it. Thus, the most common state-embedded criminal structure is the clustered hierarchy, one with varied criminal schemes and leaderships that spread their criminal activities across a wide swath of the government infrastructure and agencies. The state-embedded network can also specialize in certain areas and project its power, sometimes to the top of the governmental pyramid, as illustrated in the case of Venezuela, where numerous members of the Cartel de los Soles have been promoted after they have been indicted in the United States for criminal activities.

This is also true for criminal fiefdoms established via the intersection of political and criminal interests in rural areas. Such is the case for the **Urbina Soto clan** in Honduras. The clan's power base was established when one member of the clan became mayor of Yoro, the small capital city of the state of the same name. Following the mayor's assassination, three of the mayor's sons soon began trafficking, participating in international networks using Honduras to transit and store drugs. Another son and daughter got into politics: the son won the mayor's office, and the daughter won a congressional seat. They used this political leverage to expand their drug trafficking business and enter other illicit business, such as land theft and timber trafficking. All the brothers were eventually indicted, although only the former mayor was convicted. The sister eventually won mayoral elections in Yoro, even while her brothers were indicted for drug trafficking in the United States. As of this writing, she remains mayor of the city.

State-embedded criminal networks are dynamic but achieve cohesion via political affiliation or bureaucratic affiliation and draw their power from their control over portions of the state. Powerful political and economic elites, sometimes members of family clans, often take on leadership roles, but their powerbase comes from their control over key parts of political, regulatory, and security apparatus. In the case of the Urbina Soto clan, for instance, they used the mayor's office to control who ran the local environmental regulatory agency, so their timber trafficking could skirt regulations. Similarly, bureaucratic elites, often officer corps, establish criminal interest groups that take control of key nodes within the state, from which they exert undue influence and power. They establish lucrative criminal and corrupt schemes that benefit themselves and their partners. They ensure longevity by establishing primacy over professional advancement and remuneration with the bureaucracies they operate.

One such example of state-embedded bureaucratic elites are the Illegal Clandestine Security Apparatuses (*Cuerpos Ilegales y Aparatos Clandestinos de Seguridad – CIACS*), powerful groups of current and former military officers who established footholds in various parts of Guatemala's government where they set up lucrative corruption schemes. The CIACS are hierarchical but also dynamic. They adjusted when members were removed (or retired), for example, by establishing their own political parties, interest groups, and specialized services from which could continue to influence the state from the inside. Eventually, this catapulted at least one powerful CIACS bloc into the presidency under Otto Pérez Molina. They also maintained a stranglehold on some of the most important chokepoints for criminal and corrupt activities, such as the customs office, the ports, and the prisons. The CIACS are much like the Cartel de los Soles in that there is no single leader but rather a clustered hierarchy with various criminal interests at stake.

State-embedded criminal networks interact with entrepreneurial criminal networks, seeking to benefit directly from those entrepreneurial operations to obtain, expand, or maintain power. However, they are not simply the operational nodes of entrepreneurial networks. State-embedded networks leverage the state to build their own, independent power base. They do not work for entrepreneurial networks as much as they work with them. This symbiotic relationship empowers state-embedded networks even further, as they can use the economic, political, and social capital of these entrepreneurial networks to entrench themselves even further in the state.

This was the case with **Horacio Cartes Network** in Paraguay. After starting as a moneychanger who worked closely with actors within the state to allegedly defraud the country's Central Bank of some \$30 million, Cartes set up a private bank and became a cattle rancher and a cigarette mogul. Cigarettes produced by his company are still the source of nearly half of all contraband cigarettes smoked in neighboring Brazil and Argentina. Cartes leveraged his licit and illicit business wealth to become the president in Paraguay. Cartes remains one of the most important power brokers in the country, despite a recent indictment in Brazil.

Indeed, access to key levers of the state ensures impunity for these networks. From the inside, they exert control over who becomes and remains attorney general. They determine who will sit on the high court and pick key regulatory leaders such as the ombudsman and comptroller. Even if institutions develop mechanisms to fight crime and corruption, state-embedded networks can undermine, archive, or destroy investigations, as well as isolate and remove pesky investigators. And if another government requests an extradition, they may be able to maneuver other officials or judges to block it.

This was the case with the **Bouterse Network** in Suriname. The leader of the network, Desire Bouterse—a one-time dictator who was later elected president—was convicted in a Netherlands court in 1999 of trafficking drugs, and, more recently, of the murder of political rivals when he was dictator. However, he has never served a day in jail. Instead, he has expanded his influence and network since his first conviction, running a successful campaign to win the presidency, then adding connections to at least one prominent gold trafficker, who also happens to be the country's current vice president. The network has not walked away completely unscathed: Bouterse's son was arrested and convicted in the United States for drug trafficking-related crimes. But it remains powerful.

Indeed, such networks can keep meddling international bodies at bay, often by suppressing other criminal networks, which they can demonize to build international backing. When other networks threaten their interests, they can use the state and their political influence to eliminate them or reduce their threat. State-embedded networks employ coercion and violence almost at will, since they control the levers of power, and they can thus build immense leverage over competing criminal networks.

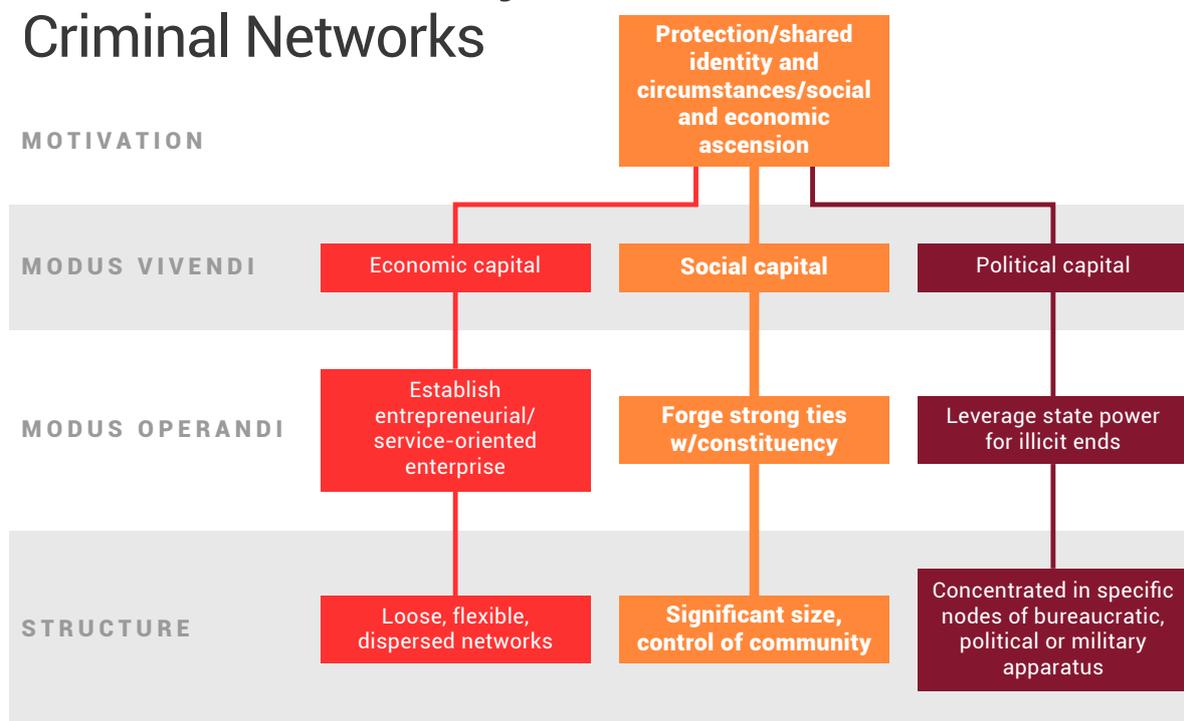
### ***Social-constituency Criminal Networks***

The second type is **social-constituency** criminal networks. In our regional analysis, we identified eight social-constituency criminal networks. Somewhat akin to fraternal, neighborhood, or religious groups, these networks have shared experiences, living conditions, and a set of circumstances that bind them into a cohesive criminal community. Their primary motivation is to reinforce these shared social bonds, establish communal rules and open avenues to social and economic advancement. They do this first and foremost by obtaining and exerting control over a particular space and the social constituency within it. The social constituency within this space—whether it is a prison, a downtrodden neighborhood, or a poor rural hamlet—is the network's primary source of power and often their source of revenue. They strengthen their constituency via collective expressions of violence and shared criminal activities, which often benefit the social group, its immediate social circle, and sometimes the broader community of which they are a part.

Social-constituency criminal networks are most likely to emerge and operate in ungoverned spaces – which range from physically remote terrain to the inside of state-run prison facilities. Social-constituency criminal networks are characterized by a strict set of rules regarding entry, behavior, and internal discipline. Many of these rules are related to social engagements and interactions, which the group must govern in order to maintain control,

build legitimacy, and avert external attention. These networks often provide the de facto law within their constituency and beyond, winning converts because of the “order” and predictability they provide to their members and, sometimes, the benefits they provide to the broader community in which they operate. They may even use this control to extract revenue via tax systems, referred to in different places by names such as “war tax,” *vacuna* (vaccine), or *renta* (rent). They may also use it to extend their reach beyond those spaces and constituencies, and into new spaces and markets.

## Social-constituency Criminal Networks



*insightcrime.org*

Source: InSight Crime and American University  
September 2021

The most advanced and threatening social-constituency criminal network in the Americas is the First Capital Command (*Primeiro Comando da Capital* - **PCC**). The PCC was born in the São Paulo prison system. The prisons were largely ungoverned spaces where predatory prisoners and prison guards held sway and an oppressive state exerted extreme violence whenever there were prison riots or uprisings. The PCC overturned the system with its own extreme violence, then established procedures to prevent predatory bullying, establish a clear enforcement process, and keep the state at bay. Its rhetoric cast the government as the enemy and created a parallel world where criminals could thief, peddle certain drugs, and sell contraband within their own, self-styled rules of engagement. They sometimes refer to this collective as *o partido* (the party).

The success of these efforts increased the PCC's legitimacy among a segment of the urban lower class. Soon the PCC was also operational outside of the prisons, where it established enough control to greatly lower violence in many areas under its purview. It has since spread into a half-dozen Brazilian states, as well as Paraguay and Bolivia, with contacts in Peru and Colombia. The PCC manages these operations via a leadership structure that looks like a board of directors, as well as a group of regional leaders assigned to specific tasks on a rotating basis. Each node in the organization has relative entrepreneurial autonomy, so long as it follows the group's social rules and contributes to the network's collective goals. Indeed, the PCC's core ethos revolves around the social grouping, and even the most lucrative criminal scheme can be shut down if it does not benefit the collective. Meanwhile, the PCC's gravitational pull still emanates from its control of the prison system and the social constituency of prisoners and their families.

Even when social-constituency networks become more entrepreneurial, they still cling to their constituency roots, often in a particular territory. Without control of these constituencies, these networks lose legitimacy and power. But less instrumentally, the ethos of the social-constituency is often so deeply embedded that members are willing to fight and even die for the collective. These battles play out in prisons, poor neighborhoods, and rural hamlets across the region. Throughout, they evoke this collective identity, whether it is the *partido* (party) of the PCC, the *barrio* (neighborhood) of the MS13, or the *Farianos*, as the FARC once referred to itself before splitting into various factions following its demobilization. Transgressions are framed as undermining the collective and can lead to severe consequences, including executions.

The tension between social-constituency and entrepreneurship goals is evident in the case of Colombia, where guerrilla armies like the National Liberation Army (*Ejército de Liberación Nacional - ELN*) and former members of the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia - FARC*) have thrived for decades. These networks emerged mostly in rural areas where political violence and the steady transfer of the means of production away from smaller farmers led to the eruption of a vast criminal economy focused on the production of coca and poppies. Like the PCC, the insurgencies began to fulfill social demands for order, providing rules and ad hoc justice where little previously existed. They created, and in the case of the ELN, maintain, a regional hierarchy, where component nodes within the network have strong leaders who answer to a top brass and follow a general rulebook but have relative autonomy over matters ranging from recruitment to administration of justice.

As they have expanded in an entrepreneurial direction, there has been near constant tension inside the insurgencies. Both the FARC and the ELN have long levied an extortive “war tax” in their areas of influence, but both groups hotly debated the use of kidnapping until the 1980s, when both began kidnapping people, sometimes en masse, to secure revenue for their civil war efforts. A similar debate occurred around the cultivation of illicit crops and their processed derivatives, until the leadership of both organizations also decided to embrace the earnings these crops provided, first via a tax and later by becoming involved in trafficking, first the pre-processed coca and later the finished product.

Although the implicit “othering” present in social-constituency networks – us against them – often leads them to be adversarial toward the state, the state often tolerates their presence. Where the social-constituency criminal network has dominance, the relationship can be described as one of accommodation – the state does not openly challenge this dominance; the state may even benefit from the order that the networks impose in the spaces and among the constituencies they control. In extreme circumstances, the state negotiates with the social-constituency criminal network or even works with it. These relations are different from those established with entrepreneurial networks in that social-constituency networks are more likely to serve the state’s goals or play into its security strategy.

This was the case with **Barrio King** in Peru. The network took control of the local prisons, reaching an informal agreement with authorities to keep order in those prisons. Only later did it parlay its prison strength into control of a vital trafficking hub: the port in Callao. Over time, the network expanded its political connections to include judges, prosecutors, military officers, and politicians. Barrio King relied on a mix of predation (extortion inside the prisons and taxes on traffickers using the ports) and entrepreneurship (some members eventually began participating in cocaine trafficking through the ports). Barrio King drew its power from its ability to control two physical spaces – the prisons and the port, as well as the constituencies of prisoners and criminals within them.

This is also the case with the **Urabeños**, Colombia’s most prominent criminal network. The network’s origins are as a vigilante group turned paramilitary army that worked against leftist insurgencies, often in concert with the army and the police. While they were a proxy army of the government, they operated outside the bounds of the state. Their constituencies were mostly wealthy landholders, big businessmen, and right-wing politicians, but they also drew from a deep-seated anti-communist ideology in Colombia. And unlike the guerrillas, they never wavered on whether they should enter criminal markets such as drug trafficking.

What would later be called the Urabeños became the core of a loose paramilitary umbrella group, the United Self-Defense Forces of Colombia (*Autodefensas Unidas de Colombia* – **AUC**). By the late 1990s, the AUC had become the most powerful international DTO in the world, with close to 30,000 soldiers at their disposal, before demobilizing in a government-led peace process. The Urabeños emerged from this demobilization, reasserting its dominance over numerous lucrative criminal economies such as illegal gold and cocaine trafficking. Their local partners secure revenue from a wide variety of sources ranging from extortion to local lottery scams. While they are entrepreneurial in nature, they maintain control via a regional hierarchy where several sub-units exert territorial dominance of these spaces while espousing a loose, anti-communist ideology and a sense of soldierly camaraderie.

Given their “local” character and origins, social-constituency criminal networks are not necessarily uniform, especially when they operate across a wide geographic expanse. While they follow strict rituals, group norms, and group practices, once established, individuals or cells within the network may be largely autonomous actors who use the brand to expand their social and criminal purview. The result is often a dispersed and regionally structured network. In some cases, tension and in-fighting may become common, and fragmentation results, especially when one part of the social-constituency network tries to negotiate with the state or is seen to be upending the group’s social and political legitimacy.

The above largely describes the Mara Salvatrucha (**MS13**). The MS13 emerged in Los Angeles, the result of a flood of refugees fleeing war and economic despair in Central America in the 1970s and 1980s. From the beginning, the gang was more social than criminal, providing a surrogate family for its members. The MS13 created a loose network of cells, or cliques, some of which operate on a national or international scale. Loyalty has always been built at the clique level where the gang follows a strict hierarchy, as well as a series of rules and regulations, but the individual cells retain a good bit of autonomy, relying mostly on extortion for criminal revenue and collective expressions of violence to control territory. Regionwide, the MS13 operates under a decentralized, clustered hierarchy: There are leadership councils in each of the half-dozen countries in which they operate in the Western Hemisphere, as well as so-called “programs” that ostensibly govern numerous cliques across the region.

In practice, however, gang leaders, who themselves mostly operate from prison, have a difficult time controlling their cliques. And efforts to become more entrepreneurial in nature have consistently failed, in part due to the belief that criminal proceeds should benefit the collective, which they refer to

as *el barrio*. *El barrio* is a euphemism for the gang's symbolic and real control of physical space, and a nod to the shared experiences and sense of family they cultivate. Leaders have also tried to negotiate their way to better conditions in prison, most notably in El Salvador in 2012, when the government moved some MS13 and other gang leaders to medium security prisons in return for a reduction in homicide levels in their zones of influence. As of this writing, the gang has revived these negotiations with the current administration.

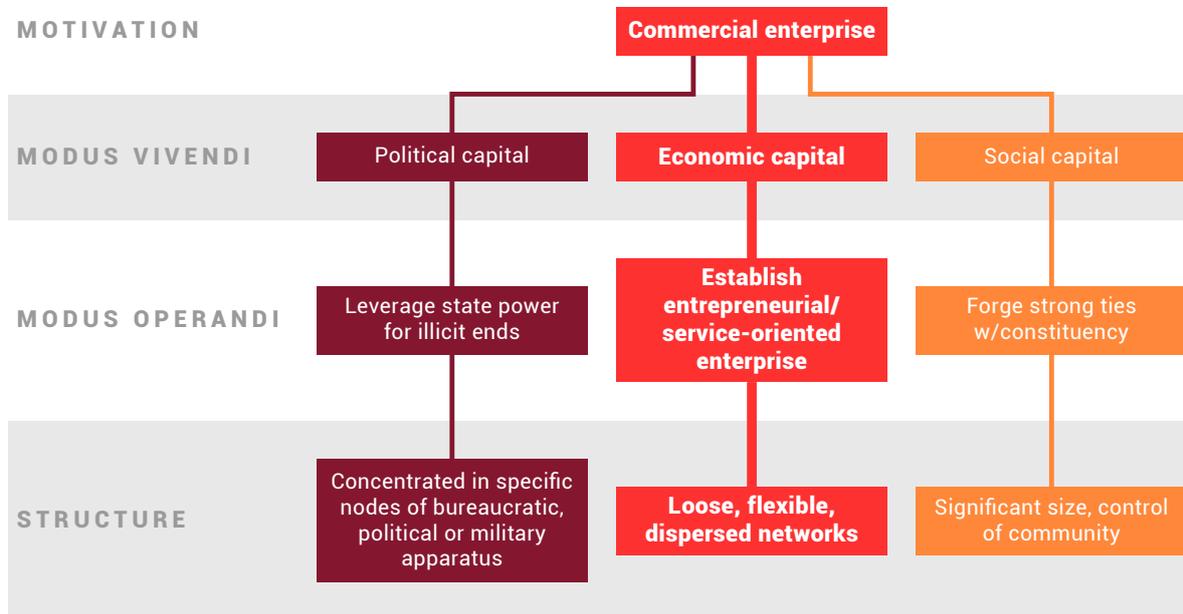
A far lesser, but similar phenomenon played out in Jamaica. There, the **Showers Posse**, a street gang with roots in the “garrisons” of Jamaica's slums, emerged as both a criminal and a political power. The Posse used its political connections for protection, which helped catapult it from street gang to drug trafficking organization. While miniscule in comparison to the MS13 – the gang numbered in the hundreds rather than the thousands – the Showers Posse had operatives and allies in the United States that sold the illicit drugs it trafficked from Jamaica. The Posse's fall was related to political overreach: After the network tried and failed to protect its leader from extradition to the United States, the government launched an offensive that destabilized the network and its political connections.

Perhaps the crudest version of a social-constituency network comes from marginalized Curaçao neighborhoods where the **No Limit Soldiers (NLS)** formed. The NLS was a community organization that became a trafficking enterprise. Its initial leader distanced himself from the group as it made this shift, and as it began helping its partners in other parts of the Caribbean, Panama, and Brazil move small consignments of cocaine to Europe. After the arrest of some of its top members, some elements of the NLS are now based abroad, while others remain active in Curaçao, where the group continues to rely on its social constituency in the poorer areas of the island as the basis for its power.

### ***Entrepreneurial Criminal Networks***

The third type of transnational criminal network in the Americas is entrepreneurial. Entrepreneurial criminal networks are market-driven, motivated by securing revenue in one or more markets in which they operate. These revenue streams are the principal source of their power. Revenues may originate from providing goods, such as illicit drugs, illegally-sourced wood, or contraband cigarettes; from selling services such as prostitution, human smuggling, money laundering, legal services and security; or from extracting resources from others via extortion, kidnapping, theft and resale, or blackmail.

## Entrepreneurial Criminal Networks



*insightcrime.org*

Source: InSight Crime and American University  
September 2021

In our investigation, we identified six networks that fit into the entrepreneurial type. They range in size and scope, their interactions with the state vary and their use of violence is not uniform but instead shaped by local criminal geographies and law enforcement behaviors. Yet they remain connected by their end-goal: commercial dominance in one or various criminal economies. And their source of power is the accumulation of economic capital around those markets, which they use to exert increasing amounts of social and political power over their areas of influence.

The most advanced and threatening exemplars of entrepreneurial criminal networks are the **Sinaloa Cartel** and the **Jalisco Cartel New Generation (Cartel de Jalisco Nueva Generación – CJNG)** in Mexico. They have slightly different hierarchal structures: Sinaloa is more of a clustered hierarchy, where several strong pillars have formed a federation that share resources and contacts where and when they are needed; CJNG is more of a top-down, regional hierarchy with semi-independent units who answer to a board of directors. And they have contrasting means by which they interact with the state. Yet, they both have created multi-layered networks that give them primacy over some of the most lucrative drug trafficking routes in the world, and they have parlayed this into tremendous political and social influence in

Mexico and beyond, which makes them difficult to disrupt in any sustained manner.

These groups also have a keen understanding of how changing law enforcement environments require them to adapt their networks. This is most evident along the US-Mexico border. On the Mexican side of the border, they establish a firm command and control over product development and distribution, and on the US side of the border, they outsource their operations, keeping their core people at a distance from more active law enforcement investigators. The pattern is important since it illustrates that structures in entrepreneurial networks are dynamic.

Although Sinaloa and CJNG are typically entrepreneurial networks, they rely secondarily on family ties. Both networks are headed by core families, which began as growers, transporters, or enforcers. They eventually created their own, more expanded, transnational network that contracted other families and groups with specialized skills. They often extended these relations via inter-family marriage or other social arrangements. Keeping it “in the family” can help keep the transaction costs low, provide opportunities for family members and provide an informal framework for resolving disputes. It can also help explain network resilience over time. Just as the social-constituency networks described above may tend towards entrepreneurial activities, entrepreneurial networks may develop strong social bonds that extend well beyond the merely commercial. But these social ties may also come with high risk given the deep knowledge and understanding intimate connections have of operations. This is especially true when a member gets arrested or becomes a rival.

Clans are also common among entrepreneurial networks in Argentina, where the Cantero family, more commonly known as **Los Monos**, operates. With only about 20 core family members and some close associates, Los Monos is a miniscule operation in comparison to its Mexican entrepreneurial network peers, which involve hundreds, if not thousands. However, Los Monos network extends to various parts of Argentina where it supplies the vibrant local drug market with cocaine and its derivatives, and it assists other local and international networks moving drugs abroad. It has also managed to corrupt key law enforcement and judicial officials, building political capital. Finally, it is more violent than most groups in the country, something that has consistently placed its hometown of Rosario amongst the most homicidal cities in Argentina.

The most sophisticated entrepreneurial networks very often resemble their licit international business counterparts. They source their products at the

most efficient and lowest price-point possible. They move their product across wide swaths of territory, attempting to minimize interference, risk, and bureaucracy, and they try to reduce the number of times the product changes hands to keep prices down. They take more control of products at crucial junctures of the value chain and outsource labor where they lack the resources, contacts, expertise, or want to minimize their exposure to risk.

Indeed, entrepreneurial networks have tremendous range and flexibility, as evidenced by a gold smuggling and money laundering network centered in Peru that we refer to as **NTR-Elemental**. While the network had several central players, it was really a series of interlocking nodes operating across South America, which shifted as law enforcement shifted. When Peruvian authorities cracked down on illegally-sourced gold, for instance, brokers in the network simply re-routed the same gold through neighboring Bolivia and Ecuador. In all, the network laundered over \$3 billion in illegal gold into the international market via its connections in the United States – relying on a massive and varied supply chain, corrupt officials and unscrupulous international traders across the continent – until some of the core members were arrested and convicted.

These entrepreneurial networks interact and work with local and national authorities as they need them. State contacts can provide a plethora of services, including protection against prosecution, weapons, and even murder-for-hire. As noted, some service providers – many of whom are current or former security forces – have formed their own criminal groups. In many instances, the entrepreneurial criminal network develops an enforcement network, which can operate independently or in conjunction with state security forces to protect its interests. These enforcement networks are themselves often clans or family networks or come from tight-knit social or government networks. While there are some exceptions, entrepreneurial networks typically also actively avoid conflict with the state, as that can severely disrupt business.

The same is not always true as it relates to internal matters and dealings with rivals. Some seek accommodation with other criminal networks, either sharing or dividing up space. In Mexico, for example, some of the most prominent networks have created federations governed by a sort of board of directors. That remains the model for the Sinaloa Cartel and, to a certain extent, the CJNG. They are, however, still prone to conflict among themselves and with rivals. These conflicts happen for numerous personal and business reasons, but they often swirl around the control of distribution chains, particularly at bottlenecks and difficult passage points where the price point jumps for the illicit product as it moves closer to the ultimate distribution point.

It is also in these spaces where the entrepreneurial networks will align themselves with more predatory criminal groups on the local level or create their own protection networks, which often devolve into their own predatory criminal networks. Several important instances of this occurred in Mexico in the last several decades, leading to huge spikes in violence and subsequent fragmentation of these networks. The violence is thus compounded as these layers fight for control over both the international and the local criminal markets. They also compete for political influence, which has led to its own spikes in political violence. Across the region, dozens of local politicians are routinely threatened, attacked, and killed.

Still, entrepreneurial criminal networks are not seeking to supplant the state. They will fund politicians and movements that buttress their business interests. This was the case with the **Figueroa Agosto Network**, a family-based group that operated mostly in Puerto Rico and the Dominican Republic. A former girlfriend of the leader of the network once boasted that he'd given three \$100,000 payments to a presidential candidate in 2008. Several other criminal networks in the Dominican Republic have also claimed to have bankrolled presidential campaigns. For its part, the Figueroa Agosto Network connected more regularly and systematically with the country's police. One top ranking counterdrug officer was assassinated just days before he was set to testify about the network; several other counter-narcotics officials were later arrested in connection with the network's activities, including the top anti-drug official as well as his police counterpart assigned to the Santo Domingo international airport.

Entrepreneurial networks will also provide services and handouts to secure and maintain legitimacy with the population as a means of earning goodwill. In this way, they resemble their counterparts in legitimate business. In the most extreme instances, such as the case of the **Khan Network** in Guyana, they may portray themselves as crime fighters. The network was linked to the president, the minister of home affairs and the minister of health who later became the minister of agriculture. That last minister was an alleged go-between for the so-called "Phantom Squad," Khan's enforcement group that included active police.

Still, Khan's criminal foundation was less connected to the state than it was its entrepreneurial origins. In addition to drugs, Khan's network trafficked arms into Guyana, which he traded for cocaine that he then helped smuggle to the US and Europe. When his name surfaced in an investigation, Khan portrayed himself as an extension of the state, arguing that he had played a role in keeping crime rates low. But he did not have the protection of the government, as Bouterse did. Instead, he fled the country and was arrested.

In the end, the challenges presented by the entrepreneurial network are mostly due to their accumulation of profits, which they actively seek to parlay into political and social legitimacy. And as their illicit profits become a key part of regional and often national economic growth, supplanting them comes at an ever-higher political and economic cost for the states that confront them. What's more, the entrepreneurial criminal network has a dynamic structure, depending on the criminal market, the strength of the state where it operates, and its history. While some began as more vertically integrated, standard hierarchies, most now have a regional hierarchy and in some cases more closely approximate the clustered hierarchy described above in the case of the Sinaloa Cartel. In law enforcement-rich territories, the entrepreneurial network may be broken further into independent cells, with little or no contact or understanding of the whole operation. Thus, the hierarchy changes as the law enforcement environment changes.

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## Policy Responses

Before turning to policy responses targeted at each of the three types of criminal network, a few broad points are worth considering. At the broadest level, most criminals are adept at avoiding stovepipes and able to work with almost anyone, including their enemies. Policy coordination among agencies and nations thus must be as seamless and adaptable as it is in the bigger criminal networks. The most powerful criminal networks show an ability to adapt to demand and absorb competitors, requiring highly agile policy responses. Others have a deep local acceptance and the resilience born of a network of lifelong alliances, which can frustrate attempts at disruption by outsiders.

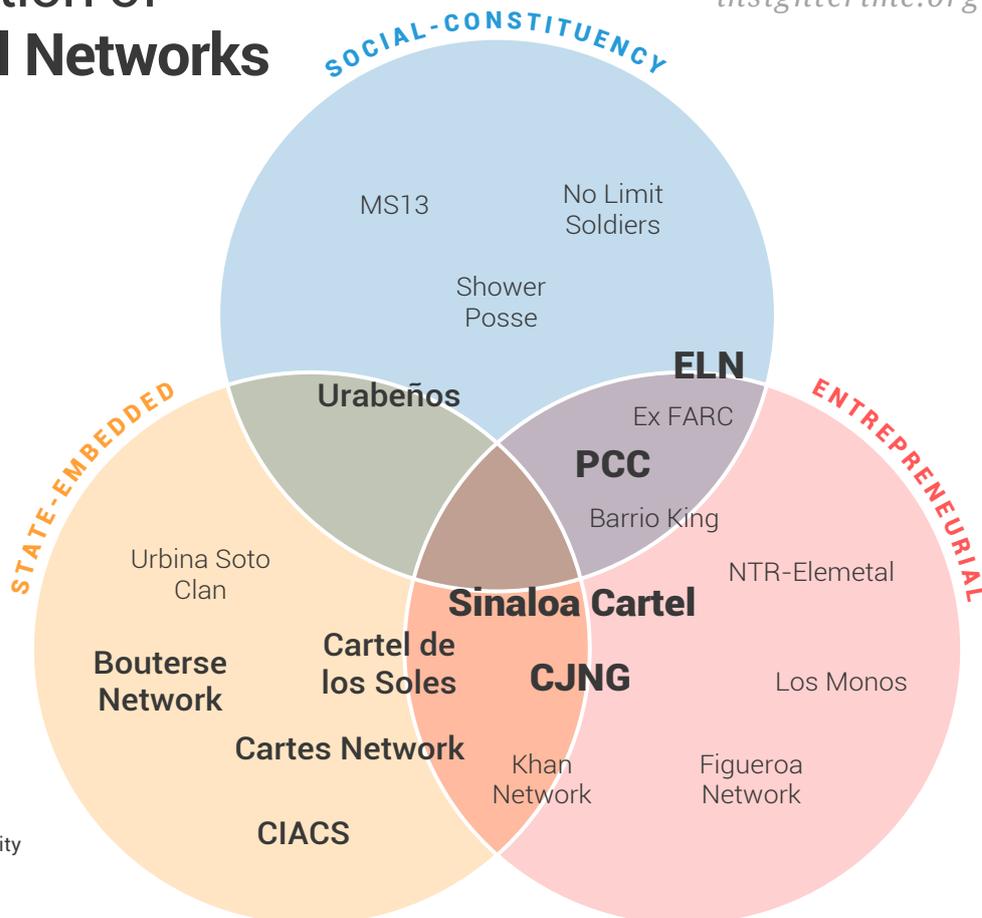
Another broad difficulty in crafting policy responses is that the three groups that most need to cooperate in fighting criminal networks in Latin America – the US government, regional governments, and local populations – often have quite divergent interests. As repeatedly demonstrated by the uneven results of years of cooperation and skills transfer, it is an error to assume that local partners necessarily share US priorities. US policymakers, for example, are often most concerned by “transactional” crimes such as international narcotics and migrant trafficking; host governments often are motivated by ensuring elite survival and political dominance while avoiding US pressure, which they often can lessen by complying with US interests in a perfunctory manner; local communities, meanwhile, are likely to be more focused on the toll of “predatory” crimes such as petty corruption, criminal extortion, murder, and kidnapping.

Finally, for years, and as signaled by the terminology “war” on drugs, there has been a policy expectation that criminal networks can be fully dismantled and made to disappear (in particular by aiming at the commodity they traffic). This approach rests on a military perception of enemies that can be fully defeated, rather than a recognition that economic and social incentives may be driving criminal dynamics. What’s more, as long as the factors of supply and demand and north/south economic inequality exist, criminal networks will continue to traffic commodities for profit. New networks will regularly replace those which are degraded or removed, and new commodities will emerge as markets change and profit opportunities emerge.

To mitigate the power of organized crime, we have shaped our specific recommendations around the three types of criminal networks. In each case, we propose that resources should be aimed at reducing or weakening their principal source of capital. Summarizing grossly, with state-embedded networks, we recommend an emphasis on consistently applied legal regulation and international support to local bodies targeting elites who foster corruption, systematically undermine the development of strong, independent institutions, and ensure impunity for themselves and their allies. To battle social-constituency networks, we recommend building popular support against criminal behavior via provision of the basic protections and communities these criminal organizations would otherwise provide to their constituencies. And with entrepreneurial networks, we recommend (1) coercive enforcement aimed primarily at those committing grievous harms, (2) targeting chokepoints in the distribution chains, and (3) focusing on money laundering, thus straining their ability to accumulate economic capital.

## Distribution of Criminal Networks by Type

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September 2021

Source: InSight Crime and American University

These networks are dynamic, and each will accumulate economic, social, and political power to varying degrees. They may also drift, over time, towards the other types of criminal networks. Indeed, as the below diagram illustrates, while they each have differing motivations, the most powerful and resilient of these networks begin to accumulate other forms of capital as they expand. This is illustrated in the diagram with those groups that have drifted towards the center, combining the various forms of capital into a strong organization.

## **Policy Response - State-embedded Criminal Networks**

State-embedded networks pose the greatest challenge to US policymakers, since they are, by definition, US counterparts. State-embedded networks may make motions in support of stated US objectives, targeting rival entrepreneurial and social-constituency networks, even while they develop their own criminal enterprises and schemes. More damagingly, they can manipulate the government to systematically impoverish the state's most important crime fighting institutions and mechanisms, empower the most corrupt parts of the state and the nodes that strengthen their hold on power, and ensure that neither they nor their allies can be prosecuted. Such efforts may include consistently undermining efforts to reform campaign finance laws and regulations, as well as under-resourcing institutions that purportedly fight corruption and money laundering. The US objective should be to break the collusive links between elected, private, and bureaucratic elites and criminal organizations. But the obstacles are huge since much of the state itself is often criminalized.

To effectively address the threat posed by state-embedded networks, the US government will have to rely on organizations that are not compromised by the state or are not part of the state. Specifically, it should **promote and finance internal and international organizations** that can tackle money laundering and endemic corruption among political elites. Recent examples include the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG) and the Mission to Support the Fight against Corruption and Impunity in Honduras (Misión de Apoyo Contra la Corrupción y la Impunidad en Honduras - MACCIH),<sup>42</sup> both of whom created local, anti-corruption and anti-impunity offices alongside or within the Attorney General Office of their respective countries. As an

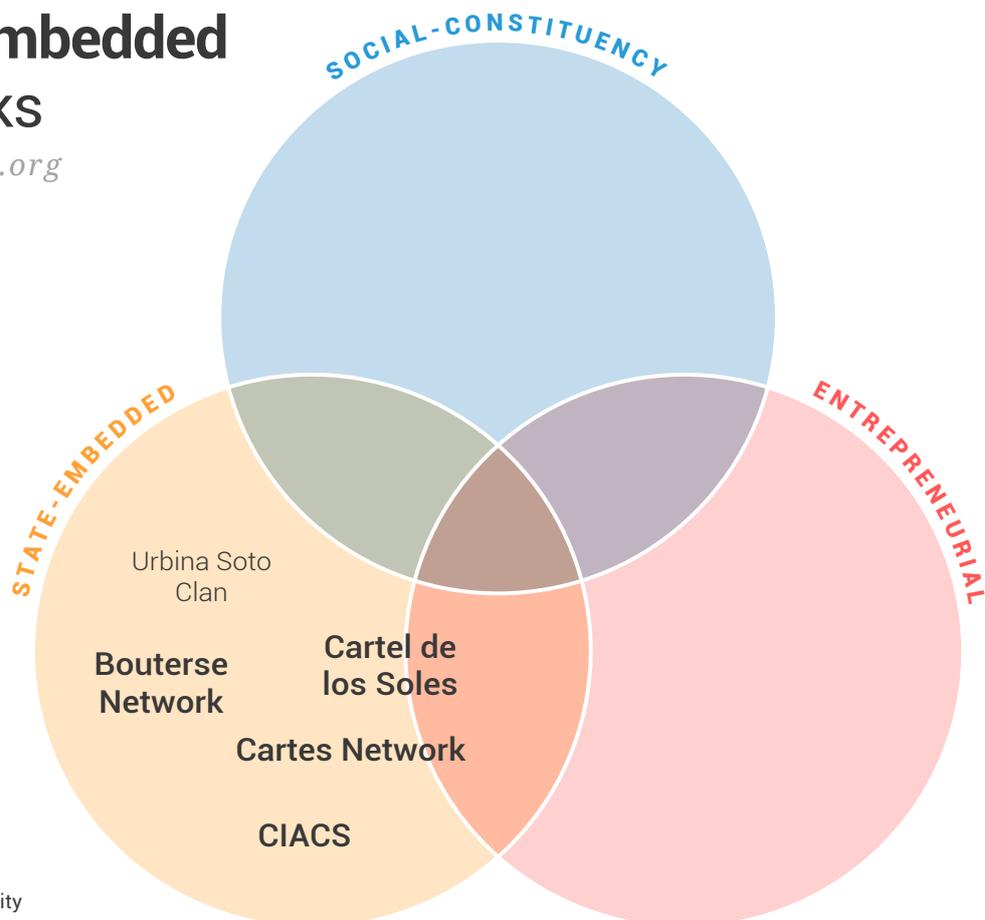
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42 The CICIG was a United Nations-backed judicial prosecutor and legal advisor, which operated in Guatemala between 2007 and 2019. MACCIH was an Organization of American States-backed prosecutorial advisor and legal consultant, which operated in Honduras between 2016 and 2020.

illustration of the power of state-embedded criminal networks, however, these prosecutorial bodies have been removed and the local offices neutered. In the current climate, construction of new international bodies may not be feasible, but under the appropriate UN Conventions (TOC, Narcotics, Corruption), the US can help create extra-national judicial tools (for example, regional courts, witness protection) with the region and Europe. To avoid past problems of CICIG or other investigative entities, countries should enter formal mandates with international financial institutions rather than the UN or Organization of American States (OAS), with assistance from the Inter-American Development Bank, the International Monetary Fund, and the World Bank conditional on compliance. Witness protection and regional court participation would need to be voluntary but could be appealing as they remove sources of criminal power over the national systems.

## State-embedded Networks

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Source: InSight Crime and American University

Fighting this battle from outside of the government – and sometimes outside the country – is tricky, especially since it sends the message that local authorities are not up to the task. Therefore, the US government should always

couple these efforts with strong **support of local special prosecutors offices and special judicial bodies**. This includes supporting the establishment of and training/technical assistance for special prosecutorial units, which are vetted, shielded from political influence, and led by attorneys with national reputations for integrity; and the creation of special courts, staffed with vetted judicial authorities that hear and prosecute sensitive cases. It should, when possible, help conduct sensitive investigations with vetted local prosecutors and international entities against enabling elites. In the long term, the only means by which the entrenched, corrupt system is rooted out and overturned is via local institutions.

Short of promoting internal bodies to root out corruption, the **US can use its own judicial, legislative, and diplomatic tools** to hold corrupt elites accountable. Much of this is outlined in the June 2021 Biden Administration memorandum, “Establishing the Fight Against Corruption as a Core US National Security Interest,”<sup>43</sup> which includes the employment of anti-corruption tools such as visa revocation regimes and the Global Magnitsky Act. The US can also continue to lobby for further legislation. It can expose senior politicians’ and judiciary linkages to organized crime and engage in a more vigorous application of visa sanctions, using public diplomacy tools including, but not limited to, the Engel list.<sup>44</sup> It can investigate and prosecute bureaucratic protection networks essential to the functioning of criminal networks and elites who commit corrupt acts, then use the US banking system to launder the proceeds.

The US can use the Federal Bureau of Investigation (FBI); Homeland Security Investigations (HSI); the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); Treasury; and the Drug Enforcement Administration (DEA) to **investigate corruption networks**. It can support through resources and intelligence-sharing extra-national investigative bodies that take on the most politically well-connected targets. (The US should also establish clear guidelines for how to proceed when national interest conflicts with enhancing counter-terrorism or promoting US businesses). Working within the legal bounds of due process, using the Mexican AML legislation as one positive example, the US should encourage other countries in the hemisphere to focus on asset seizure and forfeiture flexibility, and to better regulate enablers such as realtors, lawyers, and accountants. And it should publicly link government, judicial, and business elites to their partner organization’s dirtiest crimes.

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43 See: The White House, “[Memorandum on Establishing the Fight Against Corruption as a Core United States National Security Interest](#),” 3 June 2021.

44 See: United States House Foreign Affairs Committee, “[Engel U.S.-Northern Triangle Enhanced Engagement Act Passes Congress](#),” 22 December 2020.

The US can also **enlist other international and local bodies**, specifically multilateral banks, to institute their own forms of accountability and conditionality on these governments. As a major donor and shareholder, the US should insist that multilateral loans to public and private entities should be contingent on a bare minimum of requirements regarding corruption and money laundering regulations and adherence to international agreements and laws. The US should also enlist the cooperation of Chambers of Commerce at national and sub-national levels to fight contraband, intellectual property rights (IPR) violations, and other criminal acts which undermine licit international trade.

Finally, the US can **encourage media and accountability civil society organizations** to investigate criminals as well as governments, help provide these watchdogs with protection, and strengthen independent citizen observatories and human rights ombudsmen to monitor government corruption linked to these powerful networks. It can also take steps such as providing these media and civil society entities with direct financial support, creating witness protection or whistle-blower programs, connecting national observatories with US-based networks (such as the Library of Congress or universities), and brokering linkages to the private sector, especially to small- and medium-sized enterprises negatively impacted by crony capitalism and corruption.

## **Policy Response – Social-constituency Criminal Networks**

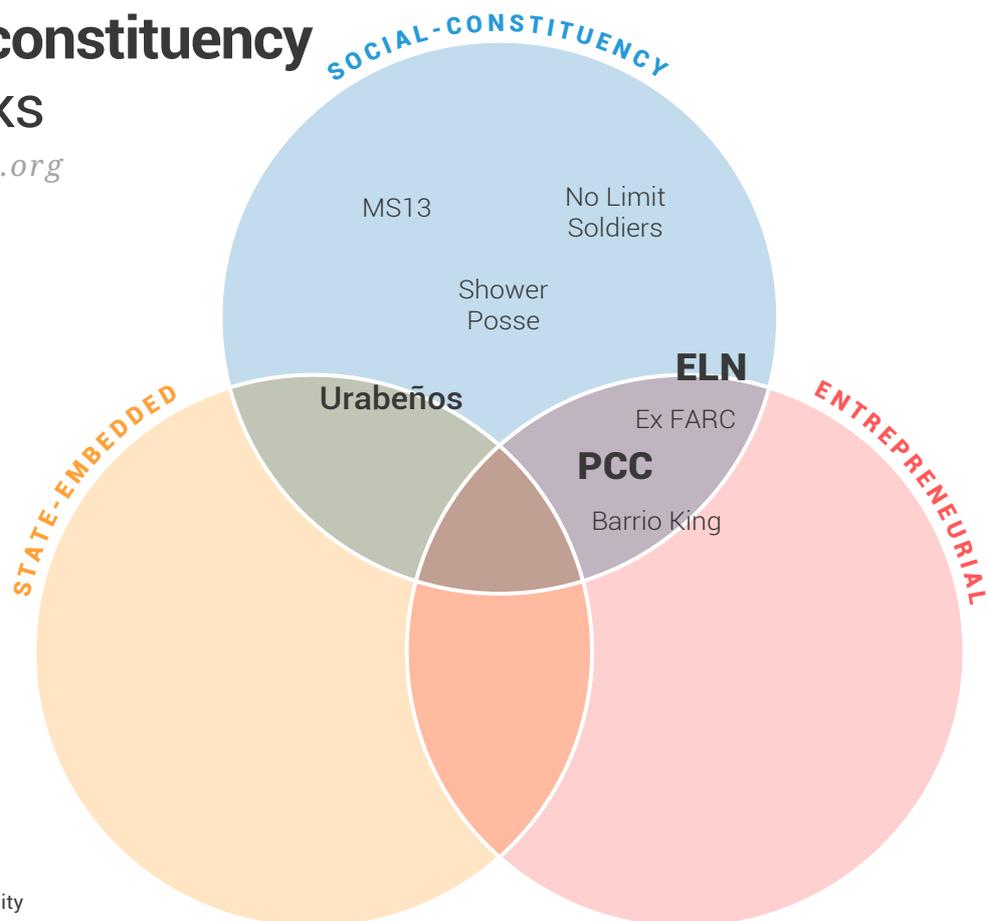
Social-constituency networks draw their power from shared identity and a core ethos that pull them into a criminal community, rather than the accumulation of vast amounts of economic resources or political power. Undermining this power requires an emphasis on social and economic programs and the creation of competing communities that can protect constituents from predatory criminal actors and sometimes a predatory state. The objective therefore should be to persuade the population to side with the licit economy and legal power structure, by improving service/justice delivery and undermining criminal mythology with effective social and economic programs.

Specifically, the US and its local allies should countermand criminal dominance of isolated or remote drug-producing areas or heavy drug-dealing areas by supporting a variety of **job-creation and social programs** for rural populations, using evidence-based assessments. These can include: land titling and financial inclusion programs; alternative crop substitution and

agribusiness opportunities, for example through US Agency for International Development’s Producer to Market Alliances;<sup>45</sup> programs which build tertiary roads, in order to provide immediate employment, allow security force access, and improve the ability of farmers to move perishable goods to market; in-school and after-school social, sports, job-training and internship programs; assisting faith-based efforts that provide social, emotional, educational, health, and economic support for families in need.

## Social-constituency Networks

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Source: InSight Crime and American University

Simultaneously, the US and local authorities should engage in a range of strategies to **avoid recruitment** of youth to gangs, including interventions proven to help at-risk youth, such as churches and religious leaders, school-related activities, psychological counseling, and job training or

<sup>45</sup> See: United States Agency for International Development, “Producers to Markets Alliance (PMA),” 19 April 2021.

apprenticeships, such as the Jamaica National Service Corps Program,<sup>46</sup> and include rehabilitative work and job training for ex-offenders. They should also show populations in urban areas who are virtually “on salary” to a criminal enterprise that there are alternatives for job creation and security provision, for example via networked positive efforts like in Medellin (Consejeria Presidencial) or Ciudad Juárez (Todos Somos Juárez).<sup>47</sup> It is important to contribute to NGOs that are part of a larger networked effort and to encourage private sector involvement in employment and internship programs, as well as citizen councils, including police oversight bodies.

In addition, the US should concentrate on the prisons, including employing resources that assist in **dismantling the prison pipeline** that is fostering the proliferation of prison-based criminal groups. This includes creating diversion programs and incentivizing police and prosecutors to use alternative forms of punishment; and employing “catch and release” for non-violent crimes to keep prison populations manageable, while utilizing brief incarcerations to create biometric registries.

**Inside the prisons**, local authorities should work to isolate criminal leaders using transfers, informants, and technology. And they should avoid the creation of smaller prison sub-groups by creating differentiated treatment and locations for leaders and foot soldiers. US policymakers should also encourage national authorities to deal swiftly with prison officials charged with corruption. And they should build on longer-term capacity-building programs which focus on internal affairs and the creation of rational career ladders based on promotions uncoupled from political influence.

Meanwhile, the US and host nations must continue **corrections technical assistance programs**, which have led to successful prison certification under the American Corrections Association and the expansion of health, safety, and security measures and capacity to constrain criminals from operating freely from inside prison. They should improve preventative detention, including expanding technological monitoring options since prison gangs recruit and prey on those caught in long-term preventative detention; strengthen punishments against white collar or “authors” of crime to match those of lower-level criminals; and enhance extradition mechanisms to bring the most violent trafficking targets out of their own court and prison systems.

Creating alternative communities that compete with criminal networks also requires **empowering community organizers and indigenous leaders** who are often targeted by criminal networks. This is done in part through

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46 See: Jamaica Defence Forces, [Jamaica National Service Corps](#), no date.

47 See: Mexico Government, [“Estrategia Todos Somos Juárez – Reconstruyamos la ciudad,”](#) no date.

international recognition and specifically US designation as key embassy interlocutors, and in part (as appropriate) through local protection services, either public or private. This is particularly important in regions dominated by ex-FARC militants, the ELN or the Urabeños, and to combat criminal networks engaged in criminal exploitation of natural resources such as gold and timber. It is also important in areas where local community and religious leaders are trying to break the chains of retribution that lead to spiraling violence.

The US and local authorities should also work to **reclaim the state's basic social contract** with the communities and prisons under the thumb of social-constituency networks. This is only achieved by creating a strong police and judicial system that works towards ensuring swift, certain, and fair consequences for breaking the law. In this regard, the US and its regional partners should prioritize clean delivery of government services, particularly security, while strengthening the fight against entrenched corruption at all levels. And as a means of reclaiming broader legitimacy, they should improve the fairness and efficiency of host nation tax collection and fiscal oversight; promote civil service reform; and spearhead the creation and/or strengthening of police and judicial internal affairs units.

While building up rule of law, the US and its allies can **promote violence prevention and conflict resolution** initiatives from local entities up to the national policy level. In particular, the US should support mayors, community leaders, and civil society organizations committed to implementing evidence-based violence prevention programs, such as faith-based interventions and “violence interrupter” strategies that use civilian experts to target specific neighborhoods and people, versus military or police enforcement covering entire cities.

## **Policy Response – Entrepreneurial Criminal Networks**

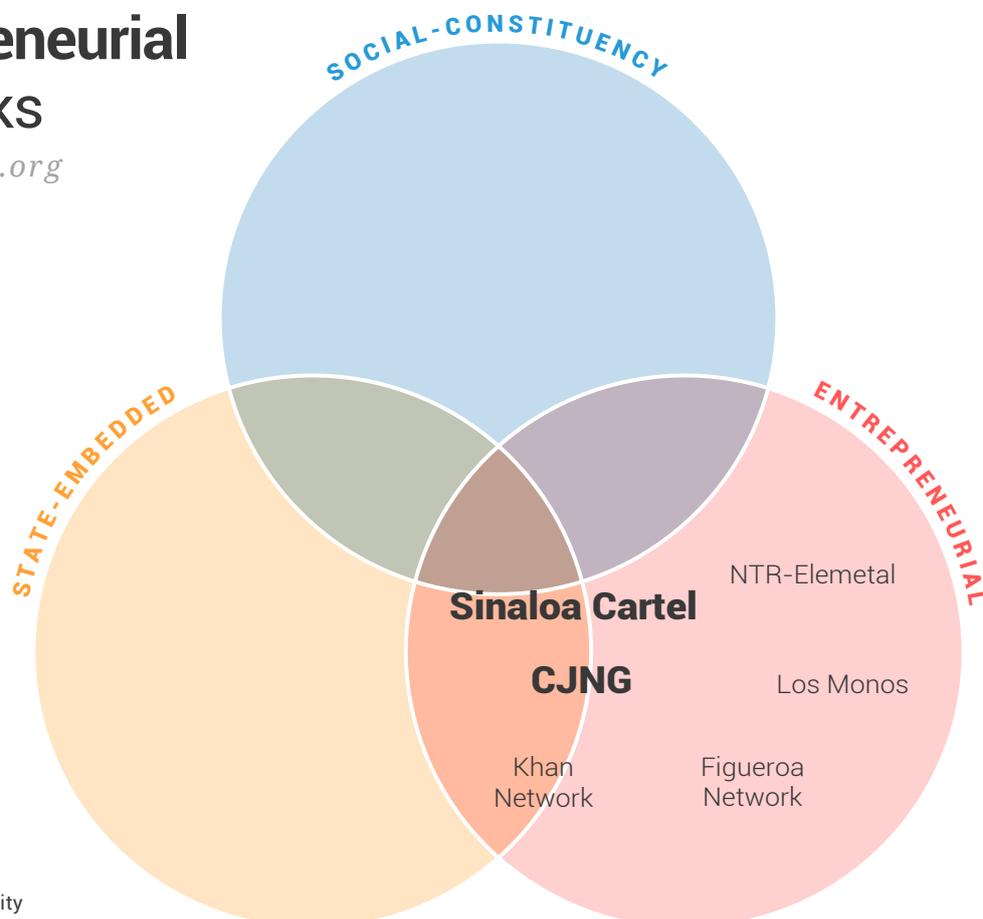
Entrepreneurial networks are resilient because they can accumulate vast amounts of economic capital, which they can then employ to accumulate political and social power, thus embedding themselves into the communities in which they operate and raising the stakes for states who want to dismantle them. Some are predatory and extremely violent; others focus on building commercial enterprises; a select few do both. But it is important to differentiate between the two, as they represent different types of risks and, depending on the circumstances, require that responses are calibrated to contend with the most acute risks.

For the commercial entrepreneurial networks, the objective should be to employ **demand-reduction policies** at home and to **increase the costs** of criminal enterprise and visibly reduce the benefits for both the criminal networks and their clients. In that way, it may be possible to reduce the risks of the networks using their economic power to expand their political and social capital, and thus chip away at their resiliency. Policymakers should also disincentivize potential political and bureaucratic elite allies, as well as develop public campaigns to undermine the “Robin Hood” narratives regarding social largesse and public assistance provided by the criminal network.

Specifically, US policymakers and their host governments can cut supply via **focused, targeted efforts** on specific, high-end nodes in the distribution chain or places where production is concentrated, rather than targeting the lowest rungs of the chain and organic production points (e.g., crop-producing or areas where natural resources are concentrated). This includes brokers and transport specialists, who are tight-knit and sophisticated by nature, as well as labs and ports. Part of this effort should include creating and expanding technological upgrades such as remotely monitored scanners at customs/port transshipment nodes, such as the ports of Santos, Kingston, and Callao.

## Entrepreneurial Networks

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Source: InSight Crime and American University

The US should also direct host nation and US law enforcement intelligence efforts at developing deep local knowledge to **identify and prosecute mid-level enablers** to reduce networks' regenerative capacity. For the drug and contraband economies this may mean a focus on fixers and transport specialists and their government counterparts (customs officials, import/export technocrats), using crippling fines, asset seizures, and tax investigations. Other criminal economies, including gold and timber, may require a focus on companies managing chemical imports and distribution; environmental protection agencies; and other categories of mid-level enablers in land transactions, such as notary publics.

The US should also continue to **use specialized and/or vetted police units** (Special Investigative Units and Narcotics Affairs Units) for contraband seizures, destruction of drug processing sites, and arrests of mid-level criminal network participants. In this, it should focus on activity at nodes of transshipment, particularly air and seaports, and borders, as well as network enablers. Support from the US government at the US-Mexico border has also included canine units; non-intrusive inspection equipment and hidden cameras for formal crossings and inspections; drone surveillance; and human-source intelligence. This can apply to other conflicted borders, i.e. Brazil-Venezuela, the Tri-Border Area, or within Central America. But in all instances, the emphasis should be on corralling the managers, not errand boys or blue-collar labor force.

Policymakers can also employ **demand-side tactics**, such as educational programs designed to reduce drug consumption. They can strengthen United Nations and bilateral efforts to label conflict minerals and to prosecute illegal timber importation as international crimes; encourage local communities' commitment to environmental protection through public dissemination of satellite or ground photos and information about degradation from mining and drug processing; work with international organizations to highlight local environmental activism regarding the environmental and human toll of illegal mining (such as the use of mercury), drug cultivation, and chemical processing of cocaine, methamphetamine, and fentanyl. These efforts too should be focused on the registered companies, businesses, and banks who are the beneficiaries of these illegally-source products and illicit revenues across the value chain.

Additionally, they can **target revenue** by improving regulation and enforcement of national anti-money laundering provisions such as the "Know Your Customer" rules under the Bank Security Act; the Kingpin Act; the Patriot Act, the 2019 Corporate Transparency Act to combat shell companies; and FinCen oversight. They can support regulatory bodies such as FinCen, who

need sufficient resources to handle high volumes of compliance information and to keep pace with virtual currency developments. To help other countries make better use of existing data for new legal cases, the US should work with Financial Action Task Force (FATF) to establish a shared database of money-laundering cases with specific crime and legal precedent information. They can work with foreign partners and international institutions, such as FATF and the Egmont Group of Financial Intelligence Units, to make anti-money laundering reports more effective and efficient and track virtual currencies. They can plug jurisdictional holes in money laundering legislation, especially in the Caribbean. The US can also use Office of Foreign Assets Control (OFAC) designations to isolate criminal enterprises and their allies, but it should provide additional incentives and mechanisms for those allies to cooperate with law enforcement, perhaps as part of their process of being removed from the list.

For more **predatory entrepreneurial networks**, the US should focus resources to identify hotspots or particularly violent figures within the networks through Task Force-led High Value Target investigations and arrests which combine police intelligence and prosecutorial assets. An “**everyone all at once**” enforcement approach is required in order to reassert the state’s monopoly on force and enforcement. Intelligence-based efforts can be implemented in specific precincts and short-term deployments, or shows of force, may be specifically and carefully targeted at the most egregious offenders or criminal organizations. Swift, certain, and fair punishment for predatory criminal acts is critical to lowering violence.

In this regard, the US can help **streamline rule of law training** intended to professionalize and improve investigations and prosecutions, and the capabilities of judges and defense attorneys. Using UNODC, it can support an international cadre of rule of law experts and trainers and reduce the impractical stovepipes among USAID, INL, Department of Justice, and contractors. It should also continue to use US federal law enforcement agencies to conduct specialized training, in order to both build skills and create counterpart relationships. And it should focus on police training via merit-based career ladders, with standardized metrics of competence and ethics such as: support for police in victim surveys, percentage of citizen complaints resolved with satisfaction, recidivism rates of police accused of corruption, statistics tracking promotion based on training and tested competencies, as well as the creation of community-police oversight boards to publicly monitor police effectiveness and adherence to human rights standards.

Policymakers should also emphasize **citizen- and victim-focused approaches**, to encourage cooperation, such as extortion hotlines and international witness protection options. And they should create or strengthen violence interruption programs modeled on Baltimore’s “Safe Streets”<sup>48</sup> and programs in Milwaukee, New York, and Richmond, California. These programs vary according to local needs but in general rely on a mix of targeted interventions with repeat offenders and potential victims; community-police outreach and support for neighborhood-based policing patrols; and establishment of safe spaces for at-risk youth populations. The US should also promote appropriate local dispute resolution and mediation services, as well as judicial efficiency measures including plea bargaining, to serve as mechanisms for violence prevention and a means of relieving overburdened court systems which must focus on the most serious crimes.

To **slow the flow of weapons from the US**, the US government should provide the ATF with more tools to monitor the border and mail trade. They should tighten the “grey market” of border firearms sales and those made online. They should require federal (and if possible, state) US drug indictments of foreign perpetrators, where possible, to simultaneously contain charges targeting US-based weapons networks, as a mechanism to encourage hemispheric cooperation in a joint investigation. These “interlocking” cases would demonstrate US resolve to curb our contribution to Latin American violence and provide political cover for host nations to agree to extraditions.

Finally, the US should work with local authorities and social and traditional media to **erode the criminal mythology** that supposes that criminal networks can serve as viable replacements for the state in providing security and basic services. They can do this by both creating effective social and economic programs themselves, establishing a strong but fair police and judicial system, and by encouraging public diplomacy efforts appropriate to both the Latin American and US (demand) markets, including exposing the human costs of so-called “victimless” crimes and the actions of “Robin Hood” figures (i.e., families of murdered police, children trafficked by coyotes), as well as limiting images of criminals’ luxury items, especially homes, cars, and jewelry.

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48 See: City of Baltimore, “[Safe Streets](#),” no date.

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# Regional Reports

## Criminal Networks in the Caribbean

The Caribbean is one of the more difficult places to fit into neat categories. It contains independent countries, overseas territories, and protectorates. There are six official languages, but several other languages are widely spoken. It has an enormous array of cultural influences, disparate colonial heritages, and wide disparities in wealth: The region includes islands like Bermuda, a British Overseas Territory, which has one of the highest gross domestic product (GDP) per capita in the world at \$117,000 per person; and Haiti, which has a GDP per capita of \$1,176. And it is the only one of our three regions that includes a direct entry point (via Puerto Rico) into the United States.

The region is also geographically heterogenous. It encompasses more than just the islands between South America and the US mainland, it also includes the South American nations of Guyana, Suriname, and French Guiana. We have included Venezuela in our Caribbean because its economic, social, and criminal ties to the region make it an integral part of the Caribbean's criminal dynamics, and it is the prime motor of much of its criminal dynamics. Beyond those organic links, about the only things these places have in common, other than bordering the Caribbean, is that they are mostly small. The most populous island nation is Haiti, with close to twelve million people. Only six Caribbean territories, out of 28, have a population of over a million people.

In criminal terms, the Caribbean traditionally has been a transit zone for Transnational Organized Crime (TOC), but it has always been a much smaller market compared to the Isthmus and South America. There are no large-scale DTOs, prison gangs, insurgencies, or street gangs. Instead, there are small, dynamic criminal networks in the region who mainly traffic illicit drugs, assist larger DTOs from Colombia or Mexico, or have their own, small operations in human smuggling, human trafficking, illegal gold, or arms trafficking. This tradition goes back to Carlos Lehder, one of the founding members of the Medellin Cartel, who bought properties on the island of Normans Cay in the Bahamas in 1978 and worked with locals to traffic cocaine to the United States in huge quantities. By 1980, he largely controlled

the island:<sup>49</sup> There were indications that the then-Bahamas president and assistant police commissioner were on the payroll of the Medellín Cartel.<sup>50</sup>

This type of top-level corruption is still important for criminal networks throughout the Caribbean, some of whom are state-embedded. Because Caribbean nations tend to be small, TOC needs to buy its way into the political and security force arena if it hopes to use a Caribbean operating base for any length of time. In fact, most major TOC activities seem to be conducted with the blessing, if not outright participation, of government elements. Otherwise, its participants are arrested or must establish themselves elsewhere, as we will see in the case of a network founded in Curaçao.

Over time, after the Colombians moved most of their drug trafficking operations to the Isthmus, the Caribbean shifted more to human smuggling, human trafficking, and trafficking other illegal commodities to the US. Human smuggling, thanks to political and economic turmoil in Venezuela and the various natural disasters that have battered the region, remains a perennial criminal economy, but this is not as well organized, nor as lucrative, as the drug trade. The region has also grown more important for drug trafficking towards Europe, with containers being contaminated by drug consignments in various Caribbean ports, the use of commercial air traffic and human mules, as well as the growing use of pleasure crafts, with yachts in particular carrying drugs to Europe.

The Caribbean has surged to prominence again in recent years in the drug trafficking trade largely due the emergence of Venezuela as a trampoline for cocaine shipments coming from Colombia. With a collapsing economy, sanctions, and international isolation, Venezuela's President Nicolás Maduro has come to rely increasingly on illegal sources of hard currency to keep his regime afloat. As detailed below, Venezuela's government has established a regulatory system that helps oversee various illegal economies, among them illicit drugs and illegally-sourced gold.

The growing criminalization of the Venezuelan state also lies at the heart of much of our analysis on criminal networks and TOC through the Caribbean. In addition to managing the illegal drug and gold markets, state-embedded networks also oversee some contraband and corruption schemes. Other countries, most notably Suriname, have seen a similar pattern of emboldening a state-embedded criminal network, in part because of the

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49 Margaret Jordan, "1982 - OPBAT – Operation Bahamas Turks and Caicos; a Cooperative Drug Interdiction Operation Initiated," Coast Guard Aviation History.

50 Guy Gugliotta and Jeff Leen, *Kings of Cocaine: Inside the Medellín Cartel* (New York, 1990).

increasing criminal activities in Venezuela. In Suriname, however, the criminal enterprise was more hierarchical and hands-on, running directly from the presidency through his family and political allies.

The region's other major criminal networks are not nearly as entrenched in the state as they are in Venezuela or Suriname, and they are not nearly as big or resilient. Still, they have varying degrees of interaction with state officials, politicians, law enforcement, and judicial operators. In the most extreme example, a Guyana-based network used multiple and varying government connections to help turn the country towards what one diplomatic cable suggested was a "narco-state." In another example, a Dominican trafficking enterprise may have funded political campaigns, including that of the president. But in neither instance did these political connections lead to absolute impunity.

Further down the criminal chain, other Caribbean criminal networks have their roots in small street gangs, some of whom began as community organizations, who operate from discrete territorial hubs. These gangs often draw from low-level political connections of their own. In the case of Jamaica, for example, these gangs were interlaced with the so-called "garrisons"—tight-knit voting blocs connected to one of the two powerful political parties. The politicians built the garrisons in part by offering these communities handouts and government contracts, and in part by protecting their gang overseers. These connections between state actors and criminal networks seem ephemeral rather than durable, a reflection of the dynamism of the Caribbean underworld marketplace that we seek to characterize in more detail below.

# Criminal Networks in the Caribbean



## SHOWER POSSE

The Shower Posse was one of the most powerful Caribbean criminal organizations from the 1980s until 2010, when its leader Dudus Coke was arrested after a three day assault on his stronghold Tivoli Gardens in West Kingston.

Kingston



## JOSÉ FIGUEROA AGOSTO DTO

Puerto Rican José Figueroa Agosto was one of the most successful cocaine traffickers in the early 2000s, operating mainly in Puerto Rico and the Dominican Republic.

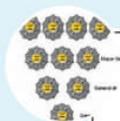
San Juan



## NO LIMIT SOLDIERS

The No Limit Soldiers (NLS) is a gang on Curaçao. Its leadership was able to use the gang's criminal and social infrastructure as a springboard to transnational cocaine trafficking.

Willemstad



## CARTEL DE LOS SOLES

The connections of the state embedded criminal structure referred to as the Cartel de los Soles reach into the Caribbean, mostly in relation to drug trafficking and money laundering.

Caracas



## ROGER KHAN DTO

Shaheed 'Roger' Khan became Guyana's top trafficker in the early 2000s. He was connected to political elites and was closely linked to a paramilitary group named the Phantom Squad.

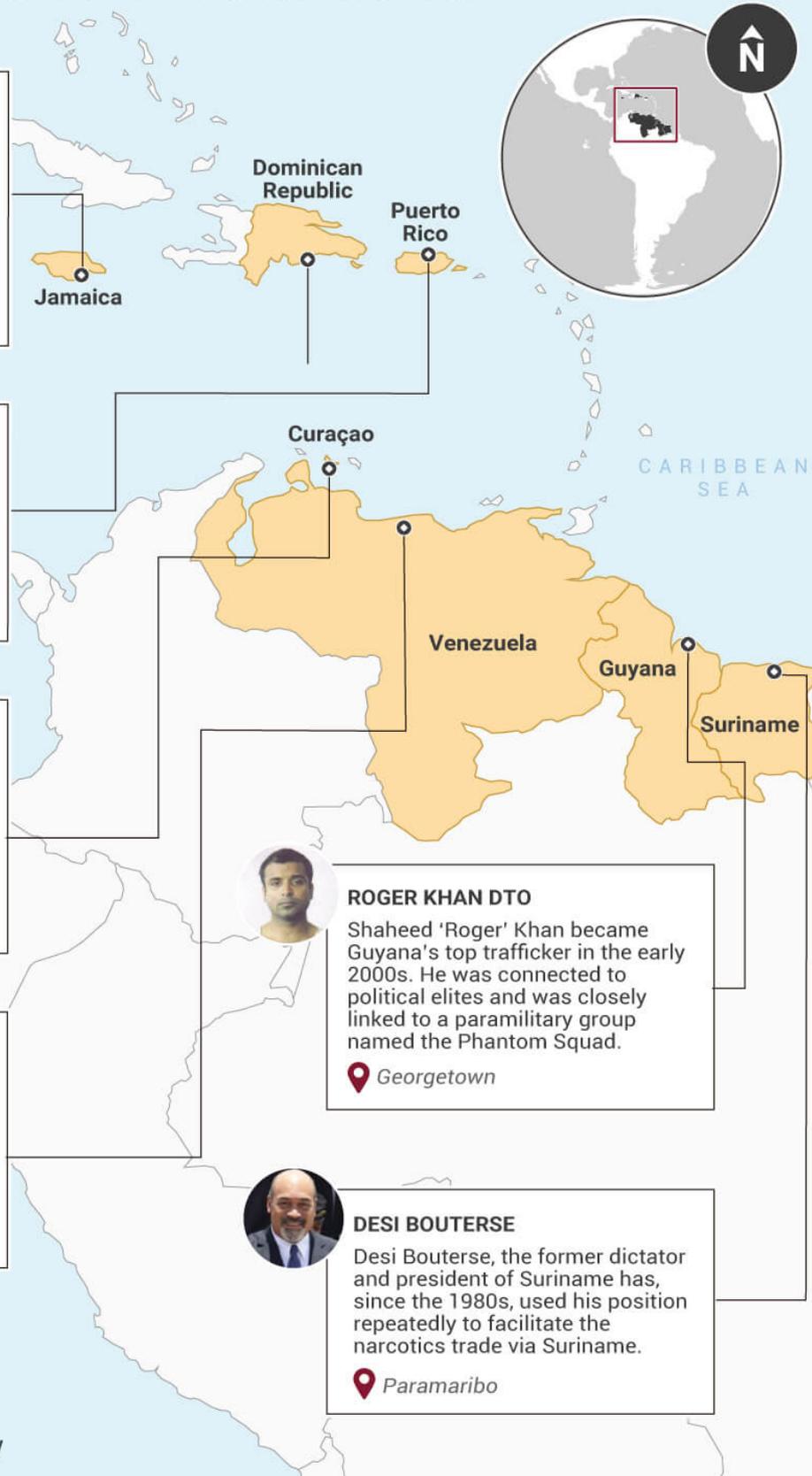
Georgetown



## DESI BOUTERSE

Desi Bouterse, the former dictator and president of Suriname has, since the 1980s, used his position repeatedly to facilitate the narcotics trade via Suriname.

Paramaribo



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September 2021

Source: InSight Crime and American University

## ***State-embedded Criminal Networks in the Caribbean***

The main driver of criminal activity in the area we are describing as the Caribbean is Venezuela. Increasingly isolated from traditional financial flows and politically ostracized from its longtime economic partners, the state has become the principal vehicle of criminal dynamics in the region. Members of the government oversee, facilitate, or tolerate criminal activities at all levels from cocaine, illegal gold, and contraband coming from Colombia—and to a lesser extent Brazil—to illegal mining, extortion, kidnapping, drug peddling, and vast corruption schemes at home. The money from these activities serves to prop up the wobbly, but still steady Maduro administration, which openly permits and, in some cases, encourages these activities via dubious alliances with trafficking groups, prison gangs, and former and current leftist guerrillas from Colombia.

There are over 30 non-state armed groups in Venezuela,<sup>51</sup> and over half of these can count on some form of government toleration or even support. These include two of what we have described in the Isthmus section as peak criminal networks: the National Liberation Army (Ejército de Liberación Nacional – ELN) and dissidents of the former Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC), or what we loosely refer to the ex-FARC Mafia. The ELN has long had one of its headquarters in the Venezuelan state of Apure, has recruited Venezuelans into its ranks, and controls trafficking routes into parts of the Venezuelan departments of Zulia and Táchira. The ex-FARC Mafia control drug trafficking corridors into the Venezuelan states of Apure<sup>52</sup> and Amazonas. And both groups have important roles in the production, transport, and exportation of cocaine via Caribbean nations.

Indeed, the movement of drugs from the world’s principal cocaine producer, Colombia, finds little resistance in Venezuela, which has become one of the main aerial and maritime transit nations for drug shipments, especially as the Colombian government has increased its counterdrug efforts.<sup>53</sup> While data from the US interagency Consolidated Counterdrug Database (CCDB) suggested cocaine being smuggled via Venezuela peaked in 2017 at 249 tons<sup>54</sup> – or close to 13 percent of all cocaine produced in any given year – there is little

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51 InSight Crime is two years into a project tracking and profiling Venezuelan NSAGs with the US State Department’s Bureau of Conflict and Stabilization Operations.

52 Venezuela Investigative Unit, “[The Battle for Apure: Chavismo and the ex-FARC](#),” InSight Crime, 13 October 2021.

53 Drug Enforcement Administration, “[National Drug Threat Assessment 2020](#),” March 2021.

54 Geoff Ramsey and David Smilde, “[Beyond the Narcostate Narrative, What U.S. Drug Monitoring Data Says About Venezuela](#),” Washington Office on Latin America (WOLA), March 2020.

reason to believe that number has dropped much since. And while InSight Crime research in Venezuela suggests the flow of cocaine to the United States via Venezuela may have fallen in recent years, the flow to Europe seems to have increased.<sup>55</sup>

Venezuela's economic collapse has complicated this illicit trafficking activity, forcing networks to find new routes and establish new partners. Drugs, for instance, can no longer be easily disguised in cargo ships or commercial airplanes because so few ships and planes are leaving the country. Instead, drug shipments are using three main alternative routes. One route is Central America. Much of the cocaine bound for the US market leaves Venezuela by private aircraft headed mostly for Honduras and Guatemala, but also Belize.<sup>56</sup> A second route is via the Caribbean islands. Commercial and private aircraft fly to the region, and go-fast boats use the islands as way stations on the journey to the US or Europe. The Dominican Republic is the key trampoline,<sup>57</sup> but Haiti, Puerto Rico,<sup>58</sup> Trinidad & Tobago,<sup>59</sup> Jamaica,<sup>60</sup> and the Dutch Caribbean are also used. A third route is by land into Guyana and Suriname<sup>61</sup>—a topic we will explore further below since it has facilitated the growth of two peak criminal networks we profile—or via Brazil, which has become the main bridge for contaminated containers heading to Europe.

This cocaine trafficking market in Venezuela is regulated principally by a state-embedded criminal network known as the Cartel of the Suns (**Cartel de los Soles**). The name is a reference to the rank insignias found on the uniforms of the country's military generals. The term was first used in 1993 when two National Guard generals were investigated for drug trafficking.<sup>62</sup> Over time, other elements of the military got involved and started actively

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55 InSight Crime, "[The Cocaine Pipeline to Europe](#)," 9 February 2021.

56 Amandala, "[Belize's biggest cocaine bust](#)," 29 February 2020.

57 Colombia Attorney General's Office, "[Dos hombres capturados con fines de extradición por solicitud de una corte de Puerto Rico](#)," 3 November 2020; Colombia Attorney General's Office, "[Desarticulada estructura narcotraficante señalada de mover entre tres y cinco cargamentos mensuales de cocaína](#)," 10 March 2018.

58 Colombia Attorney General's Office, "[Caen extraditables señalados de enviar cocaína en barcos pesqueros hacia el Caribe](#)," 11 September 2020; Colombia Attorney General's Office, "[Desarticulada estructura narcotraficante señalada de mover entre tres y cinco cargamentos mensuales de cocaína](#)," 10 March 2018.

59 InSight Crime, "[Sospechoso naufragio en Venezuela revela ruta de droga al Caribe Holandés](#)," 29 Julio 2019.

60 Christian Vianna de Azevedo, "[El reemplazo de las redes colombianas por las venezolanas en el narcotráfico fronterizo internacional](#)," Real Instituto El Cano, 29 March 2019.

61 InSight Crime interview, senior security official, Bolivar, Venezuela, 10 February 2020.

62 InSight Crime, "[Cartel of the Suns](#)," 14 January 2021.

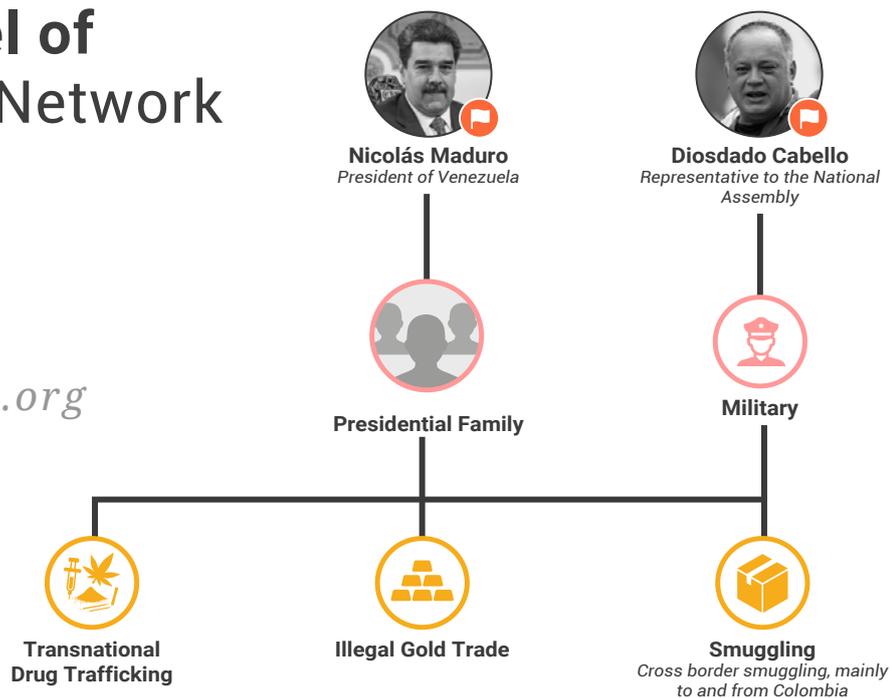
protecting shipments. The military’s participation deepened as Venezuela’s government, under Hugo Chávez in the early 2000s, developed a stronger relationship with the FARC. At the time, the rebels were still fighting the Colombian government and controlled as much as 70 percent of the coca-producing territories.<sup>63</sup> Eventually, the Cartel of the Suns got more directly involved in the trade. As of this writing, InSight Crime has a list of 123 senior government officials, active and former, that have been involved in cocaine trafficking.<sup>64</sup>

## The Cartel of the Suns Network

-  Faction
-  Power Base
-  Criminal Economies

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September 2021  
Source: InSight Crime and American University



The cartel also branched into different criminal activities. Today the term Cartel of the Suns is a catchall that describes the many government officials involved in criminal activities across different branches of the government,<sup>65</sup> including drug trafficking, contraband, illegal gold, and corruption schemes. In fact, it is erroneous to think of the network as monolithic or strictly hierarchical. It is more accurate to see its structure as broken into political-interest blocs with different criminal portfolios. Some of these factions were described in a 2020 US criminal indictment of Maduro administration in which Maduro, and some of his key allies such as Diosdado Cabello Rondón,

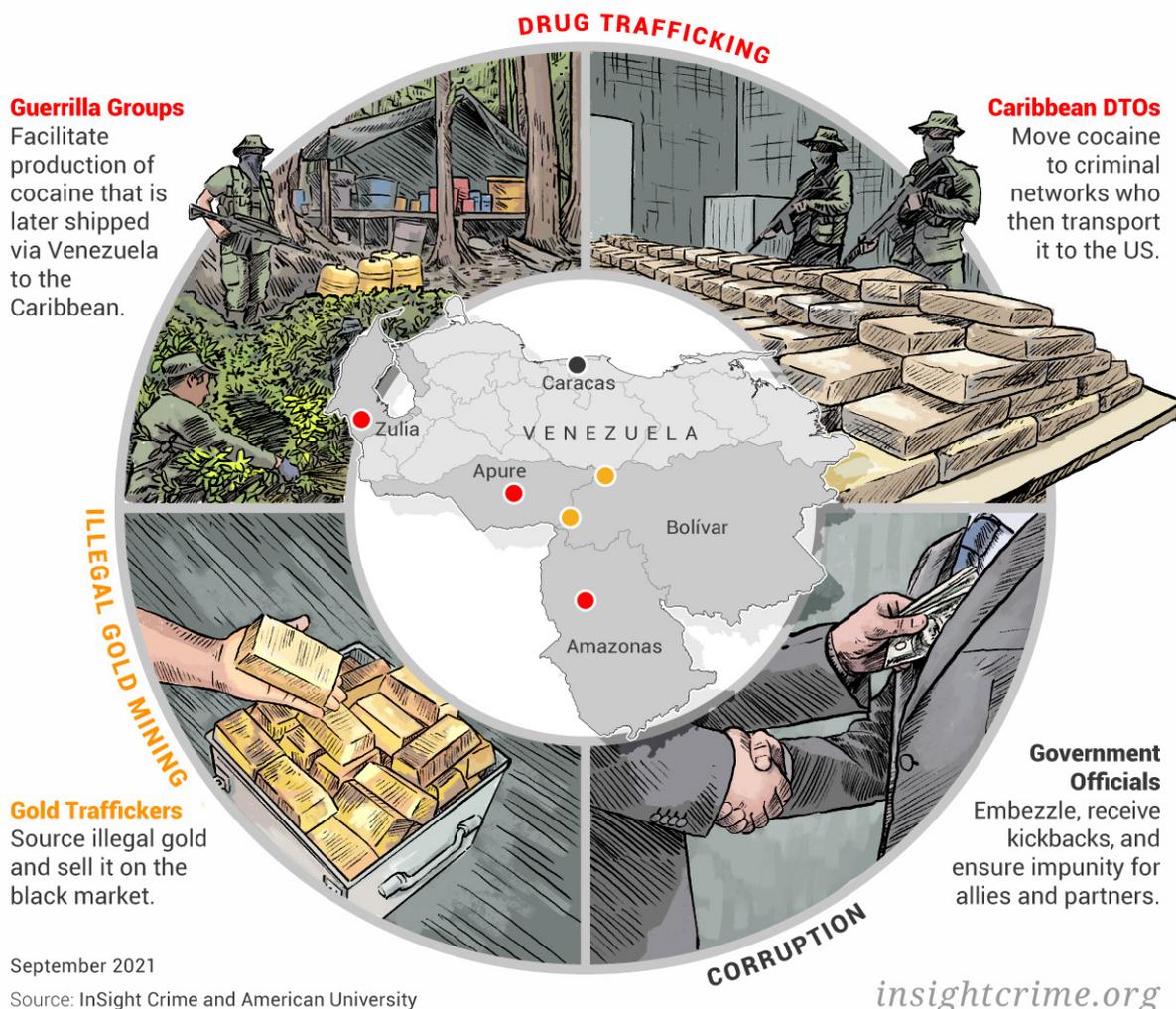
<sup>63</sup> The United States Department of Justice, “Nicolás Maduros Moros and 14 current and former Venezuelan officials charged with Narco-Terrorism, corruption, drug trafficking and other criminal charges,” 26 March 2020.

<sup>64</sup> InSight Crime, “Cartel of the Suns,” 14 January 2021.

<sup>65</sup> InSight Crime, “Venezuela: A Mafia State?,” May 2018.

Hugo Armando Carvajal Barrios, and Clíver Antonio Alcalá Cordones were all accused of being the leaders and managers of the Cartel of the Suns.<sup>66</sup> Separate indictments filed against Defense Minister Vladimir Padrino and current Minister for Petroleum Tareck El Aissami also indicate they are involved in drug trafficking,<sup>67</sup> a nod to their connections with these networks.

## Cartel of the Suns Criminal Economies and Networks in the Caribbean



<sup>66</sup> United States of America v. Nicolás Maduro Moros et al., S2 11-cr-205 (Southern District of New York, 2020).

<sup>67</sup> United States of America v. Vladimir Padrino López, 1:19-cr-00176 (District of Columbia, 2019); United States Department of Justice, “Venezuelan Minister And Former Vice President Tareck Zaidan El Aissami Maddah Charged With Violations Of The Foreign Narcotics Kingpin Designation Act,” 8 March 2019.

This criminal network operates similarly to a Mafia. The top leaders of the Maduro regime, some of whom are named above, are not directly involved in the day-to-day business of moving drugs, contraband, or illegal gold but rather preside over this criminal eco-system, ensuring it functions to their benefit. It is, as one researcher described for InSight Crime, a “network of networks,”<sup>68</sup> composed of a series of regional military-political-criminal nodes that are bound together by a national regime that guarantees impunity for its allies.

Specifically, the government decides which political and military actors get to run the areas important to these illicit industries, effectively granting criminal concessions. The result is a system of criminal patronage that both compensates for the bankrupt regime’s inability to pay a living wage while ensuring political loyalty by encouraging political and military figures to compete for lucrative positions and to act as proxy regulators of illegal businesses.<sup>69</sup> What’s more, as more top officials get ensnared in criminal indictments abroad, the incentives get stronger for the regime to protect them, lest they become part of the efforts to break apart the network and threaten the survival of the regime.

While it is not the only illicit business, drug trafficking remains the cartel’s most emblematic, and most of the cartel drug smuggling routes pass through, or over, the Caribbean. In November 2015, for example, two nephews of Venezuelan’s First Lady, Cilia Flores, were arrested in Haiti. The so-called “narco-nephews,” Franqui Francisco Flores de Freitas and Efraín Antonio Campo Flores, were expecting to pick up a payment for drug shipments when they were arrested.<sup>70</sup> An 800-kilo cocaine load was to be first shipment in a series of drug deals.<sup>71</sup> The nephews later told US authorities that they were working for Diosdado Cabello and Tareck El Aissami.<sup>72</sup>

Other prominent arrests also occurred in Hispaniola, the island Haiti and the Dominican Republic share. In March 2015, for example, Dominican authorities arrested a Venezuelan National Guard sergeant and a prominent businessman for smuggling 450 kilograms of cocaine on a private jet. Two

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68 InSight Crime telephone interview, Maibort Petit, organized crime investigator, 3 February 2021.

69 InSight Crime telephone interview, Sebastiana Barráez, military expert, 4 June 2020.

70 United States Department of Justice, “[United States of America against Efraín Antonio Campo Flores, and Franqui Francisco Flores de Freitas](#),” 18 November 2016.

71 Ibid.

72 Manuel Cerdán and MA Ruiz Coll, “[Diosdado Cabello: La sombra que Nicolás Maduro que EEUU quiere procesar por sus vínculos con el narcotráfico](#),” 2 November 2020.

National Guard sergeants and a lieutenant were also arrested.<sup>73</sup> In 2016, a senior policeman and Interpol head in Venezuela was linked to a shipment of 349 packages of cocaine seized at La Romana International Airport in the Dominican Republic.<sup>74</sup> And in 2016, a former National Guard captain was arrested in Colombia and charged with flying drug loads from Venezuela to the Dominican Republic and Haiti, as well as Honduras and the Bahamas. The captain was considered by Colombian law enforcement to be one of the Cartel of the Suns' lead pilots.<sup>75</sup> All of these Venezuelan groups seemed to be part of larger distribution chains operating in the Caribbean who are responsible for selling the drugs wholesale in the US. What this means in practice is that the Venezuelan parts of these networks rarely, if at all, work inside the United States.

Criminal operations in Venezuela have also had a spillover effect in other parts of the Caribbean, namely Guyana and Suriname, where drug and gold trafficking have long been big business. In Guyana, entrepreneurial networks emerged. In Suriname, the proliferation of cocaine trafficking through Venezuela appears to have contributed to the creation of a powerful state-embedded criminal network led by that country's two-time supreme leader, Desire Bouterse.

The **Bouterse Network** has its origins in the country's tumultuous political history. Just five years after achieving independence from the Netherlands in 1975, a military coup brought then-Sergeant Bouterse and a cadre of other upstart "socialist" officers to power.<sup>76</sup> After some maneuvering, Bouterse emerged as the top leader. Almost immediately, indications that drug trafficking was being facilitated by the Bouterse regime arose. In 1983, for example, Pablo Escobar visited Bouterse in Suriname.<sup>77</sup> It was an ominous sign.

Later investigators would call the Bouterse-led trafficking group the Suri Cartel. At the time, it appeared to be a clear hierarchical structure. According to Dutch police reports during the 1980s and 1990s, Bouterse led the cartel, which sourced cocaine from Colombian networks and smuggled to European

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73 Venezuela Investigative Unit, "Venezuela Investigates Jet Plane Drug Bust in Dominican Republic," InSight Crime, 1 April 2015.

74 CNN Español, "Acusan a jefe de Interpol Venezuela por narcotráfico y asociación para delinquir," 12 May 2016.

75 El Tiempo, "Piloto Del 'Cartel de Los Soles' Habría Buscado Negocios Con 'Bacrim,'" 13 June 2016.

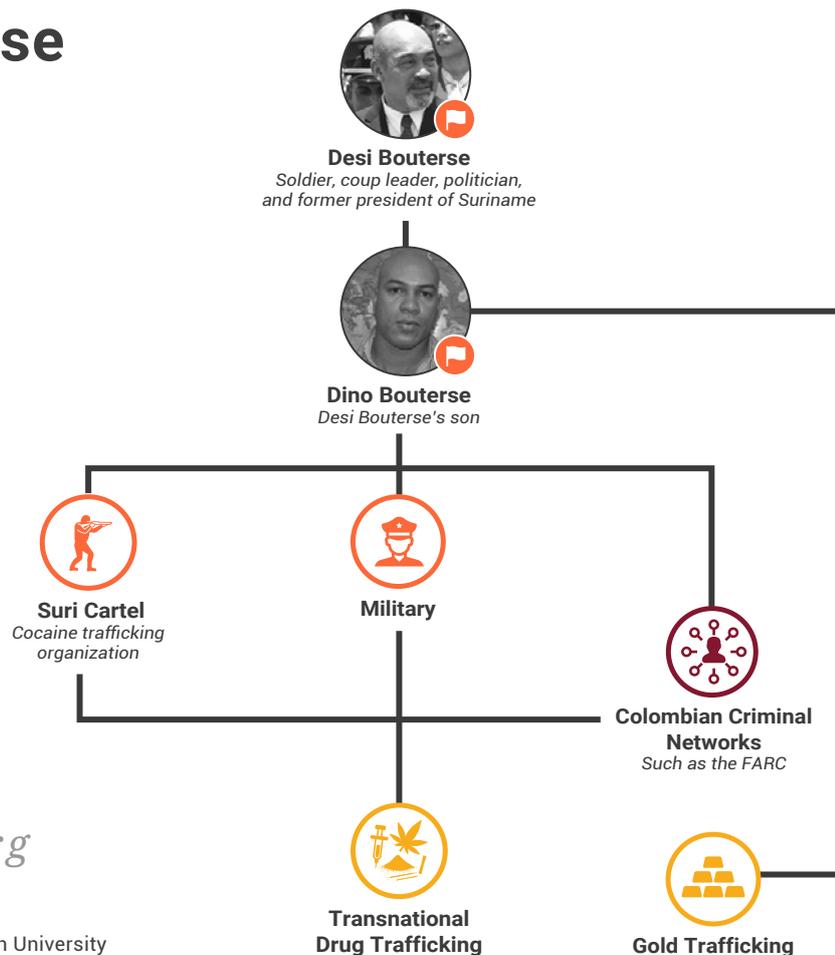
76 Fausia A., "Former Surinamese president Dési Bouterse convicted of murder for the second time—but will he go to prison?" Global Voices, 19 September 2021.

77 Hans Buddingh', *De Geschiedenis van Suriname* (Amsterdam, 2012).

and United States-based networks.<sup>78</sup> A report by the Nederlandse Centrale Recherche en Informatiedienst (CRI – Dutch Central Investigative and Intelligence Agency), the Dutch intelligence unit working under the judicial branch, echoed the police’s findings.<sup>79</sup> The Bouterse Network included various parts of the government, particularly the military. In 1987, for example, the second-in-command of the military regime, Etienne Boerenveen, was arrested for drug trafficking in the United States.<sup>80</sup>

## Desi Bouterse Network

-  Leadership
-  Operators
-  Alliances
-  Criminal Economies



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September 2021

Source: InSight Crime and American University

Although Bouterse left power in 1987, Dutch government investigators said he continued trafficking drugs via his Suri Cartel and with the assistance of various foreign and national networks. In the 1990s, for example, Bouterse allegedly used Brazilian intermediaries to help him sell weapons he and his son, Dino, had illegally procured from the Suriname government, according

<sup>78</sup> Hans Buddingh', “Bouterse ontving Escobar in paleis,” NRC, 15 September 2016.

<sup>79</sup> Hans Buddingh', *De Geschiedenis van Suriname* (Amsterdam, 2012).

<sup>80</sup> Richard Cole, “Suriname Accuses U.S. In Military-Drug Arrest,” Associated Press, 27 March 1986.

to Brazilian judicial documents.<sup>81</sup> The weapons were traded to the FARC guerrillas in Colombia in return for cocaine.<sup>82</sup> At the time, Dino was an official working at the Surinamese Embassy in Brasilia. Bouterse also made contact with European-based networks, Dutch investigators claimed. And he maintained contacts in other parts of the Suriname government who were particularly important in helping smugglers get export permits and get them past customs. The arms and drug trafficking operation from the 1990s, for instance, included the head of Surinamese intelligence.<sup>83</sup>

The drug exports were significant. In a 1997 interview with Surinamese radio broadcaster ABC, the then-head of the Narcoticabrigade, the narcotics division of the Dutch police estimated that 26 tons of cocaine were exported via Suriname to Europe annually.<sup>84</sup> While small by regional standards, this was an enormous amount of drugs for a country of less than a million people with a GDP of less than \$10 billion.

In addition to creating a logistics network to facilitate drug trafficking and arms trafficking, Bouterse also created a judicial and political network to shield himself from prosecution. In 1999, Bouterse was charged by Dutch authorities for drug trafficking, but Suriname authorities refused to extradite him. And although Bouterse was convicted in absentia by a Dutch Court<sup>85</sup> and sentenced to 11 years in prison in 1999,<sup>86</sup> he never served a day in prison. Instead, from his safe haven in Suriname, he rebooted his political career and his state-embedded criminal network. Presumably using at least some of his illegal proceeds, he won the presidency in 2010 and ruled for another decade.

Throughout, Bouterse seems to have relied mostly on family and a tight inner circle of advisors as his core network. Among his main operators prior to and during his second stint in government, for example, was his son, Dino. Dino had experience in the underworld. He had been arrested in 1994 with two kilos of cocaine and was convicted of drug and arms trafficking in 2005.<sup>87</sup> After he became president, Bouterse named Dino the counter-terrorism chief.

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81 Moroni Torgan, “Relatório Dacomissão Parlemantar de Inquérito Destinada a Investigar o Avanço e a Impunidade Do Narcotráfico,” November 2000.

82 Ibid.

83 Ibid.

84 Hans Buddingh’, *De Geschiedenis van Suriname* (Amsterdam, 2012).

85 Supreme Court of the Netherlands v. Desiré Delano Bouterse 02648/00 (The Hague, 2001).

86 Chicago Tribune, “Suriname Strongman Guilty of Drug Charge,” 18 July 1999.

87 Simon Romero, “Returned to Power, a Leader Celebrates a Checkered Past,” *New York Times*, 2 May 2011.

The decision was a sign of how important the military-security-intelligence apparatus of the government remained for the network. It did not last. In 2013, the DEA arrested Dino; and in 2015, he was sentenced to 16 years in prison on drug trafficking and firearms offences, as well as providing support to Hezbollah, a US-designated terrorist organization.<sup>88</sup>

Drug trafficking, however, continued relatively unabated, some of which appears to have passed through Venezuela to supply Europe. Perhaps the most disturbing sign of this was in 2018, when an unfinished semisubmersible was discovered in a specially built construction yard in the jungle of Saramacca district on the Surinamese coast.<sup>89</sup> The submarine was being constructed by a Colombian drug trafficking outfit, which had purchased land and machinery to set up the clandestine shipyard and also had an airstrip to land drug planes.<sup>90</sup> According to an article in Dutch Magazine *Nieuwe Revu*, DEA intelligence indicated that the network was planning to establish a permanent semi-submersible shipyard in Saramacca.

In addition to trafficking drugs during his presidency, the Bouterse Network also allegedly trafficked gold, some of it from Venezuela. In Suriname, at least part of this illegally-sourced gold came from concessions run by current Vice President Ronni Brunswijk. Brunswijk has his own drug trafficking history. In 1999, Brunswijk was convicted in absentia for cocaine trafficking in France.<sup>91</sup> Not one to let a foreign conviction slow him down, Bouterse granted Brunswijk a number of important gold concessions, including some in national parks.<sup>92</sup> Some of the gold was certified by the Kaloti Suriname Mint House, which has been connected to a raft of illegal activities, including certifying non-existent exports and laundering gold coming from Venezuela.<sup>93</sup>

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88 US Department of Justice, “[Former South American Counter-Terrorism Official Sentenced in Manhattan Federal Court To More Than 16 Years In Prison For Attempting To Support Hezbollah](#),” 10 March 2015.

89 Bureau of International Narcotics and Law Enforcement, “[INCSR Volume I: Drug and Chemical Control](#),” United States State Department, 2019.

90 Robert Alting, “[Surinarcos: hoe drugsbaas Bouterse van Suriname een narcostaat maakt](#),” *Nieuwe Revu*, 31 August 2018.

91 Miguel Goede, “[Transnational Organized Crime \(TOC\) and the Relationship to Good Governance in the Caribbean: Transnational Organized Crime Democracy \(TOCD\)](#),” *International Journal of Development Issues*, vol. 12, no. 3 (2013), pp. 253–70; Trouw, “[Brunswijk wil president Suriname worden en strooit met bankbiljetten](#),” 7 April 2013; Stephen Gibbs, “[Ex-drug trafficker Ronnie Brunswijk elected Suriname’s speaker](#),” *The Times*, 1 July 2020.

92 Jeroen Trommelen, “[Gowtu: Klopjacht Op Het Surinaamse Goud](#)” (2013); Douwe Den Held, “[Corruption, Cocaine and Gold – The Trials Facing Suriname’s New President](#),” *InSight Crime*, 16 July 2020.

93 Douglas Farah and Caitlyn Yates, “[Maduro’s Last Stand: Venezuela’s Survival Through the Bolivarian Joint Criminal Enterprise](#),” IBI Consultants, LLC and National Defense University (INSS), May 2019; Douwe Den Held, “[Corruption, Cocaine and Gold – The Trials Facing Suriname’s New President](#),” *InSight Crime*, 16 July 2020.

## ***Social-constituency Networks in the Caribbean***

The Caribbean has a number of powerful social-constituency networks, all of whom would typically be classified as street gangs. They are concentrated in Haiti, Trinidad & Tobago, the Dutch Caribbean, and Jamaica. Most of these pose a local threat to governance and security. The most significant of these local threats is in Haiti where criminal gangs have proliferated, in part due to the emergence of new criminal exploits such as kidnapping, and in part due to some of their political connections. These criminal gangs have shifting criminal and political alliances, and, in some instances, they have pilfered or commandeered international relief packages.<sup>94</sup> There are now some 160 gangs in Haiti,<sup>95</sup> including some with real political power.<sup>96</sup>

Notably, gangs are often described in Haiti as “community groups,” “political associations,” and, most commonly, “bases.”<sup>97</sup> They are often a range of troubled youth seeking acceptance or an escape from a difficult home life; and hardened criminals, some of whom are former security forces. One noteworthy example is the G9.<sup>98</sup> A federation of nine of the strongest gangs on the island, the G9’s leader is a former policeman who has significant political influence due to the group’s control of several urban neighborhoods, particularly in the capital of Port-au-Prince. The G9 was closely associated with former President Jovenel Moïse and his ruling Haitian Tèt Kale Party (Parti Haïtien Tèt Kale – PHTK). Moïse’s assassination in July this year undermined the political reach of the gangs, but new elections will likely give the G9 new political allies and influence. To be sure, the G9’s leader has hinted that he may run for office. And other street gangs are also jockeying for criminal and political position.

There has also long been a strong gang presence in Trinidad & Tobago. The gangs were initially based around two groupings: the Muslims and Rasta City. Both have their beginnings in the 1980s.<sup>99</sup> The Rasta City gang is made up of people of African origin, while the Muslims identify with Islam and its

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94 Douwe den Held and Chris Dalby, “[Truce or No Truce: Gangs in Haiti Control Aid Movement](#),” InSight Crime, 31 August 2021.

95 Commission Nationale de Désarmement, Démantèlement et de Réinsertion, “Document cadre pour l’action étatique en matière de DDR-RVC en Haïti 2021 – 2014,” June 2021.

96 The National Human Rights Defense Network (RNDDH), “[Massacres in Bel-Air and Cité Soleil under the Indifferent Gaze of State Authorities](#),” 20 May 2021.

97 Athena R. Kolbe, “[Revisiting Haiti’s Gangs and Organized Violence](#),” Igarapé Institute, June 2013.

98 InSight Crime, “[G9 and Family](#),” 30 August 2021.

99 Joel Julien, “[2,458 members now terrorizing citizens, tracing T&T gang culture](#),” Trinidad and Tobago Guardian, 10 February 2019.

religious practice and includes the most sophisticated gang on the islands: Jamaat al Muslimeen. As in Haiti, these are social-constituency networks. Some of the gangs present themselves as social movements and have political affiliations as well as their own NGOs. Through these vehicles they have received government money and have been able to present themselves as legitimate actors in their communities, strengthening their power and influence.<sup>100</sup>

Jamaat al Muslimeen, for example, emerged as a Muslim organization in the late 1970s and early 1980s based on the defense of Islamism and the celebration of the Black-African race.<sup>101</sup> It is led by Imam Yasin Abu Bakr, a former policeman, who was one of Trinidad's first Muslim converts in 1969.<sup>102</sup> The group was responsible for an attempted coup d'état in 1990, for which Abu Bakr ended up spending two years in prison.<sup>103</sup> The legacy of this Muslim militancy lives on: Trinidad & Tobago has the dubious distinction of being the nation that, per capita, dispatched the most foreign fighters to join the Islamic State.<sup>104</sup>

Gangs have been growing in number and membership in recent years in Trinidad & Tobago. In 2006, there were 95 gangs with 1,269 members; ten years later that figure rose to 172 gangs with 2,358 members; and by 2019, there were 211 gangs with 2,458 members.<sup>105</sup> The gangs primarily live off extortion, robbery, and local drug peddling.<sup>106</sup> Some are connected to arms trafficking as well. More than 4,600 guns connected to gang activity were seized between 2010 and 2018,<sup>107</sup> helping fuel at least part of a surge of violence that has swept the islands in recent years.<sup>108</sup> Still, none of these Haitian or Trinidadian gangs have graduated into transnational organized crime.

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100 InSight Crime telephone interview, Mark Wilson, Trinidad & Tobago journalist and longtime resident, 23 March 2021.

101 Andrew Silke, "[Jamaat-al-Muslimeen: The Blurred Lines Between Organized Crime and Terrorism in Trinidad and Tobago](#)," 12 March 2018.

102 BBC News, "[Yasin Abu Bakr: Leader of Western world's only Islamist coup](#)," 3 March 2019.

103 Chris Zambelis, "[Jamaat al-Muslimeen: The Growth and Decline of Islamist Militancy in Trinidad and Tobago](#)," *Terrorism Monitor*, vol. 7, no. 23 (2009); BBC, "[Yasin Abu Bakr: Leader of Western world's only Islamist coup](#)," 2 March 2019.

104 BBC News, "[Yasin Abu Bakr: Leader of Western world's only Islamist coup](#)," 3 March 2019.

105 Charles M. Katz and David Choate, "[Diagnosing Trinidad & Tobago's Gang Problem](#)," Arizona State University, 2006; Stabroek News, "[Stats reveal Trinidad's growing gang problem](#)," 10 February 2019.

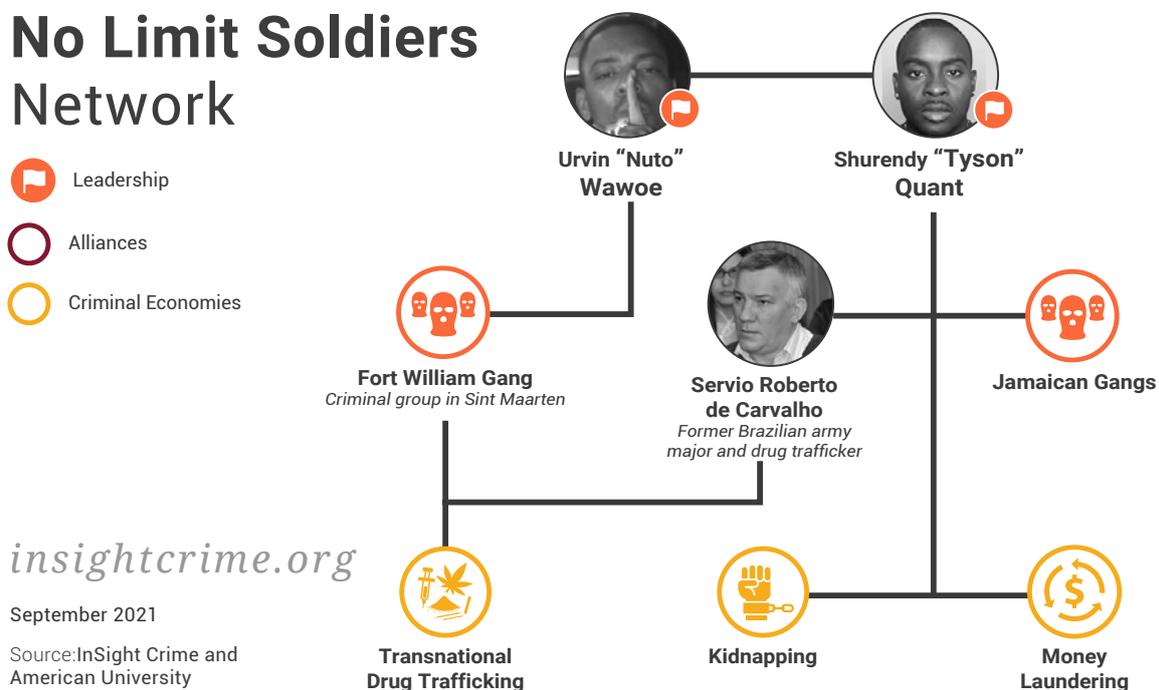
106 Randy Seepersad, "[Crime and Violence in Trinidad and Tobago](#)," Inter-American Development Bank, June 2016.

107 William Wells and Charles Max Katz, "[Illegal Gun Markets in Trinidad and Tobago: Report to the Minister of National Security](#)," *Diagnosing and Responding to Violence in the Caribbean*, August 2008.

108 Anna Clancy, et al., "[Gang-related homicide and police corruption in Trinidad and Tobago: A Rapid Evidence Assessment](#)," University of South Wales, October 2019.

Other groups, however, have graduated, among them the **No Limit Soldiers (NLS)**. The NLS is a social-constituency network that started in the early 2000s as a community organization in a poor neighborhood on the outskirts of Willemstad, the capital of the autonomous nation of Curaçao in the Dutch Caribbean. Its founder, Dino Schenken, was a community organizer who has never been officially linked to any criminal activity. Indeed, Schenken retired from the NLS leadership when it took a criminal direction.<sup>109</sup> Still, the NLS seeks to recruit its members as much as possible from its home turf to ensure loyalty and cohesion. It has also reinforced its appeal in poor neighborhoods by recording music videos, including a collaboration with established US rappers Boosie Badazz and Jazze Pha.<sup>110</sup>

## No Limit Soldiers Network



In recent years, however, the NLS has evolved and is leaning ever closer to being an entrepreneurial criminal network. The NLS' role in the criminal market has long been that of a facilitator, mostly of illegal drugs coming from Colombia via Venezuela. Given that its members are Dutch speaking with Dutch passports, the NLS focused its transnational criminal ambitions towards Europe. With Curaçao situated just 45 kilometers off the coast of Venezuela and 225 kilometers from Colombia, the cocaine trade swirls around

<sup>109</sup> InSight Crime telephone interview, Dutch police analyst, 12 April 2021.

<sup>110</sup> Tru2Tru Official, "Gangstamillio ft Boosie Badazz & Jazze Pha – Pushing [Official Video]," 1 November 2019.

the island. Initial involvement in the drug business likely came when the gang stole cocaine shipments passing through Curaçao and started selling the drugs, first locally and then internationally. They exported this cocaine using human couriers, then graduated to hiding shipments in airplane wings on flights from Curaçao to the Netherlands.<sup>111</sup>

The NLS has a loose structure, divided into cells that operate in different parts of the Caribbean and Europe. In all, there are just over 50 members, slightly more than half of whom have criminal records,<sup>112</sup> as well as another 50 that provide logistical support. However, island authorities have never allowed them to secure a permanent, criminal foothold in Curaçao. To be sure, its leadership has bounced around the region for years. For example, one leader, Urvin ‘Nuto’ Wawoe, who was initially the second-in-command of the NLS in Curaçao, moved to Sint Maarten in the late 2000s,<sup>113</sup> after feeling law enforcement pressure on the island.

Sint Maarten, which is part of the Netherlands, was a fortuitous choice. A Dutch-speaking island famous for its nightlife, casinos, brothels, and luxury marinas, it provided a wealth of contacts, which allowed the NLS to expand its operations and become more transnational. The island also provided infrastructure: Wawoe, for instance, made an alliance with the local Fort William gang, gaining local influence and protection.<sup>114</sup> With the help of those contacts, he trafficked drugs through this island, as well as stole other groups’ shipments.

These were relatively small shipments, another characteristic of this and other, gang-level Caribbean traffickers, but authorities caught wind of them anyway. In 2012, Wawoe was arrested with four kilograms of cocaine on Sint Maarten. He was later moved from the local prison to the Netherlands after a rival gang tried to kill him. It is likely he continued to run NLS criminal activity from prison.<sup>115</sup> Released from prison in 2016,<sup>116</sup> he is now believed to be working out of the Dominican Republic along with several other NLS members.<sup>117</sup> In fact, Santo Domingo is likely the NLS headquarters today.<sup>118</sup>

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111 InSight Crime telephone interview, Dutch police analyst, 12 April 2021.

112 Dutch police sources consulted on various occasions between February and July 2021.

113 InSight Crime telephone interview, Dutch police analyst, 12 April 2021; InSight Crime telephone interview former Dutch policeman, 11 May 2021.

114 InSight Crime telephone interview, former Dutch policeman, 11 May 2021.

115 InSight Crime telephone interview, Dutch police analyst, 12 April 2021.

116 Ibid.

117 Ibid.

118 Ibid.

That pattern has repeated itself with another top NLS operative, Shurendy “Tyson” Quant, who moved even further afield than Wawoe. He was active in Panama,<sup>119</sup> spent long periods of time in Jamaica,<sup>120</sup> where he had agreements with Jamaican gangs,<sup>121</sup> and struck alliances in Brazil to move cocaine into the Netherlands.<sup>122</sup> One of his allies in Brazil was Sergio Roberto de Carvalho, a former army major and established drug trafficker, believed to be responsible for moving up to 50 tons of cocaine to Europe.<sup>123</sup> Quant was arrested in Dubai in November 2020, accused of ordering various homicides, leading a criminal organization, money laundering, and kidnapping.

The NLS employed violence sparingly, but ultimately, it was a series of high-profile assassinations in Curaçao that led to crackdowns on the gang. NLS members, for example, were linked to the 2013 murder of Helmin Wiels, a local politician. Then in 2014, during a bloody conflict with the rival Buena Vista City gang, suspected NLS hitmen killed two rival gang members in the middle of Curaçao’s crowded Hato Airport. Led by the Attorney General’s Office of Curaçao, authorities arrested five individuals involved in the murders.<sup>124</sup>

In fact, the Dutch government’s presence may have made the difference between the NLS establishing a base in Curaçao or not. While the island is an autonomous nation, the Dutch government is responsible for foreign policy and national security in Curaçao, and there are Dutch police and military permanently based on the island. Put simply, the NLS could not penetrate the Dutch authorities, who pushed it from Curaçao to other Caribbean islands, the Netherlands, and other parts of Europe, including Germany<sup>125</sup> and the UK.<sup>126</sup> And with the arrest of Quant and the low profile being adopted by Wawoe, it is likely this criminal network is much reduced.

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119 Ibid.

120 Ibid.

121 InSight Crime telephone interview, Wade Bailey, former drug trafficker Sint Maarten, 18 May 2021.

122 Tribunal Regional Federal da 4 Região, “[Habeas Corpus No. 5019760-60.202.4.04.0000/PR](#),” 18 May 2021.

123 El País, “[The haunting story of the Brazilian drug trafficker who ‘died’ and ‘resurrected’ in Spain](#),” 20 December 2020.

124 Dutch Caribbean Legal Portal, “[Aanhoudingen in dubbele moord Hato, een man nog voortvluchtig](#),” 1 October 2014; Caribisch Network, “[Ook laatste verdachte schietpartij Hato vast](#),” 21 October 2014.

125 InSight Crime telephone interview, Dutch police analyst, 12 April 2021.

126 Curaçao Chronicle, “[Curaçao Member No Limit Soldiers Arrested in London](#),” 23 March 2021.

In Jamaica, meanwhile, it was the Jamaican authorities who had to face down the criminal threat, most notably a group known as the **Shower Posse**. Like the NLS, the Shower Posse was a social-constituency network. It started as a grassroots organization with strong political ties, although over time it too took on an increasingly entrepreneurial nature. Still, its source of power was its grassroots, social base and the political connections that were forged during decades of fierce campaigns.

After independence from the United Kingdom in 1962, Jamaican politics split into two main factions: the right-wing Jamaican Labor Party (JLP) and the left-wing People's National Party (PNP). The two slugged it out for power, often drawing support from poor, marginalized neighborhoods where community-activist groups held sway. The JLP sought to formalize these ties when it won the West Kingston constituency in the first formal elections. After funneling resources into the community, the party created the first political "garrison," an alliance between the political and the communal that sought to secure lasting political power in the area.<sup>127</sup> Soon, both political parties were fostering a garrison brand of politics, often arming their supporters and playing politics with government social and economic programs.

It was one of these community organizations that gave birth to the Shower Posse in an area called Tivoli Gardens. By the start of the 1980s, the Shower Posse had spread far beyond Tivoli Gardens and no longer needed government largess to fund itself or to provide social aid programs to the community. That was because it had become a DTO, which first ran marijuana and later cocaine to the United States, where some of its cells became enmeshed in the burgeoning crack market.<sup>128</sup> Using its direct links to Colombian cartels<sup>129</sup> and employing mostly human couriers,<sup>130</sup> the Shower Posse took control of significant portions of the US crack market in some cities where the Jamaican diaspora was strongest. And where they ran into resistance, the group was not afraid to use violence: The Shower Posse was blamed for some 1,400 murders in the United States alone during the 1980s,<sup>131</sup> a far higher number than many other, more well-known street gangs such as the MS13.

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127 Obika Gray, *Deepening Crisis and the Intelligentsia. In Radicalism and social change in Jamaica: 1960-1972*, (Knoxville, 1991).

128 Bruce Gay and James Marquart, "Jamaican posses: A new form of organised crime," *Journal of Crime and Justice*, vol. 16, no. 2 (1993), pp.139-170.

129 Maurice Rinfret, "Cocaine price, purity, and trafficking trends," *Substance Use & Misuse*, vol. 32 (1997), pp. 1799-1804.

130 United States General Accounting Office, "[Non-traditional organized crime: Law enforcement officials perspectives on five criminal groups](#)," September, 1989.

131 Liz Robbins, "[Vivian Blake, 54, Founder of Jamaica Drug Gang, Dies](#)," *The New York Times*, 25 March 2010.

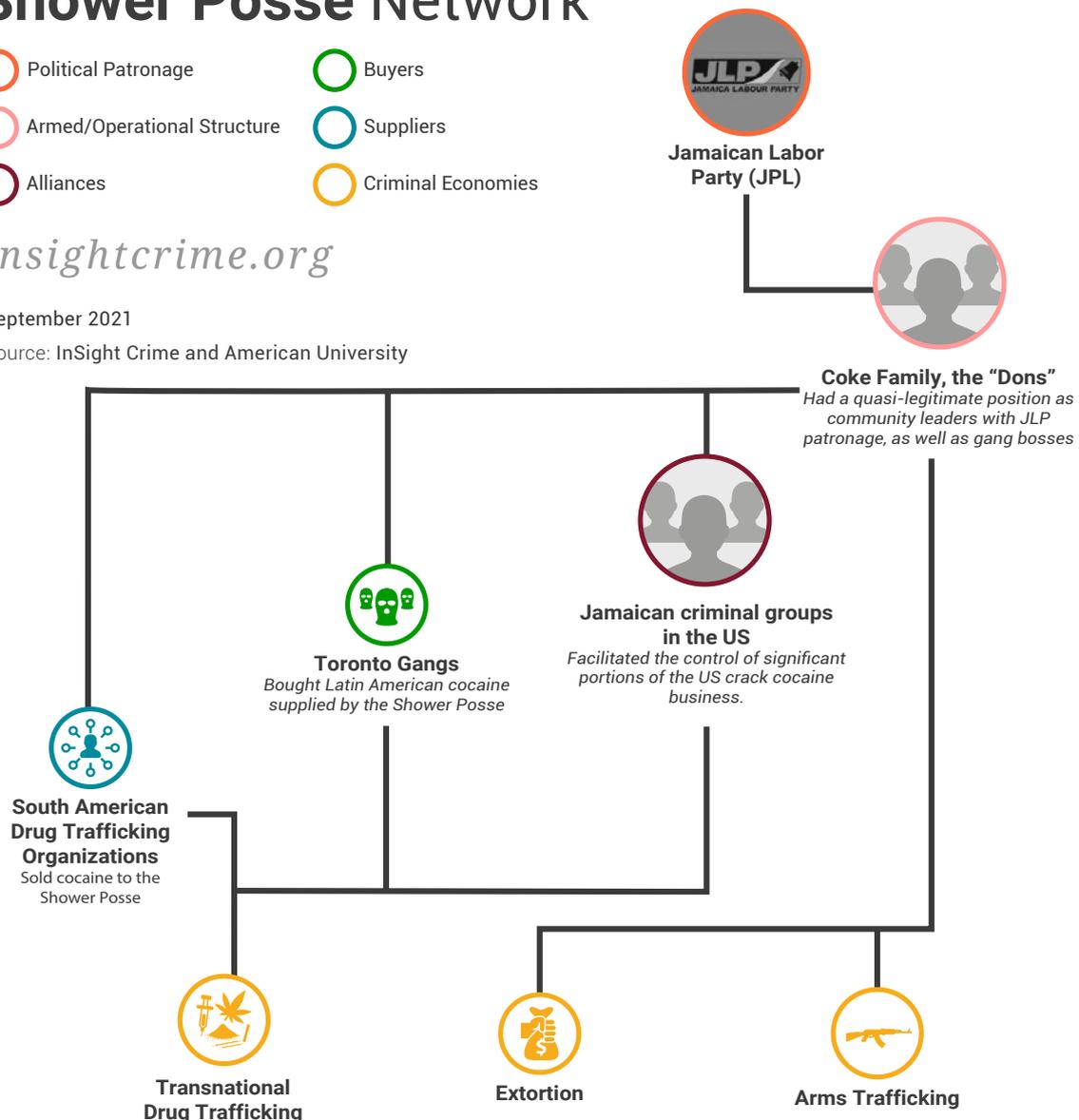
# Shower Posse Network

- Political Patronage
- Buyers
- Armed/Operational Structure
- Suppliers
- Alliances
- Criminal Economies

*insightcrime.org*

September 2021

Source: InSight Crime and American University



Throughout, the Shower Posse remained tied to its base in the Tivoli Gardens and kept securing votes for the JLP. In return, it received government contracts, according to a later congressional report chronicling the connections between the two.<sup>132</sup> The Shower Posse’s leader, Christopher “Dudus” Coke, was in the “construction business,” the report said, and the prime minister visited him in his garrison.<sup>133</sup> The political capital Coke had accumulated for his support of the JLP would later be employed to keep US and Jamaican authorities at bay.

<sup>132</sup> Steven Dudley, “How Jamaica Tried to Stall ‘Dudus’ Coke Extradition,” InSight Crime, 1 September 2011.

<sup>133</sup> Ibid.

In Kingston, the Shower Posse had a fairly traditional hierarchal structure. The Cokes were the group's undisputed leaders dating back to at least the 1980s, with Dudus' father, Lester, at the top. The family were both community leaders with JLP patronage and gang bosses with drug businesses. Lester was arrested but died in a mysterious fire in jail in 1992, while awaiting extradition to the US to face drug trafficking charges.<sup>134</sup> Dudus quickly took over becoming what was known as a "don" in the neighborhood and beyond.

Dudus was part social warrior, part ruthless kingpin. He donated school supplies to children and organized free concerts for Kingston's residents. But Coke also left the corpses of rulebreakers in public areas as warnings, where they would remain for hours since residents were too afraid to call the police.<sup>135</sup> And within Kingston, Coke commanded at least 200 "soldiers" spread throughout Tivoli Gardens and the surrounding communities.<sup>136</sup>

The Shower Posse's network spread to numerous cities in the US where the gang had at least 50 members,<sup>137</sup> but seemed to rely mostly on its connections to other criminal operations to distribute these drugs. They were, in other words, major wholesalers in most of the areas where they operated. One study of trafficking in the US in the late 1990s credited the Jamaican Posses, writ large, as controlling "the largest trafficking network uncovered to date,"<sup>138</sup> with outposts in Florida, Michigan, New Jersey, and New York.<sup>139</sup> Shower Posse representatives were present mostly along the Northeast corridor of the US, as well the United Kingdom and Canada,<sup>140</sup> and the gang is credited with supplying cocaine from Latin America to local Toronto gangs.<sup>141</sup>

The Shower Posse used its connections to branch into other criminal markets. As well as drug trafficking, the Shower Posse moved guns from the US to Jamaica.<sup>142</sup> In 1984, two barrels full of 21 firearms and 6,000 rounds of

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134 BBC, "[Profile: Christopher 'Dudus' Coke](#)," 1 September 2011.

135 Ioan Grillo, *Gangster Warlords: Drug Dollars, Killing Fields, and the New Politics of Latin America* (New York, 2016).

136 *United States v. Christopher Michael Coke* S15 07 Cr. 971 (Southern District of New York, 2012).

137 InSight Crime telephone interview, key stakeholder, 2 October 2019.

138 Maurice Rinfret, "Cocaine price, purity, and trafficking trends," *Substance Use & Misuse*, vol. 32 (1997), pp. 1799-1804.

139 Dan Christensen, "[Broward-based boss of Jamaica's brutal 'Shower Posse' gang dies](#)," *Sun Sentinel*, 9 October 2018; AP, "[US captures 120 in gang roundup](#)," *The New York Times*, 14 October 1988.

140 CTV News, "[Two alleged gang leaders among the arrested](#)," 5 May 2010.

141 Colin Freeze, "[Police connect Jamaican Shower Posse to Toronto gangs](#)," *The Globe and Mail*, 4 May 2010.

142 *United States v. Christopher Michael Coke* S15 07 Cr. 971 (Southern District of New York, 2012).

ammunition were found on Kingston's West Newport wharf and connected to the group. A dock worker was bribed to take off work that day, allowing for the delivery, the investigation showed. The ATF later traced the firearms to legal purchases at pawn shops in Ohio and Florida.<sup>143</sup> The Shower Posse also extorted local businesses and market vendors.<sup>144</sup> Robbery also provided a steady stream of earnings. Gang members would request permission from Coke before robbing a business or an individual. Proceeds from the robberies were delivered to leadership who would pay back a percentage.<sup>145</sup>

In 2009, the Shower Posse's alliance with the JLP faced its biggest test when the US indicted Coke and asked the ruling JLP government of Prime Minister Bruce Golding to capture and extradite him. Initially, there was resistance, both political and military. Golding's government hired a law firm to help lobby against the request, and the government tried to slow-walk the process in Jamaica, a congressional commission's report later showed.<sup>146</sup> But the US kept up the pressure, and in 2010, Jamaica launched a military assault on Tivoli to arrest Coke. One soldier and 73 civilians were killed in the action.<sup>147</sup> Coke was extradited to the US, pleaded guilty, and was sentenced to 23 years in prison.

Nonetheless, what's left of the Shower Posse remains a threat. While the extradition of Dudus initially gutted the organization—which lost much of its status in Kingston, its international sources, and its reach into the US distribution market—the organization has not completely dissolved. In 2018, a law enforcement source stated the Shower Posse was now known as the Tivoli/Young Generation Gang, while a number of other, fragmented and decentralized gangs also emerged in its wake.<sup>148</sup> Not coincidentally, the offshoot of the Shower Posse was being headed by Michael Coke Jr., the brother of Dudus Coke.<sup>149</sup> However, authorities said this faction does not have the political patronage, community links, or international connections the Shower Posse had under Dudus and described it as little more than a street gang.

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143 Gunst, Laurie, *Born Fi' Dead: A Journey Through the Jamaican Posse Underworld* (New York, 1995).

144 *United States v. Christopher Michael Coke* S15 07 Cr. 971 (Southern District of New York, 2012).

145 *Ibid.*

146 Steven Dudley, "[How Jamaica Tried to Stall 'Dudus' Coke Extradition](#)," *InSight Crime*, 1 September 2011.

147 Mattathias Schwartz, "[A Massacre in Jamaica](#)," *The New Yorker*, 4 December 2011.

148 Ioan Grillo, "[Jamaican Organized Crime After The Fall of Dudus Coke](#)," *CTC Sentinel*, vol. 7, no. 1 (2014).

149 *InSight Crime* telephone interview, key stakeholder, 2 October 2019.

In recent years, according to a senior Jamaican police investigator, the South American cocaine trade via Jamaica has increased again, though with little interaction with local gangs.<sup>150</sup> Other criminal structures appear to be working with TOC, and the era of garrison politics and organized crime seems to have at least temporarily passed, giving way to more entrepreneurial DTOs whose center of gravity is more firmly in the Dominican Republic and the gateway to the United States, Puerto Rico.

### ***Entrepreneurial Networks in the Caribbean***

The Caribbean has several entrepreneurial networks, most of whom are drug trafficking organizations. With the exception of what are often described as “Dominican” heroin and fentanyl networks operating from the northeastern United States, these networks are not major wholesalers or distributors in the US like their Mexican counterparts described in the Isthmus section of the report. Instead, their role is to facilitate or provide logistics, storage, or transport for larger criminal networks operating from Venezuela, Colombia, parts of Central America, and Mexico. They are mostly family-based networks and are relatively small, but they are dynamic and nimble, making political connections at the highest levels. In addition, the region’s banks continue to offer a plethora of money laundering opportunities, although our research did not focus on that part of the criminal market.<sup>151</sup>

As noted, there are several territories that serve as bridges for international drug trafficking, but none are as important as the Dominican Republic and Puerto Rico. The Caribbean nation with the biggest GDP, the Dominican Republic is the region’s criminal, as well as its economic, hub. It is politically stable but faces deep corruption and weak financial controls, creating a high risk for money laundering,<sup>152</sup> as well as other forms of TOC, especially the trafficking of cocaine and heroin. The heroin market has long been an important part of the Dominican networks’ criminal portfolios on the island and in the United States, although that is not apparent from the amount of

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150 InSight Crime telephone interview, senior law enforcement on organized crime, Jamaica, 16 March 2021.

151 The US State Department grant for this research was broken into three parts: corruption, money laundering, and criminal networks. The American University and InSight Crime consortium focused on criminal networks.

152 Bureau of International Narcotics and Law Enforcement Affairs, “[2020 International Narcotics Control Strategy Report-Volume II: Money Laundering and Financial Crimes](#),” United States State Department, 2 March 2020.

heroin being seized. In 2019, just 197 kilograms of the drug were seized on the island nation.<sup>153</sup> As a means of comparison, 2,518 kilograms of heroin were seized along the US-Mexico border during FY2019.<sup>154</sup>

In fact, most of the heroin connected to Dominican networks in the United States appears to bypass the island nation but is still controlled by Dominican diaspora networks in important consumption hubs like New York City. Dominican trafficking groups have controlled key distribution hubs in the city for decades. They have used these places as both epicenters of operation and launch pads to spread into New England where sales of heroin boomed in the 2000s following the epidemic of pharmaceutical opioid abuse that was spurred by the unchecked advertisement and prescribing of pain killers such as OxyContin.<sup>155</sup> This abuse led to an unprecedented surge in drug overdoses in the United States that continues to this day. In 2020, drug overdoses soared by 30 percent over 2019 levels with more than 93,000 dead, 75 percent of which were caused, at least in part, by opioids.<sup>156</sup>

These same US-based Dominican networks were well positioned to take advantage of the next phase of the opioid epidemic: the use of fentanyl. Fentanyl is a synthetic opioid, which is some 100 times stronger than processed heroin and is mostly administered via fake OxyContin, Percocet, and Vicodin tablets but also laced into more traditional drugs such as cocaine and methamphetamine.<sup>157</sup> It is a deadly substance, responsible for a large percentage of the overdose drug deaths in the US.<sup>158</sup> The Mexican networks that control most of its production and wholesale distribution in the United States are covered in the Isthmus section of this report,<sup>159</sup> but it is important to establish what role these US-based Dominican networks play in this distribution chain and what role the Dominican Republic plays.

After reviewing numerous judicial documents of fentanyl and heroin cases in New England and conducting interviews with law enforcement officials who worked in both New England and Mexico, it seems the US-based Dominican

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153 Dominican Republic National Drug Control Board, “[Estadísticas Generales 2019](#),” 19 March 2019.

154 Statistics obtained from United States Customs and Border Protection (CBP), “[Drug Seizure Statistics](#).”

155 For a thorough overview of this topic, see Sam Quinones, *Dreamland: The True Tale of America’s Opioid Epidemic* (New York, 2015).

156 National Center for Health Statistics, “[Provisional Drug Overdose Death Counts](#),” United States Center for Disease Control.

157 WVTM, “[DEA warns of fake Oxycodone, Adderall pills containing fentanyl, meth after spike in drug overdoses](#),” 21 May 2021.

158 Ibid.

159 See also: Steven Dudley, et al., “[Mexico’s Role in the Deadly Rise of Fentanyl](#),” InSight Crime and the Woodrow Wilson International Center for Scholars, February 2019.

networks are prime wholesale and distribution managers, but their direct connections to the island nation are scant.<sup>160</sup> In fact, while law enforcement noted that they had indications that operatives of the US-based Dominican networks had visited Mexico to arrange for bulk purchases of fentanyl from that country's largest purveyors,<sup>161</sup> there was no indication that any of this supply passed through the Dominican Republic or was arranged via the Dominican Republic.

What's more, as with the Mexican criminal networks, the distribution networks are wildly diverse and dispersed in the United States. One major distribution network detailed in an indictment in New England worked with several distributors, many of whom were addicts themselves,<sup>162</sup> a pattern law enforcement noted for the region as a whole.<sup>163</sup> These distribution networks had little knowledge of the network's upper echelons, court documents show.<sup>164</sup> Their point of contact was someone known to them only as "Brian," who would dispatch a wide array of runners to hand over the drugs; the buyers would purchase several dozen grams, which they would sell to others or provide in exchange for some drugs.<sup>165</sup>

The Dominican networks in the US also serve as important distributors for other drugs, most notably methamphetamine coming from Mexico. The methamphetamine market in the US is now competing with opioids for market dominance.<sup>166</sup> In part this is due to availability: The street price of methamphetamine is a third of what it was per pound just ten years ago, according to drug enforcement officers interviewed by InSight Crime.<sup>167</sup> And taking a page from the fentanyl trade, Mexican criminal groups seem to be fabricating fake Adderall pills laced with methamphetamine as a means of opening up the market for more methamphetamine use among casual users.<sup>168</sup>

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160 InSight Crime telephone interview, Drug Enforcement Administration agent, 19 April 2021.

161 InSight Crime telephone interview, Drug Enforcement Administration agent, 19 April 2021; InSight Crime telephone interview, Drug Enforcement Administration agent, 29 April 2021.

162 *United States of America v. Sergio Martinez*, 1:18-cr-00033-01-JL (District of New Hampshire, 2018).

163 InSight Crime telephone interview, Drug Enforcement Administration agent, 19 April 2021.

164 *United States of America v. Sergio Martinez*, 1:18-cr-00033-01-JL (District of New Hampshire, 2018).

165 *Ibid.*

166 Steven Dudley and Parker Asmann, "[The United States is Now Meth Country](#)," InSight Crime, 27 April 2021.

167 InSight Crime telephone interview, Drug Enforcement Administration agent, 2 April 2021.

168 InSight Crime telephone interview, Drug Enforcement Administration agent, 19 April 2021.

The Dominican Republic-based criminal networks are mostly active in the cocaine market. In 2020, more than 10 tons of cocaine were seized,<sup>169</sup> and the head of the national anti-drug police in the Dominican Republic told InSight Crime that up to 120 tons of cocaine flow through the country annually.<sup>170</sup> Much of this cocaine enters the US via Puerto Rico. Just 115 kilometers separates the two islands, and there is a daily ferry service between them. There are no solid estimates of the volume of cocaine entering the US via Puerto Rico, but in 2020, over 15 tons of cocaine were seized in Puerto Rico, double the 2019 seizures,<sup>171</sup> suggesting that trafficking is on the rise.

Homegrown criminal groups in Puerto Rico include some powerful gangs with ambitious names like the Organización de Narcotraficantes Unidos (ONU). Although they have state elements on their payroll, most of them appear to focus more on domestic drug sales.<sup>172</sup> There are, however, important exceptions, such as Israel Ruíz Cáceres, who imported cocaine from Colombia and trafficked it to the United States, and Ruíz Cáceres' one-time underlings, José David and Jorge Luis Figueroa Agosto, who established hubs in Puerto Rico and the Dominican Republic.<sup>173</sup>

For its part, the **Figueroa Agosto Network** entered the drug trade in the early 1990s. The brothers set up an entrepreneurial enterprise, moving drugs and engaging in corruption and money laundering. Their business was primarily cocaine, although they smuggled heroin as well.<sup>174</sup> While they started work under Ruiz Cáceres, they soon branched out on their own and quickly got in trouble for it. From 1995 to November 1999, José Figueroa Agosto was jailed in Puerto Rico for murder but released through bribery and a false release form.<sup>175</sup> Unable to get powerful government protection and immunity in Puerto Rico, he set himself up in the Dominican Republic. His brother, Jorge, meanwhile, continued to run their Puerto Rico operations.

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169 Dirección Nacional de Control de Drogas, “[Estadística General 2020](#),” 11 January 2021.

170 Mike LaSusa, “[Weekly InSight: The Dominican Republic, the Caribbean’s Cocaine Bridge](#),” InSight Crime, 28 April 2017.

171 El Nuevo Día, “[A blow to drug trafficking](#),” 20 October 2020.

172 United States v. Carlos Martorell Blondet 170-69 (United States District Court of Puerto Rico, 1971).

173 United States Department of Justice, “[Drug Trafficking Organization Operating In The San Juan Seaport Indicted For Conspiracy To Import Controlled Substances](#),” 25 October 2013; El Día, “[Mentor de Figueroa Agosto podría ser condenado a cadena perpetua](#),” 25 October 2013.

174 United States of America v. Figueroa Agosto, et al., 3:10-Cr-00435-PG (District of Puerto Rico, 2010).

175 United States v. Varestin, et al., 11-CR-00045 (District of Puerto Rico, 2016).

## Figueroa Agosto Network

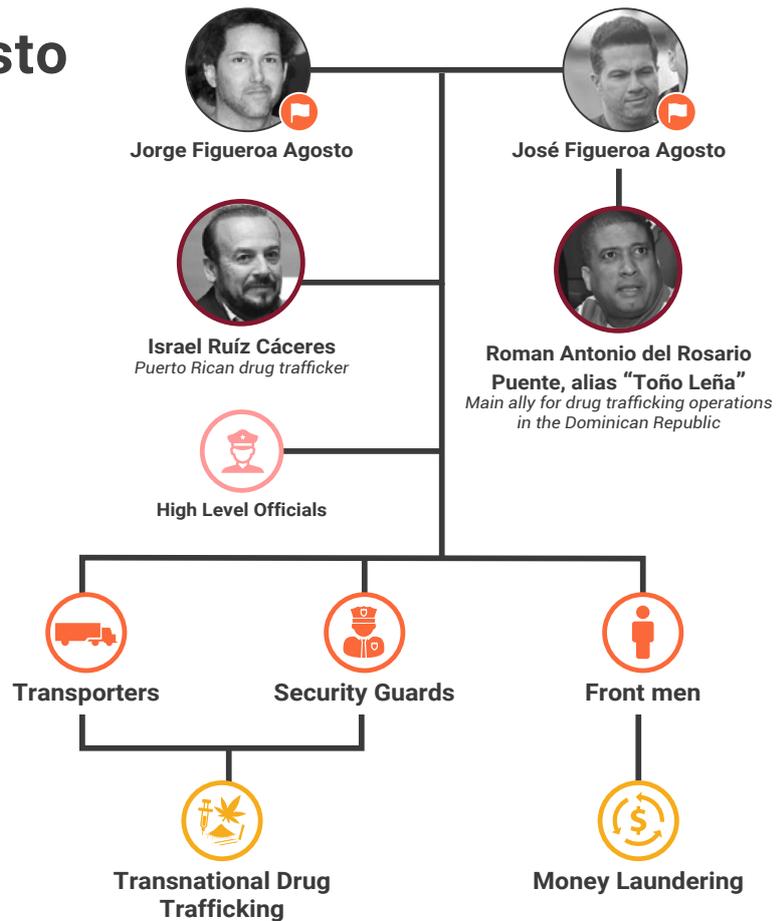
 Leadership

 Alliances

 Corrupt state elements

 Operators

 Criminal Economies



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Source: InSight Crime and American University

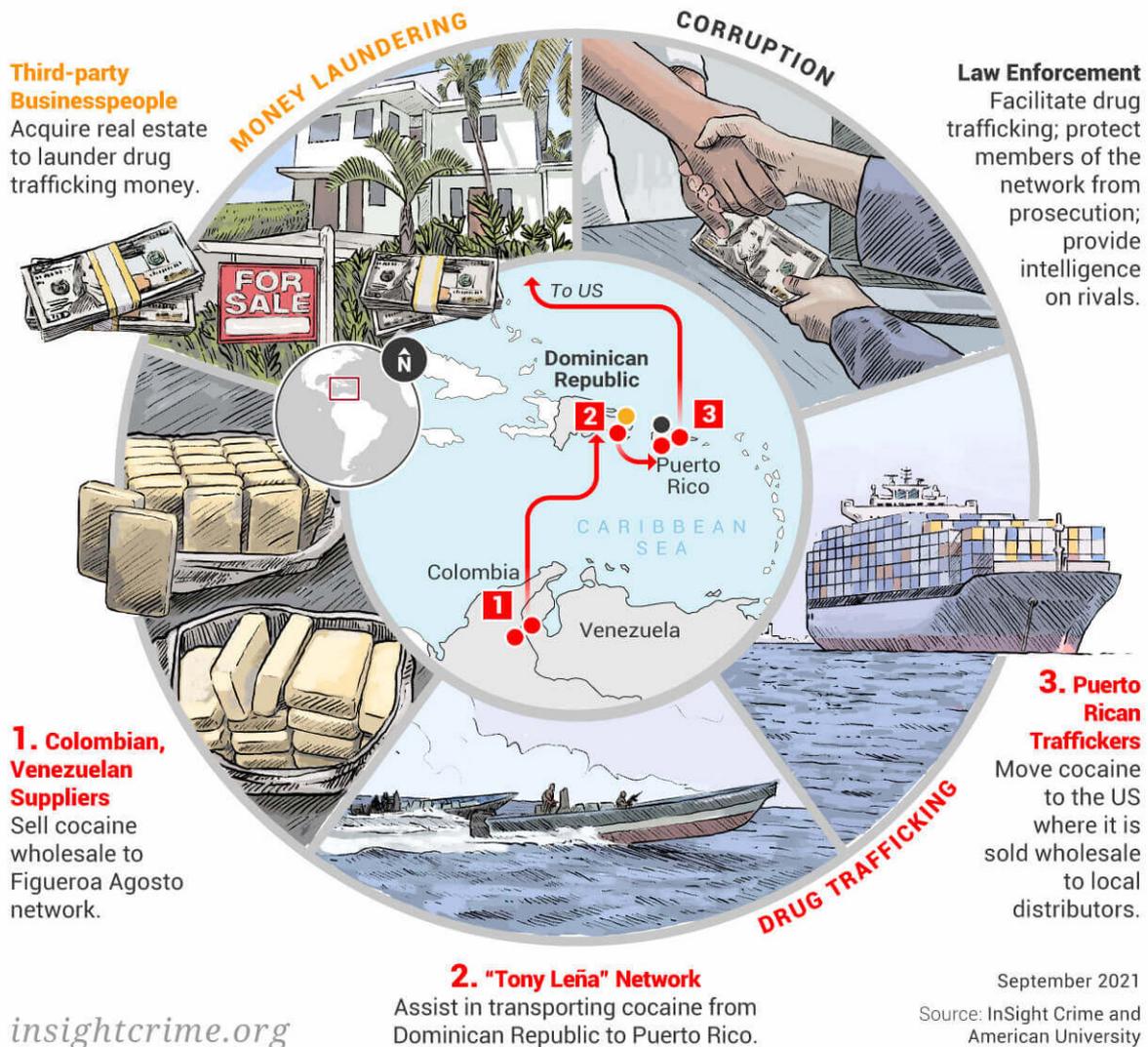
The core organization had a hierarchical structure, with José Figueroa Agosto at the top, and Jose Marrero Martell, Jorge Figueroa Agosto, and Eddy Brito Martínez working as his main lieutenants. Dozens more members worked as transporters, security guards, and fronts for money laundering operations.<sup>176</sup> Most members of the core organization appear to have been recruited through existing social or family relations, but the Figueroa Agosto Network also intersected regularly with other Caribbean DTOs. Figueroa's collaboration with three traffickers in Puerto Rico was so strong that the US Justice Department described José as the leader of a network of networks.<sup>177</sup> Meanwhile, in the Dominican Republic, the DTO relied on the network of Roman Antonio del Rosario Puente, alias "Toño Leña," who transported up to 80 percent of Figueroa Agosto's cocaine.<sup>178</sup>

<sup>176</sup> United States v. Figueroa Agosto, et al., 3:10-Cr-00435-PG (District of Puerto Rico, 2010).

<sup>177</sup> United States Department of Justice, "Four Individuals Found Guilty Of Drug Trafficking," 22 July 2016.

<sup>178</sup> Hector Urbáez, "Tentáculos del cártel," Listin Diario, 18 July 2010.

## Figuroa Agosto Criminal Economies and Networks in the Caribbean



The amounts were sizeable by any standards. By 1994, the DTO was handling cocaine shipments of between 600 and 800 kilos,<sup>179</sup> and with representatives in Puerto Rico, New York, the Dominican Republic, Venezuela, and Colombia,<sup>180</sup> it had established itself as a major logistical player in the trade. Cocaine was dropped along the Dominican Republic's east coast from small private planes coming from Colombia and Venezuela. There, the organization retrieved the

179 United States v. Figuroa Agosto, et al., 3:10-Cr-00435-PG (District of Puerto Rico, 2010).

180 Ibid.

drugs,<sup>181</sup> then motorboats transported them to Puerto Rico<sup>182</sup> and from there to the mainland United States. At the height of its power, from 2005 to 2008, this DTO was moving several such shipments each month, and smuggling operations between 2000 and 2008 added up to over seven tons of cocaine imported into Puerto Rico alone.<sup>183</sup> According to the 2010 indictment, the Figueroa Agosto Network earned at least \$100 million during this time period.<sup>184</sup>

Indeed, the early 2000s was perhaps the drug trafficking heyday of Hispaniola. In addition to what passed through the Dominican Republic, some 75 tons passed through Haiti annually.<sup>185</sup> On that part of the island, there were clear alliances between drug traffickers and government officials, reaching as high as the Haitian presidency. One of Haiti's top drug traffickers at the time, Beaudoin "Jacques" Ketant was sentenced to 27 years in a US prison after his June 2003 arrest. At his sentencing in Miami, Ketant told the court that President Aristide was "a drug lord" who "controlled the drug trade in Haiti,"<sup>186</sup> and that he paid Aristide up to \$500,000 per month to facilitate the transit of Colombian drugs through Haiti.

Similar interactions were occurring in the Dominican Republic. Drug trafficker Quirino Paulino claimed, for example, that he contributed to the successful campaign of President Hipólito Mejía, of the Dominican Revolutionary Party (Partido Revolucionario Dominicana – PRD), who governed from 2000 to 2004. He also allegedly funded the candidate of the Dominican Liberation Party (Partido de la Liberación Dominicana – PLD), Leonel Fernández, in the next election with as much as \$4.5 million. Fernández won the presidency and governed from 2004-2012.<sup>187</sup> César Peralta, another major drug trafficker who worked with Paulino, claimed he contributed to the 2012 electoral campaign of President Danilo Medina (2012-2020), also of the PLD.<sup>188</sup> And current President Luis Abinader of the Modern Revolutionary Party

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181 Hector Urbáez, "Tentáculos del cártel," *Listin Diario*, 18 July 2010.

182 Drug Enforcement Administration Caribbean Field Office, "Drug Importer 'Toño Leña' Indicted for Drug Trafficking as a Result of DEA Investigation," United States Department of Justice, 17 June 2010.

183 *United States v. Figueroa Agosto, et al.*, 3:10-Cr-00435-PG (District of Puerto Rico, 2010).

184 *Ibid.*

185 Lilian Bobea, "Los desafíos de la cooperación frente al narcotráfico en el Caribe," in Luis Guillermo Solís and Francisco Rojas Aravena (eds.) *Crimen organizado en América Latina y el Caribe* (Santiago de Chile, 2008).

186 Larry Lebowitz, "Drug dealer accuses Aristide," *The Miami Herald*, 26 February 2004.

187 James Bargent, "Dominican Narco Alleges Ex-President Took Drug Money," *InSight Crime*, 10 February 2015.

188 Jacqueline Alvarenga, "Narcotraficante 'El Abusador' Confiesa Haber Financiado La Campaña Del Presidente de R. Dominicana," *NotiBomba*, 2 July 2020.

(Partido Revolucionario Moderno – PRM) was seen using the helicopters of Micky López, the head of a criminal money laundering network, who is also linked to the drug trafficker Pablo Martínez. What’s more, while investigating Micky López, authorities found checks allegedly designated for Abinader’s campaign.<sup>189</sup>

Prominent members of the judicial branch and security forces also face regular accusations of connections to DTOs. In one of the more recent cases, two judges were fired in 2020 after receiving payments from a convicted drug trafficker.<sup>190</sup> But it is the police who face the steadiest barrage of accusations. In 2015, the head of Central Anti-narcotics Directorate (Dirección Central de Antinarcóticos – DICAN), Colonel Carlos Fernández, was accused of stealing a ton of cocaine<sup>191</sup> and was sentenced to 20 years in prison.<sup>192</sup> That same year, chief prosecutor Yeni Berenice said that police were helping criminals in 90 percent of organized crime cases, and that over a 10-month period in 2013-2014, 3,000 police officers were discharged for misconduct.<sup>193</sup> In 2020, the DICAN was disbanded.

For their part, the Figueroa Network also had high level officials on the payroll. Miguel Vargas Maldonado’s presidential campaign in 2008 was rumored to be bankrolled by José Figueroa Agosto.<sup>194</sup> According to a later US indictment against him, “José Figueroa Agosto and associates would make illegal payments to corrupt law enforcement authorities to further their enterprise and to avoid detection.”<sup>195</sup> Some of these connections came to light. In 2009, for example, the former Dominican National Police Colonel José Amado González was killed just days before he was to be questioned about his connections to the Figueroa Agosto Network.<sup>196</sup> González allegedly was on the

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189 InSight Crime telephone interview, Aura Luz García, prosecutor, 12 March 2021.

190 Diario Libre, “Destituyen a tres jueces, dos de ellos por haber pactado en caso de narco Winston Rizik,” 12 August 2020.

191 James Bargent, “Dominican Anti-Drug Chief Accused of Stealing Cocaine,” InSight Crime, 13 January 2015.

192 Hoy, “Ratifican condena a ex director DICAN y ex fiscales por 950 kilogramos de droga,” 2 March 2018.

193 Loren Riesenfeld, “Police Involved in 90% of Dominican Republic Organized Crime Cases,” InSight Crime, 20 March 2015.

194 Elyssa Pachico, “Dominican Presidential Candidate Took Bribes from Drug Lord,” InSight Crime, 7 January 2013.

195 United States v. Figueroa Agosto, et al., 3:10-Cr-00435-PG (District of Puerto Rico, 2010).

196 Lambert, “Gangland-Style Execution of Retired Police Lt. Colonel Linked to Fugitive Narcotrafficker Reinforces Perception of a Law Enforcement System Under the Influence of Drug Money,” United States Embassy in the Dominican Republic, 30 December 2009. Obtained via [WikiLeaks](#).

payroll of the organization and was reportedly murdered to ensure he could not testify.<sup>197</sup> After the murder, five people were arrested, including Colonel Sanchez Díaz, the Chief of Operations of the Dominican National Directorate for Drug Control (Dirección Nacional de Control de Drogas -DNCD), and Colonel Díaz Medina, head of DNCD at the La Romana international airport.<sup>198</sup>

By the late 2000s, the Figueroa Agosto DTO was in trouble. Their top-cover crumbling and US pressure mounting, authorities started to close in on the network, and one by one, the leaders of the Figueroa DTO and members of associated organizations were arrested. In December 2020, Dominican authorities claimed they had dismantled the network completely.<sup>199</sup> But other networks continued to operate, most notably those with ties to Venezuela's security forces, a subject covered earlier in this section, and Colombian criminal groups. Criminal networks operating from Colombia and Venezuela were also a major driver of other criminal networks in the Caribbean basin, most notably those operating in Guyana.

Although it has a 789-kilometer border with Venezuela and is technically part of South America, Guyana is more economically, politically, and culturally in tune with parts of the Caribbean. Since its independence from Great Britain in 1966, it has also been blessed (and, some might say, cursed) by the discoveries of significant oil and gas reserves. And it is prone to heated political disputes, the most recent of which followed the 2020 general elections. Added to this are street gangs who have strong, racial social-constituencies and are politically connected, mirroring their Haitian and Jamaican counterparts.

By the early 2000s, Guyana had evolved from just a hub for illegal gold and contraband and had become a major steppingstone for illegal drugs coming from Colombia and Venezuela. The man running much of these drugs was **Shaheed “Roger” Khan**. Khan's criminal enterprise was based in Georgetown, and it was mainly dedicated to smuggling cocaine from Colombia and Guyana to New York<sup>200</sup> and parts of Europe.<sup>201</sup> To achieve this he created a loose but disciplined network in Guyana and abroad. According

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197 United States Department of Justice, “[United States v Carlos Raymundi Hernandez et al. - Appeal from the United States District Court for the District of Puerto Rico](#),” 9 December 2020.

198 Lambert, “Gangland-Style Execution of Retired Police Lt. Colonel Linked to Fugitive Narcotrafficker Reinforces Perception of a Law Enforcement System Under the Influence of Drug Money,” United States Embassy in the Dominican Republic, 30 December 2009. Obtained via [WikiLeaks](#).

199 Diario Libre, “[DNCD says it trapped last big capo of Agosto network](#),” 22 December 2010.

200 United States v. Simels, et al., 08-CR-640 (Eastern District of New York, 2009).

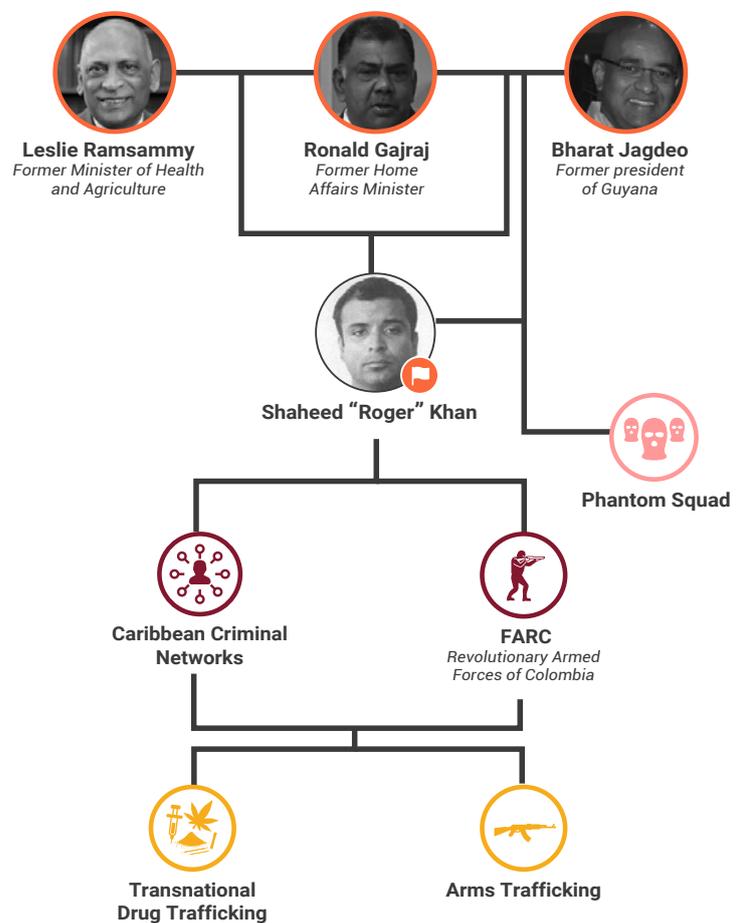
201 Ibid.

to the former DEA agent Gary Tuggle, who worked in Guyana between 2004 and 2007, the network had about 200 people,<sup>202</sup> but the structure was vertical, with Khan at the top.

Below him, the network was split into various wings that intersected with other criminal organizations. One wing focused on trafficking drugs. Khan would move drugs via different methods, including go-fast boats and cargo ships. According to Tuggle, Khan also worked with networks throughout the Caribbean.<sup>203</sup> By 2000, the UNODC estimated the quantity of cocaine transiting Guyana was 20-25 tons annually.<sup>204</sup> It is likely that much of this passed through Khan’s network.<sup>205</sup>

## Shaheed “Roger” Khan Network

-  Leadership
-  Political Patronage
-  Armed Wing
-  Alliances
-  Criminal Economies



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Source: InSight Crime and American University

202 InSight Crime telephone interview, Gary Tuggle, former Drug Enforcement Administration agent, 7 July 2021.

203 Ibid.

204 United Nations Office on Drugs and Crime (UNODC), “Illicit Drug Markets in the Caribbean,” 2000.

205 Summer Walker, “Getting Smart and Scaling Up : The Impact of Organized Crime on Governance in Developing Countries,” Center on International Cooperation, June 2013.

Another Khan wing was focused on enforcement. For that, Khan created the Phantom Squad,<sup>206</sup> a kind of paramilitary group, some of whom were ex-police. The Phantom Squad “would murder, threaten, and intimidate others at Khan’s direction,” a later US indictment of Khan would read. “Khan’s enforcers committed violent acts and murders that were directly for the furtherance of Khan’s drug trafficking conspiracy.”<sup>207</sup>

Despite its violence, the squad enjoyed impunity.<sup>208</sup> In fact, Khan’s criminal network included top-level political protection in Guyana. Khan was linked to government of the People’s Progressive Party under its President Bharat Jagdeo (1999–2011), the Minister of Home Affairs Ronald Gajraj, and the Minister of Health Dr Leslie Ramsammy, who later became the minister of agriculture.

Gajraj was in direct contact with the Phantom Squad, according to some of the Khan network’s members.<sup>209</sup> The government, via Minister Ramsammy,<sup>210</sup> allegedly supplied the Phantom Squad with high tech equipment capable of intercepting and tracing telephone calls made from landlines and mobile phones.<sup>211</sup> “If Guyana is a narco-state,” the same US diplomatic cable stated, “then Khan is its leader.”<sup>212</sup>

By 2004, Khan’s contacts with the government were an open secret and not all of his partners were pleased. According to the US diplomatic cable, his Colombian suppliers warned him “to get out of the spotlight.”<sup>213</sup> Instead, Khan leaned in, expanding his criminal as well as his public relations efforts. In December 2005, for instance, Tuggle said Khan brokered a guns-for-cocaine deal with the FARC guerrillas in Colombia.<sup>214</sup> And in a series of paid advertisements in the media, he took partial credit for lowering Guyana’s homicide rate, saying he’d worked with both Guyanese and US officials to do so.<sup>215</sup>

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206 United States v. Simels et al. 08-CR-640 (Eastern District of New York, 2009).

207 Ibid.

208 Stabroek News, “[Khan Admits Conspiracy to Traffic 150 Kilos of Cocaine](#),” 18 March 2009.

209 Tristram Korten, “[Where Phantom’s Live](#),” Maclean’s, 24 November 2008.

210 Williams, “Blaze at Ministry of Health Is Out, but New Allegations Keep Fires Burning,” Chargé d’Affairs, United States Embassy in Guyana, 31 July 2009. Obtained via [WikiLeaks](#).

211 Stabroek News, “[Khan Admits Conspiracy to Traffic 150 Kilos of Cocaine](#),” 18 March 2009.

212 Roland W. Bullen, “Shaheed ‘Roger’ Khan: Guyana’s Own Escobar?” Ambassador Extraordinary and Plenipotentiary, United States Embassy in Suriname, 1 February 2006. Obtained via [WikiLeaks](#).

213 Ibid.

214 Ibid.

215 Stabroek News, “[Khan Admits Conspiracy to Traffic 150 Kilos of Cocaine](#),” 18 March 2009.

Later Khan would claim the opposition party and the army were trying to assassinate him, which led him to flee to Suriname where he was arrested in June 2006. Soon after, he was extradited to the United States, convicted of conspiracy to import cocaine, obstructing justice, and illicit weapon possession.<sup>216</sup> During his case in the Eastern District of New York, Khan's lawyer, Robert Simels, was accused of witness tampering. Khan was allegedly willing to kill innocent persons if they were willing to testify against him.<sup>217</sup> Simels was later sentenced to 14 years in prison.<sup>218</sup>

Khan was released in 2019 and deported back to Guyana, and since Khan's return to Guyana, the country has been linked to a number of large cocaine seizures, including 11.5 tons seized in Belgium in November 2020. The return to power of the People's Progressive Party might give Khan some political access once more, but there is no sign of the kind of influence he once wielded, and it is unclear whether he is involved in criminal activity. In March 2021, he claimed he had been the target when a gold trader named Ricardo Fagundes was killed by gunmen. "This was not an attack on Ricardo," Khan said. "He died in my place...Every single one of those bullets was meant for me."<sup>219</sup>

## **Criminal Networks in the Isthmus**

Our Isthmus connects Colombia with North America and is the most important criminal market in the hemisphere for the production and transport of illicit drugs. The result is a constant glut of interchangeable and powerful non-state, criminal actors and networks who employ a wide range of strategies – from direct confrontation with the state to deep-seated accommodation with powerful elites – to control the production and transport of these drugs. The competition helps to consistently make the region one of the most violent, politically volatile parts in the world where criminal networks play an outsized role in governance and economic development while undermining democracy and distorting the economic playing field.

The region's long history of contraband and civil conflict laid the foundation for these illicit networks. Many began by facilitating contraband of all types, including migrants. They regularly crossed porous borders along well-established contraband routes or developed the connections and wherewithal

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216 United States v. Khan, 1:06-cr-00255 (Southern District of New York, 2009).

217 Ibid.

218 Kareem Fahim, "Lawyer Sentenced for Witness Tampering," The New York Times, 4 December 2009.

219 Denis Charbol, "Roger Khan Says 'Bullets Were Meant for Me'; Police Deny Fagundes Killing Probe Compromised," Demerara Waves Online News, 29 March 2021.

to subvert official checkpoints. Some of them were family clans. Some were former insurgents or were connected to right-wing vigilante groups. Some were authorities – police, military or politicians. All of them amassed infrastructure and capital which made them agile market players. And they developed sophisticated and sometimes massive armed wings to protect their interests, often during times of civil conflict.

The region's illicit market mostly emerged to reach consumers in the United States, but in doing so, these criminal networks have developed vibrant internal markets as well. The production of coca, marijuana and poppy in this region is among the highest in the world. In 2019, 87 percent of cocaine seized in the United States and 68 percent of cocaine seized in Europe came from Colombia.<sup>220</sup> Other countries in the region, such as Honduras and Guatemala, may also be entering the coca production market. Honduras already processes coca into cocaine.

The region imports large amounts of precursor chemicals to help process coca and poppy into cocaine and heroin respectively, as well as develop synthetic drugs such as methamphetamine and fentanyl. These synthetic drugs have eclipsed the organic drug market in places like the United States. The precursor industry connects the Isthmus to Asian criminal networks, mostly in China and India, but the region's criminal networks are also increasingly developing or sourcing their materials closer to home.

The drug industry is not as dominant as it once was. In recent years, the region has seen a boom in illegal gold mining, especially in Colombia. Proceeds from gold mining in Colombia are now thought to rival drug trafficking. Extortion is also a perennial earner. From Colombia through Mexico, criminal organizations collect regular payments from street vendors, shopfronts, bus companies, transport companies, and many other large and small businesses.

Save for the region's powerful street gangs, which have their own internal dynamic that does not heed market forces, the region's most resilient criminal networks reflect these illicit markets. They organize around production areas for organic drugs and gold, entry points for precursor chemicals and transit corridors to move all of them. They develop armed wings, which secure large arsenals to beat back rivals and the state alike. They foster political connections, fund campaigns and systematically infiltrate government institutions. They establish sophisticated money laundering services, create offshore bank accounts, and employ entire law firms and financial service companies. Sometimes they use their own organization to do these jobs. Most of the time, they contract third parties.

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<sup>220</sup> United Nations Office on Drugs and Crime (UNODC), "World Drug Report: 2021 – Drug Market Trends: Cocaine, Amphetamine-type Stimulants," June 2021.

# Criminal Networks in the Isthmus



## JALISCO CARTEL NEW GENERATION (CJNG)

The CJNG traffics methamphetamine, cocaine, heroin, and fentanyl, mostly to the United States. The organization is characterized by its overt use of violence, and a slightly more vertical structure than the Sinaloa Cartel.



## ILLEGAL CLANDESTINE SECURITY APPARATUSES (CIACS)

The CIACS are criminal structures encrusted in the Guatemala state involved in corruption schemes, contraband, drug trafficking, embezzlement, and extortion.



## MS13

The MS13 is a street gang born in the US but now operational throughout the hemisphere. It relies mostly on extortion and drug peddling for revenue and is known for its extreme violence and a disperse and disorganized network.



## URABEÑOS

The Urabeños are a mixture of ex-paramilitary and former guerrillas in Colombia who are involved in a wide variety of criminal activities, most notably drug trafficking and illegal mining.



## SINALOA CARTEL

The Sinaloa Cartel specializes in trafficking heroin, methamphetamine, fentanyl, and cocaine. Its connections to some of the highest levels of government, as well as its corporate-like structure, have made it one of the most durable on the planet.



## URBINA SOTO CLAN

Using a political power base in Yoro, Honduras, the Urbina Soto family created a criminal organization involved in cocaine trafficking, land theft, cattle rustling, illegal logging, and corruption schemes.

Guatemala

Honduras

El Salvador

CARIBBEAN SEA

PACIFIC OCEAN

Venezuela

Colombia



## EX FARC MAFIA

The Ex FARC Mafia are former rebel soldiers. Two large, dissident structures have grouped together most of the former fighters and have extended their influence to drug trafficking and illegal mining in Colombia and Venezuela.



## ELN

The ELN, Colombia's last remaining insurgency, operates in Colombia and Venezuela and is involved in drug trafficking, kidnapping, contraband, and other criminal activities.

[insightcrime.org](http://insightcrime.org)

September 2021

Source: InSight Crime and American University

## ***State-embedded Criminal Networks in the Isthmus***

The region's state-embedded criminal networks include national and local politicians, as well as current and former military and police. They are involved in a host of criminal activities from criminal logistics to contraband to drug trafficking. Under most circumstances, the most noteworthy of them are clan-based networks that have forged political power bases to complement their criminal fiefdoms or used their political power to branch into criminal activities, the preponderance of whom operate in Central America. In contrast to Mexico's and Colombia's top criminal organizations, these Central American networks are not, for the most part, producing illicit drugs. They are facilitators along the distribution chain providing transport and storage, something along the lines of UPS or FedEx. Their relative strength, given the small economies in which they operate, gives them outsized economic, political, and social influence, which they use to create virtual fiefdoms that encompass various municipalities and can reach to the top of the political spectrum.

There are numerous examples of these organizations but perhaps none better than the **Urbina Soto Clan** in Yoro, a largely rural state in northern Honduras. Carlos Fernando, Miguel Angel, and Mario Urbina Soto (who was killed in 2017)<sup>221</sup> led the criminal operations, which combined cattle rustling, land theft, timber trafficking, drug trafficking and drug peddling.<sup>222</sup> The land theft and timber trafficking were chronicled in local indictments against the family, which also sold drugs in the capital city that goes by the same name as the state.<sup>223</sup> The drug trafficking was detailed first by Honduran authorities and later by the United States Justice Department in an indictment unsealed in 2018.<sup>224</sup>

The political wing of the organization was led by their siblings, Arnaldo and Diana. Their father had been mayor of Yoro until his assassination in 1992, and the two positioned themselves in Honduras' ruling National Party. Arnaldo won the mayor's office in 2009. Arnaldo also established a firm hold on the National Party in the state becoming its de facto leader. He eventually raised funds and managed the local campaign for the then-presidential candidate, Juan Orlando Hernández, in 2013, while he campaigned for a second term as

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221 Proceso Digital, "[Asesinan a tres hombres en Yoro, entre ellos a hermano de exalcalde Urbina Soto,](#)" 10 December 2017.

222 Steven Dudley and Felipe Puerta, "[A Honduras Political Clan and Its Criminal Fiefdom,](#)" InSight Crime, 19 October 2017.

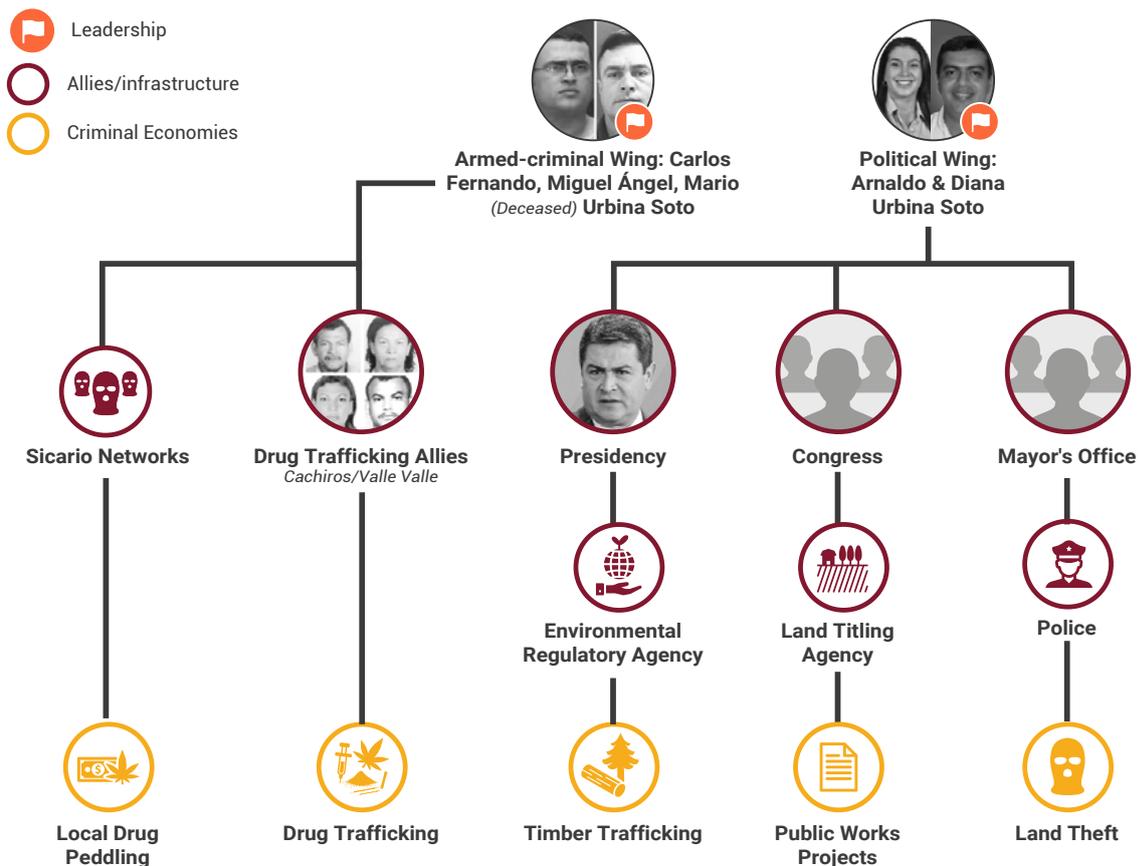
223 Honduras case number: TS/JN-18-39-2016.

224 United States of America v. Arnaldo Urbina Soto, et al. 1:18-cr-00497 (Southern District of New York, 2018).

Yoro mayor, and Diana ran for congress.<sup>225</sup> All three won their elections.

The group worked with other prominent criminal clans, namely the Rivera Maradiaga family in Colón – aka, the Cachiros – and the Valle Valle family in Copán. Those two groups were working with the Sinaloa Cartel, according to the US indictment and local law enforcement consulted by InSight Crime.<sup>226</sup>

## Urbina Soto Clan *insightcrime.org*



September 2021

Source: InSight Crime and American University

Both of those groups also had strong political connections, which they used to further their trafficking operations. The Urbina Soto Clan's role was to facilitate the movement of cocaine through Yoro and beyond. For this, they stole land, cleared the area of its forest (which they sold) with machinery provided by the mayor's office and created clandestine landing strips.<sup>227</sup> They, like the other networks, had their own enforcement. Carlos Fernando

<sup>225</sup> Steven Dudley and Felipe Puerta, "A Honduras Political Clan and Its Criminal Fiefdom," InSight Crime, 19 October 2017.

<sup>226</sup> United States of America v. Arnaldo Urbina Soto, et al. 1:18-cr-00497 (Southern District of New York, 2018).

<sup>227</sup> Honduras case number: TS/JN-18-39-2016.

allegedly dragged a man through the Yoro streets behind his car; before his murder, Mario was known as “soldier.”<sup>228</sup>

The family also used its political contacts. Through Arnaldo in City Hall, it exerted influence over police operations in the area. It had a strong say in who managed the local office of the national environmental regulatory agency. It also managed the land-titling agency, which asked few questions about land usurped from locals who had denounced the theft to local authorities. And it could manage public works contracts for the area, an oft-used means of laundering illicit proceeds in the region and one family members used even after their arrests.<sup>229</sup>

The various Honduran clans transporting drugs regularly interacted with politicians and officials at the highest levels. While the Urbina Soto family had their own representative in Diana Urbina Soto, others used proxies such as Juan Antonio “Tony” Hernández, a substitute congressman and brother of President Juan Orlando Hernández,<sup>230</sup> or Midence Oquelí Martínez Turcios, who was one of the congressional proxies for the Cachiros.<sup>231</sup> These trafficking groups also worked with several police chiefs and at least two ministers of security over the last 15 years. These government representatives were more facilitators than operators, although US prosecutors did note that some of the cocaine sent by one clan-based group bore the initials “TH,” which they supposed was a reference to Tony Hernández.<sup>232</sup> Hernandez was sentenced to life in prison in March 2021.<sup>233</sup>

These clans laundered their illicit proceeds through their own and associate political networks. While the Urbina Soto family used their own brother, who was eventually convicted of money laundering in Honduras,<sup>234</sup> other

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228 Steven Dudley and Felipe Puerta, “[A Honduras Political Clan and Its Criminal Fiefdom](#),” InSight Crime, 19 October 2017.

229 Ibid.

230 United States of America v. Juan Antonio Hernández Alvarado, 1-15-CR-00379-PKC (Southern District of New York, 2015).

231 United States of America v. Midence Oquelí Martínez Turcios, 1:18-cr-00499 (Southern District of New York, 2018).

232 Taken from “The Government’s Motions in limine,” filed 2 August 2019 in United States of America v. Juan Antonio Hernández Alvarado, 1-15-CR-00379-PKC (Southern District of New York, 2015).

233 United States Department of Justice, “[Former Honduran Congressman Tony Hernández Sentenced To Life In Prison And Ordered To Forfeit \\$138.5 Million For Distributing 185 Tons Of Cocaine And Related Firearms And False Statements Offenses](#),” 30 March 2021.

234 Honduras Judicial Court, “[La Sala I del Tribunal Nacional condenó al ex alcalde de Yoro Arnaldo Urbina a 16 años reclusión por lavado de activos](#),” 4 December 2020.

networks used an array of current and former politicians to connect them to budding and long-time businesses. Many of these overlapped with public works, adding to the already symbiotic relationship which has characterized these networks.

This interaction between criminal operations, politicians and the principal agencies of the government is a critical yet underappreciated part of underworld business. In fact, entire criminal organizations have been created to facilitate these interactions and provide these services. The origins of these criminal groups are not clans but rather cloisters of officers and functionaries from the army, police, customs authorities, regulatory services, and others. We call them bureaucratic elites since they are not elected but their influence over the inner workings of governance makes them extremely valuable to criminal operations.

The most prominent bureaucratic criminal elites in Central America are the Illegal Clandestine Security Apparatuses (Cuerpos Ilegales y Aparatos Clandestinos de Seguridad – CIACS) in Guatemala.<sup>235</sup> The CIACS emerged from remnants of the country's powerful military. The military had established a stranglehold over key parts of the government during Guatemala's four-decade long civil war – including the finance ministry – but it was significantly reduced in size following the 1996 peace accord and faced judicial challenges from human rights groups seeking to prosecute current and former officials for war crimes.<sup>236</sup>

Enter the CIACS – powerful blocs led by former military officials with deep understanding and contacts in government including logistics specialists, intelligence operators, weapons experts, and others with a serviceable knowledge-base and relevant transferable experience. The CIACS were not a single group but various groups, some of whom took on mythical names: La Cofradía (The Brotherhood) and El Sindicato (The Union) were two of the most infamous.<sup>237</sup>

The leaders of these factions were bound by *tandas* – their graduating class from officer training school – as well as their paths of service, most notably those who had gone through the military's vaunted intelligence divisions

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235 The origins of the term CIACS are from discussions carried out at the end of the civil war during the peace negotiations between the guerrillas and the government. The first reference to them is made in a 1993 human rights declaration by the government, affirming its commitment to the process and then again in the peace accords themselves, signed in 1996. See: "Acuerdos de Paz Firmados por el Gobierno de la República de Guatemala y Unidad Revolucionaria Nacional Guatemalteca (URNG)," published by the Universidad Rafael Landívar.

236 Susan C. Peacock and Adriana Beltrán, "Hidden Powers in Post-conflict Guatemala," Washington Office on Latin America (WOLA), 2003.

237 Ibid.

or worked with the presidential intelligence service, which went by various names over the years but maintained its power and reach throughout.<sup>238</sup> The nuclei of these groups were tightly knit and closed to outsiders, resembling a secret society such as the masons, but they were also dynamic, willing to align themselves with outside groups to execute criminal schemes, maintain or gain more political power, and shield themselves from judicial and public scrutiny.<sup>239</sup>

These groups specialized in controlling specific parts of the government, engineering psychological operations, providing logistical or military support, and obtaining intelligence and counter-intelligence. La Cofradía, for instance, infiltrated the finance ministry, the customs and border agency, and several ports. In this way, it could set up kickback schemes for legal goods entering the country and “tolls” for illicit goods entering and exiting the country.<sup>240</sup> Their networks extended beyond their small circles, of course, and often included politicians, regulators, lawyers, and unions alike. To be sure, by the early 2000s, the CIACS had evolved into political-military-criminal apparatuses.<sup>241</sup> At first, this was evident in their ability to continue to influence the presidency and its corruption schemes at the very highest levels.<sup>242</sup>

However, their power grew from there, reaching its apex in 2011 when one member of El Sindicato, Otto Pérez Molina, won the presidency. Pérez Molina amped up the extortion of the businesses via the customs agency, a

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238 Harald Waxenecker, et al., [“Impunidad y Redes ilícitas: Un análisis de su evolución en Guatemala,”](#) Fundación Myrna Mack, August 2019.

239 The creation of the International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG) is centered on dismantling the CIACS. In the agreement between the UN and the Guatemalan government for the creation of the CICIG, it says the CIACS: “i) commit illegal acts in order to affect the full enjoyment and exercise of civil and political rights and ii) are linked directly or indirectly to agents of the State or have the capacity to generate impunity for their illegal actions.” See: United Nations and the Guatemala government, [“Agreement between the United Nations and the State of Guatemala on the establishment of an International Commission Against Impunity in Guatemala \(‘CICIG’\),”](#) 12 December 2006.

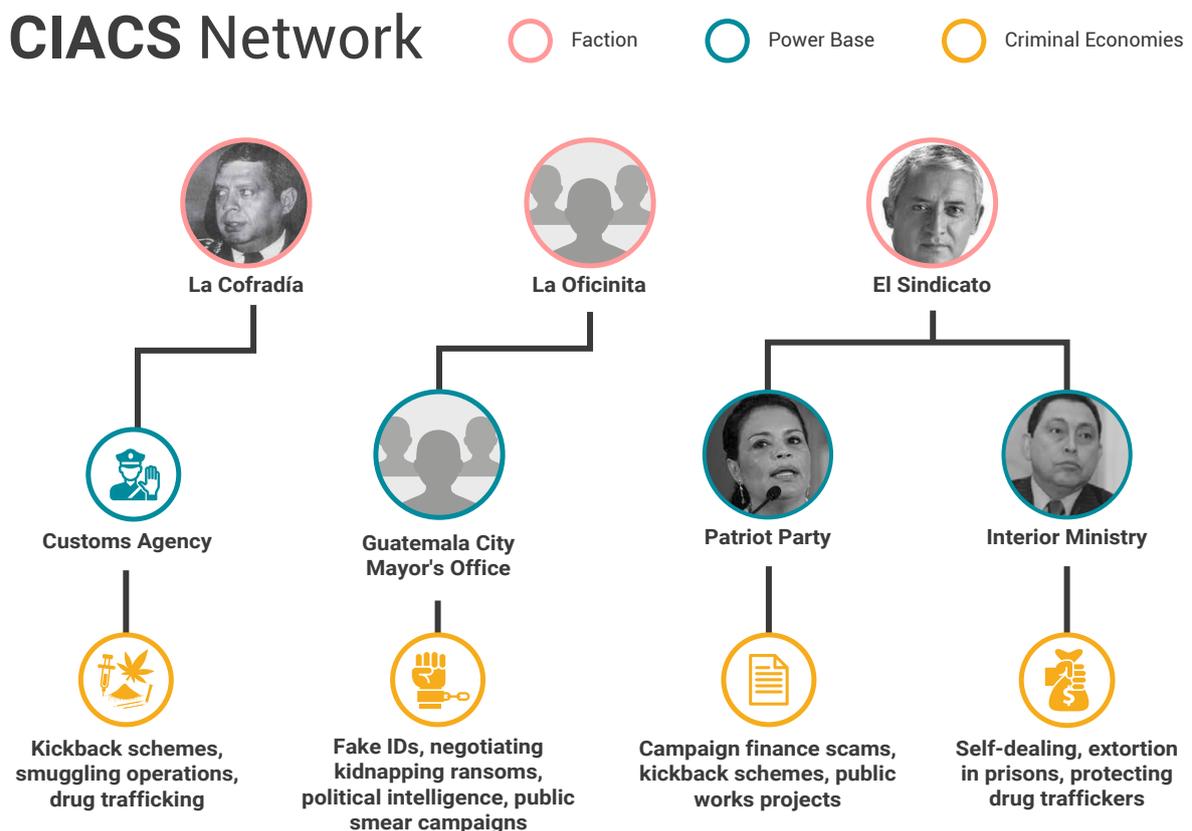
240 Bill Barreto, [“De Moreno a La Línea: la huella militar en la defraudación aduanera,”](#) Plaza Pública, 22 August 2015.

241 International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG), [“Guatemala: Un Estado Capturado,”](#) August 2019; see also: Harald Waxenecker, et al., [“Impunidad y Redes ilícitas: Un análisis de su evolución en Guatemala,”](#) Fundación Myrna Mack, August 2019.

242 A scheme to defraud the country’s Social Security Institute (Instituto Guatemalteco de Seguridad Social – IGSS) in the early 2000s was administered by a retired general and alleged leader of La Cofradía. See: Harald Waxenecker, et al., [“Impunidad y Redes ilícitas: Un análisis de su evolución en Guatemala,”](#) Fundación Myrna Mack, August 2019.

longtime CIACS bastion. This criminal scheme, later dubbed by prosecutors La Línea, led to his ouster and arrest in 2015. The trial is ongoing.<sup>243</sup> Pérez Molina also divvied up the state to his cronies, former military colleagues, and his political allies, who siphoned from the coffers or got kickbacks, then contributed directly to him and his vice president.<sup>244</sup>

Despite Pérez Molina’s removal from the presidency, the CIACS remained encrusted in the political system, backing the meteoric rise of Jimmy Morales to the presidency in 2015; providing former president-turned mayor of Guatemala City, Alvaro Arzú, with a sophisticated intelligence and camera system in the city, which Arzú used to squeeze rivals caught in compromising situations;<sup>245</sup> plotting coup d’etats, facilitating criminal organizations with fake IDs, and negotiating kidnap and ransom cases out of an office behind a boutique clothing shop,<sup>246</sup> something referred to as La Oficinita.



243. International Commission Against Impunity in Guatemala (Comisión Internacional Contra la Impunidad en Guatemala – CICIG), “Guatemala: Un Estado Capturado,” August 2019, <https://www.cicig.org>. Source: InSight Crime and American University.  
 244. Ibid.

245. Harald Waxenecker, et al., “Impunidad y Redes ilícitas: Un análisis de su evolución en Guatemala,” Fundación Myrna Mack, August 2019.

246. Sebastián Escalón, “Luis Mendizábal y la boutique de las conspiraciones,” Plaza Pública, 24 May 2015. See also: Steven Dudley, “Guatemala Elites and Organized Crime: the CICIG,” InSight Crime, 1 September 2016.

The perversity of these networks has few bounds and continues to evolve. When a former army captain closely connected to the CIACS was jailed for participating in the murder of a Bishop for his human rights work, the captain used these networks to create numerous criminal schemes from prison.<sup>247</sup> These included extorting high-end drug traffickers who were imprisoned, arranging transfers of prisoners between penitentiaries for a price, controlling high-cost contraband such as liquor inside the jails, and stealing drug loads outside of prison. For at least the extortion and the transfer schemes, he worked closely with another military officer who had become interior minister. Together, they had appointed allies to run key parts of the penitentiary system, some of whom had graduated officer-training school with the former captain in the so-called “Class 108,” which itself had converted into a CIACS of sorts.

The ex-military-officer-turned-interior-minister, Mauricio López Bonilla, who was appointed by then-President Pérez Molina, had a number of other criminal schemes of his own inside the interior ministry,<sup>248</sup> which has the second largest budget in the government. There he outsourced to third parties who paid him kickbacks on everything from toilet paper to motorcycles to security cameras. He also sold state-protection services to known drug traffickers and collected bribes to allow safe passage of drugs. At the same time, he won favor with the US government by actively purging the police and restocking it with fresh recruits, while simultaneously cracking down on street gangs, a major source of violence in the country. He has since been indicted on corruption charges in Guatemala and on drug trafficking charges in the United States.<sup>249</sup> His cases are ongoing.

The minister was smart to use the street gangs as a means of distracting US authorities from his criminal activities. It is those street gangs that garner the most attention and thus government resources. Their networks are sprawled across a half-dozen countries in the hemisphere. And while they are the cause of severe disruption due to extortion and violence, and their political connections appear to be increasingly high-level in places such as El Salvador, their criminal earnings are far below that of their Central American counterparts. Their power come more from their shared, social bonds than their beefy bank accounts, and it is to these social-constituency groups that we turn now.

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247 Juan José Martínez d’Aubuisson and Steven Dudley, “Reign of the Kaibil: Guatemala’s Prisons Under Byron Lima,” *InSight Crime*, 26 January 2017. See also: Harald Waxenecker, et al., “Impunidad y Redes ilícitas: Un análisis de su evolución en Guatemala,” Fundación Myrna Mack, August 2019.

248 Steven Dudley, “Guatemala’s Mafia State and the Case of Mauricio López Bonilla,” *InSight Crime*, 15 December 2016.

249 United States of America v. Héctor Mauricio López Bonilla, 1:17-cr-00037 (District of Columbia, 2017).

## ***Social-constituency Criminal Networks in the Isthmus***

Criminal networks in the isthmus have a wide variety of origins, but many of them come from social-constituencies that have a shared sense of suffering and coalesce around efforts to express political grievances, fill critical voids of security and governance, and provide means of social ascendance. The most notable of these operate in Colombia. They include leftist guerrilla groups, former insurgents, and paramilitary organizations.

However, other groups have also organically formed around this sense of collective suffering, shared identity, and profound vulnerability, but do not include as clear a political articulation of these grievances. They have formed “street gangs,” a broad-sweeping category that includes tiny cells that occupy a single city block as well as transnational operations that cover multiple countries.

The group that best typifies the latter – and thus represents a transnational criminal network in the region – is the Mara Salvatrucha 13 (**MS13**). The MS13 was born of mostly Salvadoran refugees in Los Angeles where, after originally uniting around their shared love of heavy metal music, they began taking on the form of a more, predatory street gang.<sup>250</sup> The MS13 has since grown into a force that includes as many as 300 cells, or cliques as they call them, and anywhere between 50,000 and 70,000 members that span across at least a half-dozen nations.<sup>251</sup>

While the gang was born on the streets of Los Angeles, its spiritual headquarters and epi-center of operations for its most important leaders is El Salvador. There, the gang’s so-called Ranfla Histórica (Historic Leadership) runs the MS13 from the prisons.<sup>252</sup> In Los Angeles, this is referred to as La Mesa (The Board); in Guatemala, it is the Rueda (Wheel) or the Consejo de los Nueve (The Council of Nine); in Honduras, it does not appear to have a name. But the gang is not vertically integrated. In fact, most of its members are loyal first to their cliques and, more specifically, to the clique leader who

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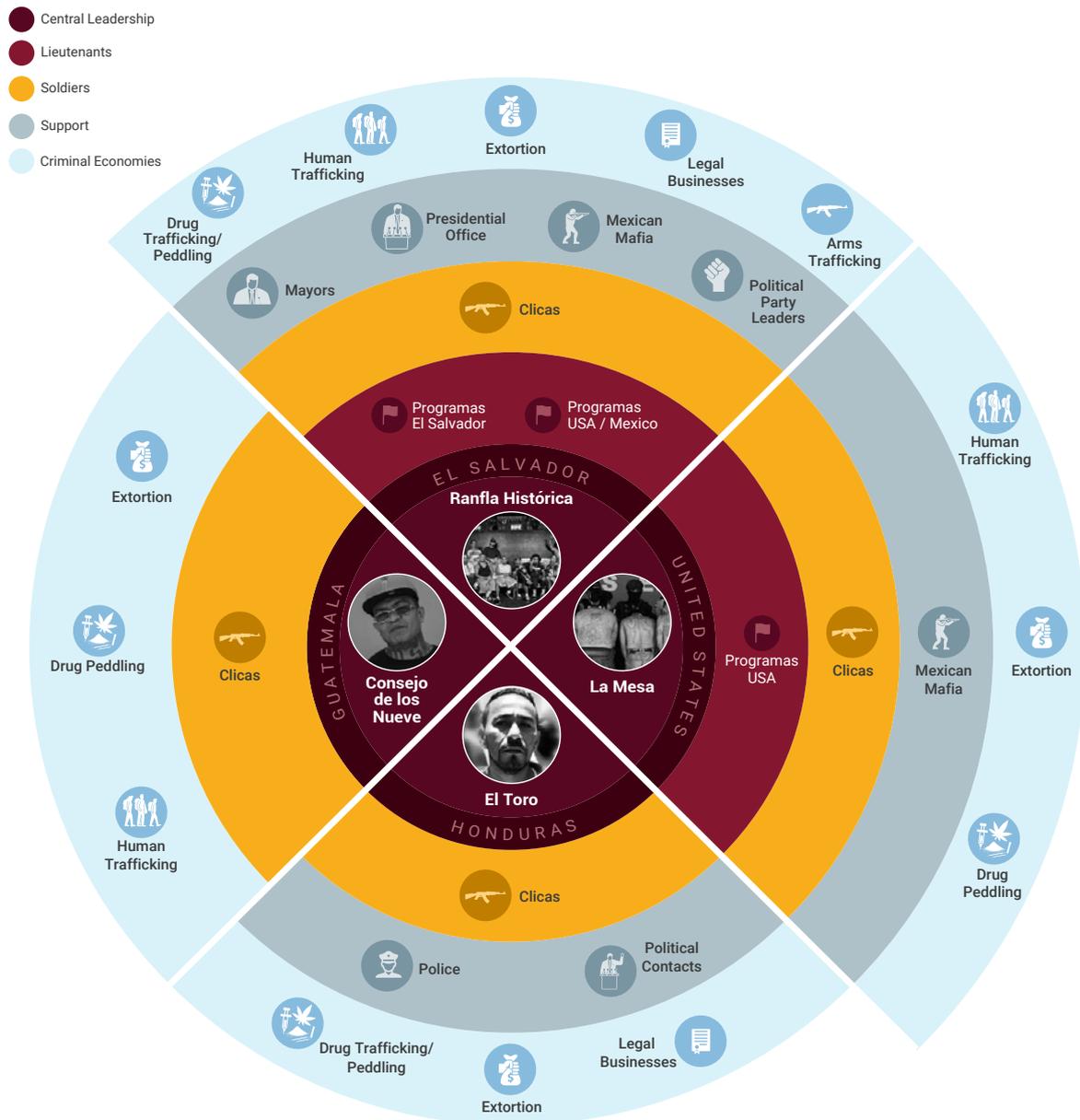
250 Carlos Martínez and José Luis Sanz, “[I. El origen del odio](#),” *El Faro*, 6 August 2012. See also: Thomas Ward, *Gangsters Without Borders*,

251 Steven Dudley and Héctor Silva Ávalos, “[MS13 in the Americas: How the World’s Most Notorious Gang Defies Logic, Resists Destruction](#),” *InSight Crime and the Center for Latin American and Latino Studies at American University*, 2018.

252 Steven Dudley and Juan José Martínez d’Aubuisson, “[El Salvador Prisons and the Battle for the MS13’s Soul](#),” *InSight Crime*, 16 February 2017.

administered their initiation into the gang.<sup>253</sup> The gang should thus be seen more as many gangs within a gang who share a brand name – something closer to a convenience store chain such as 7-11, in which each business caters to the tastes of its local population.

## MS13 Network



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September 2021  
Source: InSight Crime and American University

253 Steven Dudley and Héctor Silva Ávalos, “MS13 in the Americas: How the World’s Most Notorious Gang Defies Logic, Resists Destruction,” InSight Crime and the Center for Latin American and Latino Studies at American University, 2018.

How this works in practice is messy, which is part of the reason why the gang is so violent. Much of its violence is directed at its own in an attempt to discipline members who do not follow its rules.<sup>254</sup> Arguably, the most important of these rules is to avoid any cooperation with law enforcement or officials.<sup>255</sup> The rule speaks to the fragility of these networks where neither blood nor shared training bind them, unlike the clans or bureaucratic elites. The near constant attempt to corral gang members is paramount.

The gang does all of its own enforcement and discipline. In some instances, it uses recruits or recent additions. For more sophisticated operations, it employs its more specialized members, and, in many cases, murders can be channeled through a single member.<sup>256</sup> The employment of violence is often less about strategy or criminal economy than it is about group cohesion. Collective expressions of violence are common, and all members are asked to partake in killings in order to bond them to the group, test their loyalty, and ensure their fealty.<sup>257</sup>

Although the MS13 is 40 years old, the gang's criminal economy is still almost entirely hand-to-mouth and revolves mostly around extortion of relatively open and easy targets operating in their areas of influence. These targets include public bus and transportation services, distribution trucks for food and beverage companies, and local storefronts and other small businesses. In extreme cases, the gang targets individuals and families who they find are getting regular revenue from unseen sources – far flung businesses or remittances, for example.<sup>258</sup>

The gang relies on its own members, budding members and a small, tight-knit network of relatives and significant others to operate the extortion rings. Money is collected at the clique level and then divvied up amongst the leaders. These proceeds are significant in the aggregate. By one rough estimate based on a 2016 criminal indictment, El Salvador's MS13 cells collect

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254 Ibid.

255 Ibid.

256 Óscar Martínez and Juan José Martínez d'Aubuisson, *El Niño de Hollywood* (Mexico, 2018).

257 Steven Dudley and Héctor Silva Ávalos, "[MS13 in the Americas: How the World's Most Notorious Gang Defies Logic, Resists Destruction](#)," InSight Crime and the Center for Latin American and Latino Studies at American University, 2018.

258 Ibid.

over \$30 million per year.<sup>259</sup> Similar proceeds are gathered in Honduras.<sup>260</sup> However, these proceeds are split across a huge gang population and their collaborators. By the same estimate in El Salvador, gang members would get \$65 per month if these proceeds were divided evenly amongst them.<sup>261</sup> They are not, of course. Most extortion proceeds go to imprisoned leaders and their families. To get the money, the gang members in jail bribe prison guards and prison officials. This prison staff can provide other services as well such as facilitating the entry of telephones, hand-written notes, and contraband.

The gang has, of late, become more involved in local drug peddling. What this means in practice is not uniform. In some areas, the gang appears to be collecting extortion proceeds from independent drug peddlers.<sup>262</sup> In some areas, the gang themselves are selling the drugs, and in a small number of places, the gang appears to be managing the wholesale market.<sup>263</sup> Obviously, each of these tasks requires a slightly different network, with the wholesale market requiring the gang to have high-level contacts in the drug business.

This level of contact is evident in a recent US indictment against Armando Eliu Melgar Díaz, alias “Blue” or “Clipper.” Melgar Díaz joined the gang in Virginia after moving there with his family when he was young and moved up the ranks quickly, in part due to his penchant for violence.<sup>264</sup> After being deported to El Salvador, then returning to the US, he was deported again in 2016. Back in El Salvador but out of jail, he was designated by the Ranfla Histórica as the corredor (leader) of what is known as the East Coast Program, a conglomeration of cliques along the East Coast of the United States.

As corredor, Melgar Díaz had a wide purview over operations along the East Coast and beyond, including in Mexico where the gang had made some higher-level contacts in the drug world. US investigators told InSight Crime the MS13 contacted some of these traffickers in the Mexican prison system.<sup>265</sup> Eventually, the indictment says, Melgar Díaz arranged for the shipment of weapons and 100 kilos of marijuana from Mexico to El Salvador, a sizeable amount for the gang.

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259 Óscar Martínez, et al., “[Killers on a Shoestring: Killers on a Shoestring: Inside the Gangs of El Salvador](#),” *New York Times*, 20 November 2016.

260 InSight Crime and Asociación para una Sociedad más Justa (ASJ), “[Gangs in Honduras](#),” 2016.

261 Óscar Martínez, et al., “[Killers on a Shoestring: Killers on a Shoestring: Inside the Gangs of El Salvador](#),” *New York Times*, 20 November 2016.

262 InSight Crime and Asociación para una Sociedad más Justa (ASJ), “[Gangs in Honduras](#),” 2016.

263 Ibid.

264 United States of America v. Armando Eliu Melgar Díaz, 1:20-cr-00103 (Eastern District of New York, 2020).

265 InSight Crime interview telephone, US government investigator, 12 January 2021.

As the MS13 has become more entrepreneurial and more revenue has flowed in, it has expanded its financial networks. While it has tried to keep most of its associated businesses in the gang “family” of relatives and significant others, it is increasingly reliant on others to manage and sign for these properties and businesses.<sup>266</sup>

The MS13 has also made important inroads in the political world in El Salvador, something that has helped it to expand its networks further still. Beginning in 2010, the imprisoned leaders began negotiating with various interlocutors of the government and other gangs to try to forge a truce between the country’s major gangs.<sup>267</sup> Over successive administrations these negotiations have continued, with one of them resulting in what was called “the truce.”

The truce was more “violence interruption”<sup>268</sup> than peace accord, and broke down a little more than a year after it was called. Still, the government provided concessions, which included moving several members of the Ranfla Histórica to medium-security prisons where they could see their families more and reassert control over the rank-in-file. In return, the gangs lowered homicide rates. Although the truce broke down and violence rose sharply thereafter, the MS13 has since used homicides as a lever to coerce other Salvadoran administrations, most recently with the current administration to secure and administer government assistance packages in its areas of influence.<sup>269</sup>

To be sure, negotiations are common between governments and social-constituency groups. The government of Colombia, for example, has already tried, with limited success, to forge peace with its armed, non-state actors. In fact, if there’s a unifying feature of Colombia’s top criminal networks, it is that they all have roots in the country’s near 70-year-old armed conflict. While some parts of the core of these organizations are clans, especially what is left of the paramilitary groups, they all began as insurgencies or counter-insurgency movements that relied on control of physical territory, military discipline, and criminal governance to ensure steady criminal returns. They are also now all far from their ideological roots, leaving a panoply of organizations of varying sizes, reach, and criminal economies who regularly forge local and international alliances that belie their ideological origins.

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266 El Salvador v. Edwin Ernesto Cedillo Rodríguez, 644 – UEA – 15, 14-UEDNSA-2015, 13-UIF-2016, aka Operación Jaque (San Salvador, 2016).

267 Steven Dudley, *MS13: The Making of America’s Most Notorious Gang* (New York, 2020).

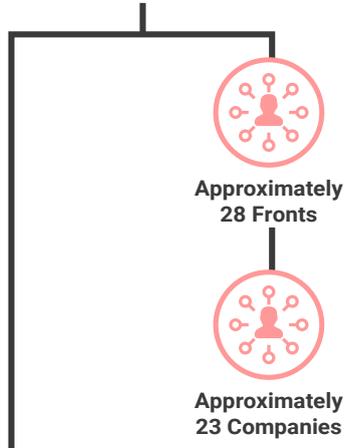
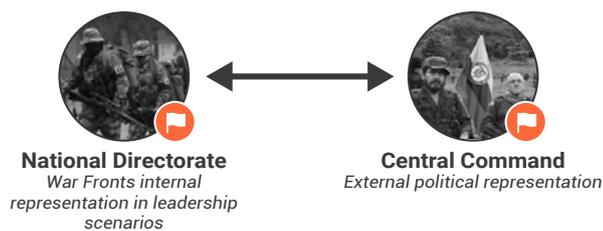
268 Sometimes referred to as “street outreach,” it is the process by which credible interlocutors with direct connections to violent actors attempt to slow or stop violent chains of retribution emanating from shooting incidents. See: Thomas Abt, *Bleeding Out: The Devastating Consequences of Urban Violence—and a Bold New Plan for Peace in the Streets* (New York, 2019).

269 Steven Dudley, “[The El Salvador President’s Informal Pact with Gangs](#),” InSight Crime, 2 October 2020.

Still, ideological ties bind them with others, in some cases, especially as it relates to the last remaining guerrilla group, the National Liberation Army (Ejército de Liberación Nacional – ELN). The ELN has had the equivalent of nine lives. The group came together as a conglomeration of radical student groups inspired by the Cuban revolution and earnest Catholic activists such as the priest Camilo Torres, who practiced what would come to be known later as Liberation Theology. Torres was killed in one of his first battles, and the group barely held together until 1973, when it was nearly liquidated altogether by in-fighting and a brutal army offensive.

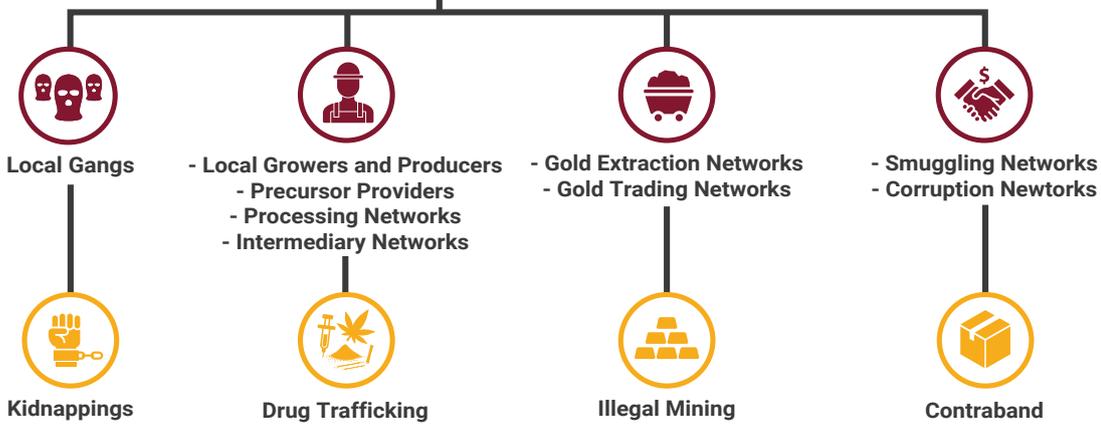
## ELN Network

-  Leadership
-  Armed Structure
-  Criminal Networks
-  Criminal Economies



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Source: InSight Crime and American University  
September 2021



Although leadership eventually coalesced around another priest, appropriately nicknamed Manuel “El Cura” Pérez, more internal tumult and several more near-death experiences at the hands of the Colombian army and right-wing paramilitaries followed. Throughout, the ELN held together, mostly because of this strong core group of leaders and their unbending commitment to the revolutionary cause. No matter how far the ELN would eventually stray from that revolution, the group continues to see itself as an insurgency first and a criminal network a very distant second. This identity is critical to understanding its resilience in the face of strong military pressure and its obstinance despite numerous peace overtures.

Under Cura Pérez, the ELN created the Central Command (Comando Central – Coce). Following the death of Pérez in 1998, Nicolás Rodríguez Bautista, alias “Gabino,” took control, where he remained until 2021,<sup>270</sup> at which point another long-standing leader, Eliécer Erlinto Chamorro, alias “Antonio García,” took over.<sup>271</sup> At least three others surround him, most of whom operate with him from Cuba where they have long maintained close ties to the government. Straddled alongside the Coce, the ELN created a National Directorate (Dirección Nacional – Dinal), which includes parts of the Coce and the leaders of the group’s rural and urban fronts, as well as its financial and logistics committees. In all, the Colombian National Police say the ELN has seven regional command structures, or what they call Frentes de Guerra (War Fronts), alongside an urban militia structure. Under these, they have 28 guerrilla *frentes* (fronts) and 23 smaller *compañías* (companies).<sup>272</sup> In total, the ELN has as many as 2,500 soldiers and another 2,500 urban militias<sup>273</sup> operating in close to 230 municipalities in Colombia.<sup>274</sup>

But this structure belies the reality that the parts of the ELN operate semi-independently and that the organization is far more horizontal than vertical in its day-to-day operations. This was evident going back as far as the early 1980s, when parts of the organization defied leaders by starting

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270 InSight Crime, “Nicolás Rodríguez Bautista, alias ‘Gabino,’” 24 June 2021.

271 Juan Diego Posada and Chris Dalby, “What Will Gabino’s Departure Mean for the ELN?,” InSight Crime, 24 June 2021.

272 InSight Crime telephone interview, anti-narcotics officers, National Police of Colombia, 11 May 2021.

273 Fundación Ideas para la Paz, “Sin presión ni negociación. Lo que dicen los ‘resultados’ contra el ELN,” 2021; Luis Jaime Acosta, “Grupos armados ilegales de Colombia perdieron más de 5.000 combatientes en 2020: comandante militar,” Reuters, 5 January 2021.

274 Unidad de Investigación y Acusación, “Monitoreo de riesgos durante el periodo comprendido entre el 25 de enero al 07 de febrero de 2021,” Jurisdicción Especial para la Paz, February 2021.

a practice of kidnapping for ransom, as well as executing high-profile political kidnappings.<sup>275</sup> This mini-rebellion led to others, including the beginnings of what would become an ELN hallmark: attacking the country's critical infrastructure such as oil pipelines, as well as kidnapping workers and extorting oil companies.<sup>276</sup> By the late 1990s, the ELN was blowing up electricity towers, as well as hijacking airplanes and mass kidnapping hundreds at a time from churches, even while members of the Coce were beginning another round of potential peace talks with the government.

This dichotomy has continued through today. The ELN, after shunning drug trafficking for decades, embraced it at numerous production points beginning in the early 2000s.<sup>277</sup> This “narcotization” of the group accelerated following the demobilization of the paramilitaries in the mid-2000s, especially in the southwestern part of the country where some key disputes with other criminal organizations continue.<sup>278</sup>

On the border with Venezuela, the ELN also exerts control over production and distribution points, levying taxes on rival groups operating on both sides of the border.<sup>279</sup> In some instances, the group has established its own production and processing points from which it sells cocaine to major international exporters such as the Sinaloa Cartel and the CJNG in Southwestern Colombia along the border with Ecuador, the northeastern border with Panama,<sup>280</sup> and the Colombia-Venezuela border.<sup>281</sup> The group has also leveraged its attacks on oil infrastructure to help its drug trafficking business, using gasoline siphoned from pipelines to make coca base and cocaine hydrochloride.

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275 Juan Gabriel Tokatlian, “Colombia at War: The search for a Peace Diplomacy,” *International Journal of Politics, Culture and Society*, 14, no. 2 (2000).

276 Camilo Echandía, “El ABC del ELN: Evolución del Frente de Guerra Oriental (territorialidad, iniciativa armada y relación con la población y las economías ilegales),” *Fundación Ideas para la Paz*, April 2015.

277 Carlos Medina Gallego, “Ejército de Liberación Nacional: Notas para una historia de las ideas políticas (1958-2007),” *Universidad Nacional de Colombia*, November 2012.

278 Defensoría del Pueblo, “Informe especial: Economías ilegales, actores armados y nuevos escenarios de riesgo en el posacuerdo,” September 2018.

279 Viviana García and Luis Trejos, “Las tramas del conflicto prolongado en la frontera colombo-venezolana: un análisis de las violencias y actores armados en el contexto del posacuerdo de paz,” *Colombia Internacional*, no. 105 (2021) pp. 101-105.

280 InSight Crime telephone interview, anti-narcotics officers, National Police of Colombia, Colombia, 11 May 2021.

281 *El Tiempo*, “Desmantelan cinco laboratorios de droga en El Tarra,” 19 March 2021; *La FM*, “Capturan a cabecilla del ELN en Norte de Santander,” 11 September 2020.

# ELN Criminal Networks

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**Local Growers and Producers**  
Sell coca base to ELN; pay *gramaje* (tax) on base that is sold.

**Precursor Providers**  
Transport and sell chemical supplies to ELN for processing base and cocaine.

**Processing Networks**  
Process base and cocaine in ELN laboratories.

**Intermediary Networks**  
Facilitate negotiation and drug deals between Mexican cartels and the ELN.

**Smuggling Networks**  
Pay ELN for access to routes under their control; pay a percentage of profit on contraband goods.

**Corruption Networks**  
In border areas, facilitate the passage of ELN-related contraband.

**Gold Extraction Networks**  
Pay ELN percentage of gold extracted daily in exchange for 'protection,' permission to mine and access to machinery.

**Gold Trading Networks**  
Legalize illegal gold trafficked in ELN-controlled areas; sell gold on national and international level.



Along the way, the ELN has become something of a dual nationality organization, with an increasingly sizeable presence in both Colombia and Venezuela. The Venezuelan government has allowed the ELN to set up operations in the country and may be a beneficiary of the ELN's illegal activities, especially in illegal mining, which has become a cash cow for the guerrillas (and the Venezuelan government).<sup>282</sup> In both Colombia and Venezuela, the ELN is extracting gold, then selling it to third parties, who launder it into the distribution chain.<sup>283</sup> It is also extorting from both legal and illegal extraction operations in its areas of influence, collecting as much as five percent of the sales price at the source points.<sup>284</sup> The ELN has also used these connections with the Venezuelan government to become a de facto gatekeeper at the border. There, the ELN collects tolls from contraband traders, drug traffickers, and human smugglers seeking to use its corridors. It has also established a firm control over the contraband gasoline market in some areas, a hugely lucrative business.

At the level of the Coce, the ELN continues to propagate the idea that it is interested in dialogue with the government. But at the base level, the place where the ELN is supposed to be waging an ideological struggle for hearts and minds, its various fronts seem much more engaged in a criminal battle. Some fronts continue to openly defy the leadership. And the ELN's work in small villages and towns, where Camilo Torres might have tried to build a Christian base community, the guerrillas are at virtual war with the local population. Statistics compiled by InSight Crime show that in the first half of 2021, for instance, the guerrillas have clashed more with indigenous communities and targeted civilians than they have fought rivals.

Even if the government succeeds in negotiating with the ELN, what follows may be just as messy as what has happened with other ideological groups, namely the United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia – AUC) and the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC). Both organizations negotiated accords with the government. Both organizations only partially demobilized or had thousands of their former members rearm and regroup. Both organizations now provide the foundations of some of the strongest criminal groups in the region.

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282 International Crisis Group, “[Gold and Grief in Venezuela’s Violent South](#),” 28 February 2019.

283 Indepaz, “[Balance sobre las dinámicas del Ejército de Liberación Nacional –ELN– en Colombia, 2018, 2019 y 2020-I](#),” March 2021.

284 Fundación Ideas para la Paz, “[¿Qué hacer con el ELN? Opciones ante una derrota militar lejana y un diálogo improbable](#),” January 2020.

This process of criminalization occurred with the AUC, which was an umbrella organization for most of the paramilitary groups operating in Colombia since the mid-1990s. Following a series of agreements with the government beginning in 2004, AUC groups started demobilizing. The process was shaky from the start, with leaders of the groups continuing their lucrative criminal operations, first from the area designated to negotiate the accords and later from prison. The government responded by extraditing the AUC's top leaders to the US to face drug trafficking charges. The resulting vacuum led to an explosion of violence and criminality, spearheaded by two powerful remnants of the AUC: the Rastrojos and the Gaitanista Self-defense Groups of Colombia (Autodefensas Gaitanistas de Colombia – AGC), aka the Urabeños. While the Rastrojos had more traditional drug trafficking roots, the Urabeños were more of a paramilitary army.

Although both groups still exist, the **Urabeños** emerged as the more resilient of the two and remain one of the most formidable criminal networks in the region. The origins of the group can be traced back to the Castaño family, whose one-time patriarch, Jesús, was kidnapped and killed by the FARC near the family home in northeastern Antioquia in 1980. Jesús' sons – Fidel, Carlos and Vicente – responded by tracking and killing the alleged assailants, then forming the core of a paramilitary organization that spread quickly along the northern coast and into Urabá, the banana- and cattle-rich region that covers parts of northwestern Antioquia, southern Córdoba, and northern Chocó, along the Panama-Colombia border.

The House of Castaño, as Carlos called it, became a potent mix of paramilitaries, ex-guerrillas and drug traffickers. It developed its own criminal networks to fund its war and later became an ally of the Medellín Cartel. It also mixed with ex-guerrilla combatants from the Popular Liberation Army (Ejército Popular de Liberación – EPL), who joined the paramilitaries after demobilizing in Urabá in the early 1990s. Following the disappearance of Fidel, the family worked to unify all the paramilitary groups under a single umbrella, which became known as the AUC. Later expansion came via the sale of paramilitary “franchises” in which the AUC licensed names and support for local and international criminal organizations who used them to expand their own criminal operations.<sup>285</sup> When the AUC demobilized in the mid-2000s, and the two remaining Castaño brothers, Carlos and Vicente, were killed, the remnants of this network became known as the Urabeños.

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285 Verdad Abierta, “[Las Auc fueron una alianza criminal de ejércitos privados](#),” 10 June 2017.

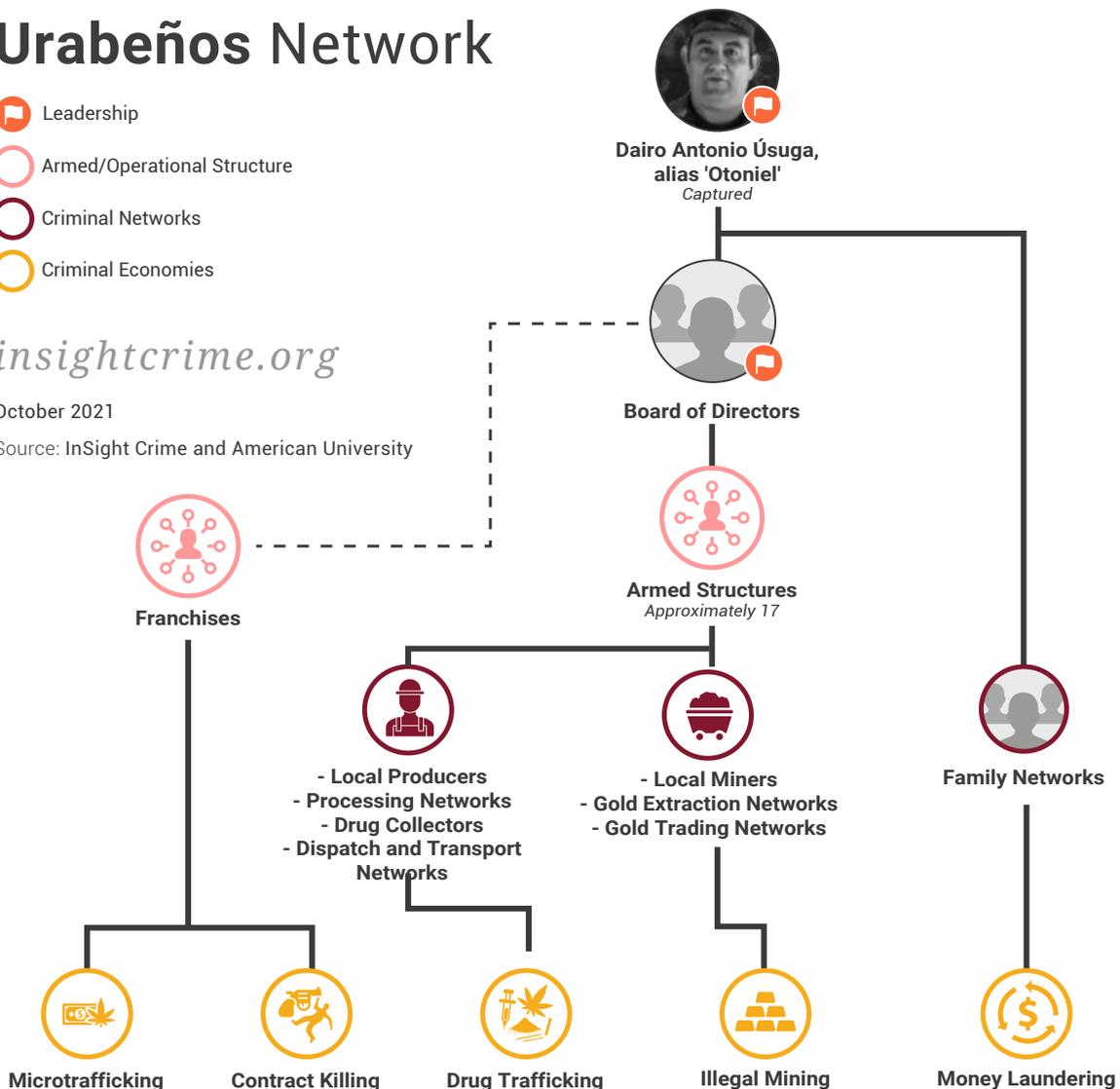
# Urabeños Network

-  Leadership
-  Armed/Operational Structure
-  Criminal Networks
-  Criminal Economies

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October 2021

Source: InSight Crime and American University



Throughout, the Urabeños remained a combination of criminal clan, paramilitary army, and guerrilla force. Its original leader was Daniel Rendón Herrera, alias “Don Mario,” who had helped lead paramilitary groups in the Eastern Plains where coca production was bountiful. His brother, Freddy Rendón Herrera, alias “El Alemán” (The German), had run a huge paramilitary faction in Urabá before demobilizing and being sentenced to jail time under the government accords. They had a money manager named Henry López Londoño, alias “Mi Sangre” (My Blood), who managed contacts with Central America, Mexico, Europe and Argentina.<sup>286</sup> Don Mario used his contacts in the Eastern Plains, the remnants of his brother’s paramilitary army in Urabá, which was led by a group of former EPL fighters from the renowned Úsuga

<sup>286</sup> Verdad Abierta, “Mi Sangre: de las barriadas de Medellín a capo del narcotráfico,” 31 October 2012.

family, and Mi Sangre's contacts to create a formidable drug trafficking business.<sup>287</sup> After Don Mario was arrested in 2009, the Úsuga family took control. In spite of various deaths and arrests, the Úsuga family has not relinquished this control since, and Colombian authorities have taken to calling the group the Clan del Golfo: clan refers to the Úsuga family; the gulf is the Gulf of Urabá from which they still dispatch much of their drugs.

Up until October 2021, the Urabeños had one recognized leader – Dairo Antonio Úsuga David, alias “Otoniel” – and five principal criminal structures, each with their own commander.<sup>288</sup> All of these commanders were members of the AUC and/or the EPL. Below this board of directors, they have another 17 sub-structures and numerous franchisees, which have varying degrees of independence.<sup>289</sup> They also have had emissaries operating in various important international markets such as Argentina, Peru, Ecuador, Spain, and several Central American nations.<sup>290</sup> There, they interact with local and international brokers and organizations such as the Sinaloa Cartel,<sup>291</sup> Central American transport groups, and the ‘Ndrangheta, who facilitate their cocaine trafficking.

Still, until his capture in October 2021,<sup>292</sup> Otoniel kept a tight rein on the money, using family and close confidants to divide up the major spoils and act as third-party owners and managers of the money laundering businesses.<sup>293</sup> His capture, as well as those of his inner circle, could at least temporarily upend the organization. In March 2021, Otoniel's sister was captured, for the third time.<sup>294</sup> Still, the group's experienced commanders, its multi-layered structure, and its quasi-social nature will most likely permit it to survive as a cohesive organization for the foreseeable future.

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287 Verdad Abierta, “‘Don Mario’ y los pactos de la guerra,” 13 October 2015.

288 León Valencia and Ariel Ávila, “La compleja estructura detrás del ‘Clan del Golfo,’” *El Tiempo*, 14 July 2018.

289 Fundación Paz y Reconciliación, “Clan del Golfo es la estructura armada ilegal más grande de Colombia: Fundación Paz y Reconciliación,” *El Espectador*, 15 September 2020.

290 Jeremy McDermott, “The Last BACRIM Standing: The Urabeños Today,” *InSight Crime*, 14 April 2014.

291 Animal Político, “Cárteles mexicanos en Colombia,” 25 September 2020; *El Tiempo*, “Cae red que surtía a carteles mexicanos desde Urabá,” 5 June 2010.

292 Luis Jaime Acosta and Oliver Griffin, “‘You beat me’: Colombia's most-wanted drug lord caught,” *Reuters*, 25 October 2021.

293 Fiscalía General de la Nación, “Fiscalía desarticuló red señalada de lavar activos para el ‘Clan del Golfo’ y ocupó bienes por más de 4 billones de pesos,” 1 December 2020; US Department of Treasury, “Treasury Sanctions Network for Assisting Colombia's Clan del Golfo Drug Trafficking Organization,” 1 December 2020.

294 *Reuters*, “Colombian police capture sister of Clan del Golfo leader Otoniel,” 18 March 2021.

To be sure, over the years, the Urabeños have continued to make use of the franchise model developed by the AUC to expand into numerous coca-producing areas and cocaine-trafficking corridors.<sup>295</sup> They have also expanded into illegal mining, mostly gold, since their strongholds overlap with some of the country's most important illicit sources of gold production.<sup>296</sup> In some areas, they also collect funds from extortion,<sup>297</sup> land theft and resale, prostitution, human trafficking, human smuggling,<sup>298</sup> drug peddling,<sup>299</sup> and contraband. As in the case of the AUC, the franchisees use the Urabeños' name and sometimes its military firepower to ensure their own control and often to expand it. The Urabeños may also use the franchisee's muscle, connections, or logistics, if need be. The relationship is symbiotic in other ways as well: The Urabeños reportedly allow local groups to take most of the proceeds of local criminal activities, such as drug peddling and extortion, while they benefit from the international markets.

The Urabeños have as many as 2,500 members<sup>300</sup> who operate in over 200 municipalities and in as many as ten departments.<sup>301</sup> The group uses this army and firepower to exert its command and control over wide swaths of territory. In 2016, for example, the Urabeños organized an armed strike in numerous municipalities. They have also enforced armed strikes in some areas under their control, paralyzing transit and commercial activity for prolonged periods. Notwithstanding this illustration of strength, officials and security analysts noted that the Urabeños have evolved into more of an urban militia group in recent years with both their leaders and sicarios (hired assassins) operating in small groups of 10 to 15 in the municipal hubs rather than in groups of 50 – 70 in the rural areas as they once did.<sup>302</sup>

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295 Caracol Radio, "[Desmantelan gigantesco cristalizadero de cocaína en Urabá,](#)" 15 March 2021.

296 Global Financial Integrity, "[Hacia una minería de oro transparente en Colombia,](#)" February 2021.

297 Juan David Ortíz, "[Huevos, ropa y buses: la extorsión en Medellín vista desde tres objetos de la vida diaria,](#)" PACIFISTA, 18 August 2016.

298 Reynell Badillo and Amparo Bravo, "Crimen transnacional organizado y migración: el Clan del Golfo y grupos delictivos en América Latina y África," *Internancia*, no.1 (2020), p. 21

299 La Silla Vacía, "[El Clan del Golfo está golpeado pero creciendo,](#)" 4 March 2019; La FM, "[Identifican decenas de 'ollas' de microtráfico en Barranquilla,](#)" 16 February 2021.

300 Fundación Paz y Reconciliación, "[More Shadow Than Light. Violence and Security in Colombia: One Year into Duque's Administration,](#)" August 2020.

301 Fundación Paz y Reconciliación, "[Seguridad en tiempos de pandemia: legados de guerra y crimen organizado en Colombia,](#)" September 2020.

302 InSight Crime telephone interview, Carlos Zapata, director, Human Rights Observatory, Instituto Popular de Capacitación, 9 March 2021.

The Urabeños have also increasingly avoided direct conflict with authorities, preferring instead to engage in the backroom diplomacy, coercion, and bribes reminiscent of their AUC antecedents. In this regard, they have created political alliances with local mayors in Antioquia,<sup>303</sup> Córdoba,<sup>304</sup> and Magdalena.<sup>305</sup> Some town council representatives in Antioquia and Chocó<sup>306</sup> have also been arrested due to their alleged connections to the group.<sup>307</sup> At one point, the Urabeños forged a relationship with Antioquia's top prosecutor,<sup>308</sup> and they have bribed judges to do their bidding.<sup>309</sup> Finally, they have penetrated the army and police in alarming ways. To cite just one example, Colombia's Attorney General's Office is investigating as many as 500 members of the army for their connections to the Urabeños.<sup>310</sup>

In some rare but important instances, the Urabeños have sought alliances or worked out non-aggression pacts with rival criminal groups. The most important of these is in Medellín and surroundings where the Urabeños and the Oficina de Envigado – the criminal structure once responsible for refereeing the entire Colombian underworld – now exert near hegemony over this vital criminal hub following a non-aggression pact in 2013.<sup>311</sup> During one period, they allied with members of the FARC, prior to its demobilization, and even with their one-time rivals, the Rastrojos, who facilitated access to cocaine-processing laboratories.<sup>312</sup> More recently, they have gained more direct control over coca-production and processing points, above all after the FARC demobilized.<sup>313</sup>

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303 El Tiempo, “Capturan alcalde de Cáceres (Antioquia) por posibles nexos criminales,” 1 August 2017.

304 La Razón, “Fiscalía, vincula a capturado alcalde de Moñitos con el Clan del Golfo,” 5 May 2017.

305 El Tiempo, “Capturan a Alcalde de Guamal, Magdalena, por concierto para delinquir,” 20 December 2017.

306 Colombia Attorney General's Office, “Cárcel para un concejal y cinco presuntos integrantes del ‘Clan del Golfo’ por afectaciones criminales contra defensores de derechos humanos en Chocó,” 15 July 2020.

307 Verdad Abierta, “Políticos y criminales: ¿aliados en el Bajo Cauca?,” 28 February 2018.

308 Verdad Abierta, “Guillermo Valencia Cossio y sus nexos con los ‘paras’ en Antioquia,” 10 February 2011.

309 El Tiempo, “El juez que resultó en cartel de los más buscados de su departamento,” 20 January 2021.

310 El Espectador, “Tras la pista de policías aliados con narcos y de fuga de información reservada,” 6 December 2020.

311 InSight Crime telephone interview, security analyst, 22 February 2021.

312 InSight Crime telephone interview, Carlos Zapata, director, Human Rights Observatory, Instituto Popular de Capacitación, 17 February 2021.

313 Ibid.

To be sure, the **FARC**'s celebrated peace accord in 2016 with the government opened a new chapter in Colombia's underworld history. Dissident groups began emerging not long after, beginning with the leadership of the former First Front in 2016 in the southern department of Putumayo.<sup>314</sup> Several more soon followed, including the former leader of the Seventh Front, Miguel Botache Santillana, alias "Gentil Duarte."<sup>315</sup> Duarte is now the beating heart of one of the country's largest dissident alliances.

The Duarte alliance has numerous former front leaders who all have vast operational and logistical experience in the country's most lucrative criminal economies and operate in some of the country's most important criminal corridors. In a short time, Duarte has also managed to create a central leadership group, which functions similarly to the way the FARC once managed its own disparate fronts.<sup>316</sup> The alliance is less political than entrepreneurial, focusing on securing rent from the various criminal economies within their areas of influence or conquering new ones with their own forces or in alliance with other, mostly dissident groups.

So far, Duarte's alliance has proven adept at both securing rents and expanding, illustrating the comparative advantage this alliance seems to have over others: Their leaders have more know-how and wherewithal in the Colombian underworld than some of their former FARC counterparts. This is most evident in the cocaine market where the Duarte alliance has established control over numerous production and embarkation points for raw materials, semi-processed and fully processed drugs.<sup>317</sup> But it is increasingly present in illegal mining areas as well, where Duarte's allies are making inroads.

The alliance has close to 3,000 members, according to a recent estimate published in the media,<sup>318</sup> but the numbers are impossible to confirm given the dynamic nature of these groups. The dissident groups that we can identify as part of the alliance are concentrated in these areas of production, most notably Putumayo, Meta, Caquetá, Vichada, Amazonas, and Arauca. From there, leaders of the alliance have connected with buyers from both the Sinaloa Cartel and CJNG, as well as various buyers from Brazil, including affiliates of the First Capital Command (Primeiro Comando da Capital – PCC), the so-called Familia do Norte (FDN) and the Red Command (Comando

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314 InSight Crime, "[The Evolution of the Ex-FARC Mafia](#)," 12 November 2019.

315 InSight Crime, "[The Evolution of the Ex-FARC Mafia](#)," 12 November 2019.

316 Maria Alejandra Navarrete and Ángela Olaya, "[Gentil Duarte's Master Plan to Reunite Colombia's FARC Dissidents](#)," InSight Crime, 3 April 2019.

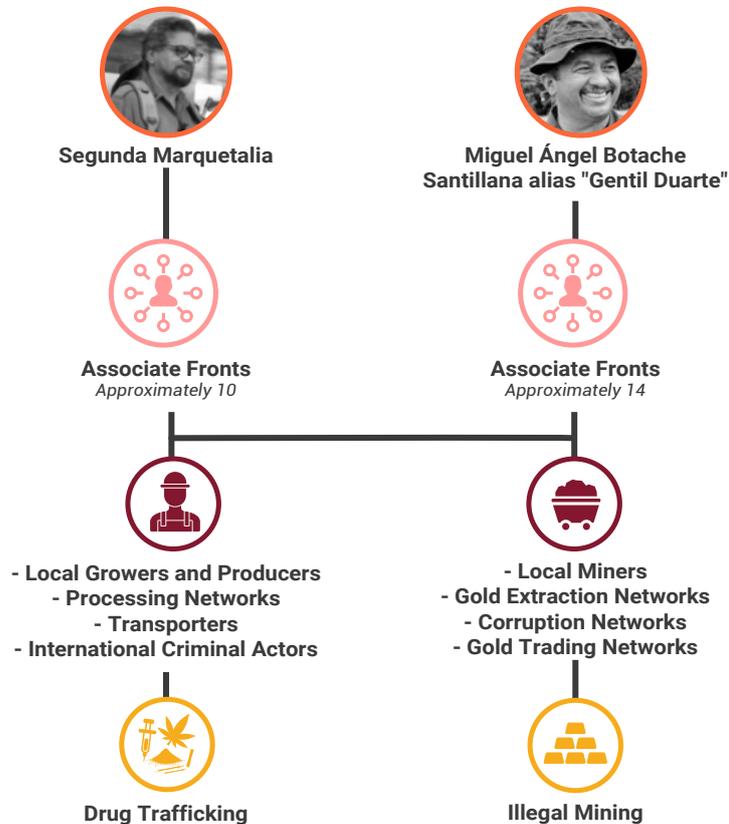
317 InSight Crime, "[Miguel Botache Santillana, alias 'Gentil Duarte'](#)," 29 March 2019.

318 El Tiempo, "[Disidencias de las FARC duplican su número de hombres en solo 12 meses](#)," 31 May 2020.

Vermelho – CV).<sup>319</sup> According to a leading Colombian think tank, the Brazilian groups facilitate some heavy equipment to help the dissidents in their illegal mining activities in return for at least part of the cocaine.<sup>320</sup>

## Ex-FARC Mafia Network

-  Main Dissident Structures
-  Armed/Operational Structure
-  Criminal Networks
-  Criminal Economies



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Source: InSight Crime and American University

The other major former FARC alliance is known as the Second Marquetalia (Segunda Marquetalia).<sup>321</sup> Named after the town where the FARC was born in 1964, its leader is Luciano Marín Arango, alias “Iván Márquez.” But it allegedly also includes several prominent former FARC commanders such as Hernán Darío Velásquez Saldarriaga, alias “El Paisa,”<sup>322</sup> and Henry Castellanos Garzón, alias “Romaña,”<sup>323</sup> who commanded some of the most renown and fierce guerrilla fighting units. That experience represents perhaps one of its most formidable advantages compared with other former FARC dissidents and criminal groups in Colombia.

319 Indepaz, “[Conflictos armados focalizados: informe sobre grupos armados ilegales. Colombia 2017-2018](#),” December 2018.

320 InSight Crime telephone interview, Leonardo González y Juana Cabezas, director and researcher in Conflict and Human Rights Observatory, Indepaz, 17 March 2021.

321 InSight Crime, “[The Tipping Point: Iván Márquez Deserts the Peace Process](#),” 12 November 2019.

322 InSight Crime, “[Hernán Darío Velásquez Saldarriaga, alias ‘El Paisa’](#),” 3 September 2019.

323 InSight Crime, “[Henry Castellanos Garzón, alias ‘Romaña’](#),” 8 November 2019.

Its second advantage is its longstanding political networks. Márquez announced his break from the peace accords in 2019 from his base of operations, Venezuela. It was fitting. Like the ELN, the Segunda Marquetalia is using Venezuela as a refuge, center of operations, and area from which it can project itself back into Colombia.<sup>324</sup> In that, it counts on support from a vast network of Venezuelan officials, some of which have contacts at the highest levels of government. The contacts allow them to participate in the cocaine trade as wholesalers and transporters, especially along the Colombia-Venezuela border.<sup>325</sup>

Nonetheless, with an estimated 800 soldiers in Colombia<sup>326</sup> and a scant presence in the key production points and trafficking corridors, the Segunda Marquetalia remains weak in Colombia compared to Duarte's alliance. In order to bolster its presence, the Segunda Marquetalia may be working with Venezuela's military.<sup>327</sup> It has also reached out to other FARC dissident groups, some of whom have entered into what appears to be more of a transactional rather than a political alliance with the group. These connections may give the group entry-points in important production and transit such in Antioquia, Córdoba, Norte de Santander, Arauca, Huila, and Meta.<sup>328</sup> In other places, such as Nariño, the group is having to battle its way in,<sup>329</sup> with little apparent success thus far.<sup>330</sup>

### ***Entrepreneurial Criminal Networks in the Isthmus***

At the top of the food chain in the region are disperse but highly organized entrepreneurial networks whose primary focus is providing illicit drugs to the developed world. The **Sinaloa Cartel** in Mexico typifies this type of network. It is a federation of semi-independent criminal clans that is involved mostly in the development and trafficking of heroin, marijuana, cocaine,

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324 InSight Crime, "Ex-FARC Mafia, Venezuela and the Current International Climate," 11 November 2019.

325 InSight Crime, "The Tipping Point: Iván Márquez Deserts the Peace Process," 11 November 2019.

326 El Tiempo, "Disidencias de las FARC duplican su número de hombres en solo 12 meses," 31 May 2020.

327 Venezuela Investigative Unit, "The Battle for Apure: Chavismo and the ex-FARC," InSight Crime, 13 October 2021.

328 El Espectador, "El 2020 fue un año de consolidación y expansión de las disidencias de las Farc," 12 January 2021.

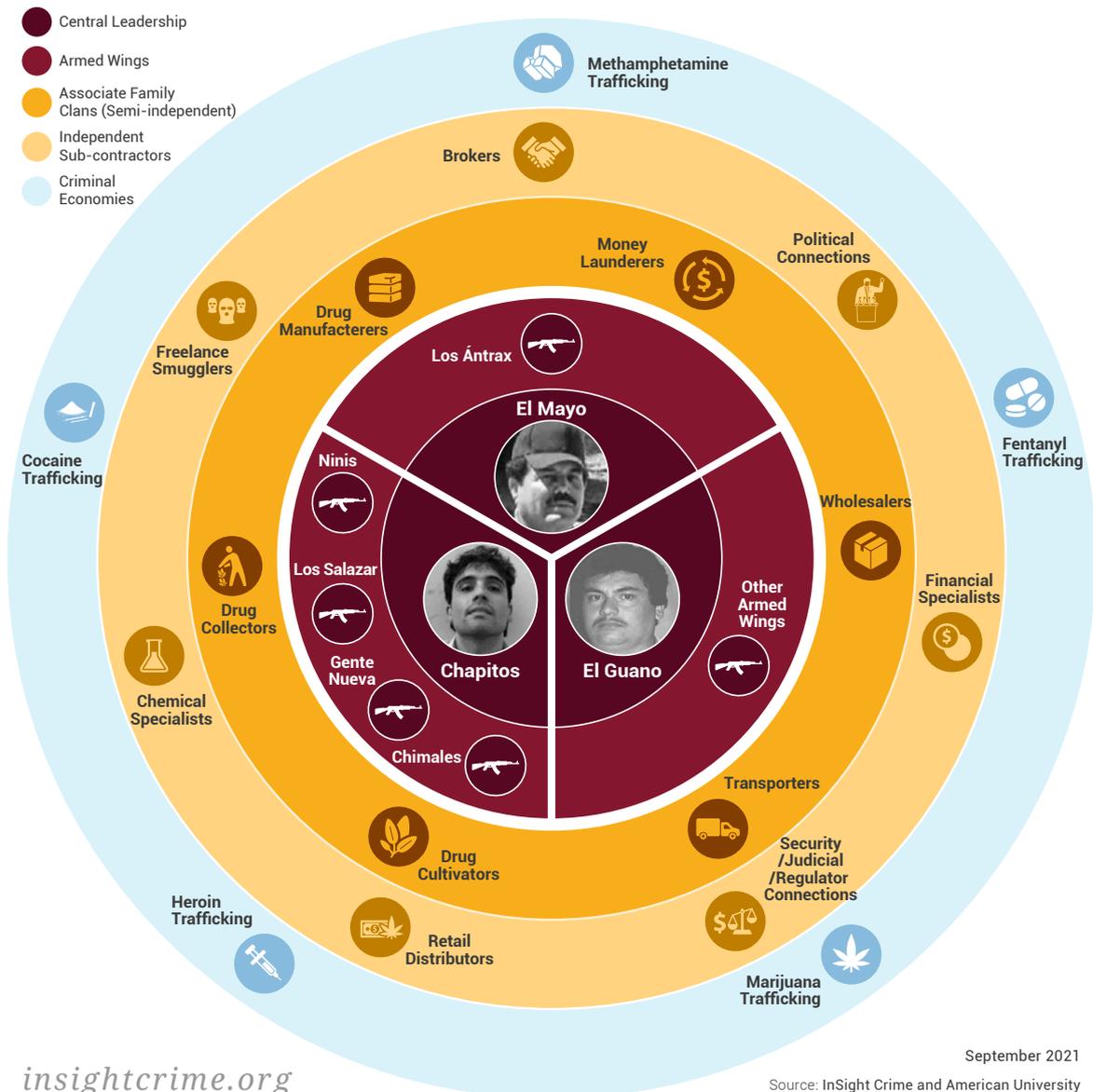
329 El Tiempo, "Disidencias del Frente 30 y la Segunda Marquetalia se enfrentaron," 31 March 2021.

330 W Radio, "Cinco muertos dejan choques entre facciones de disidencias de Farc en Nariño," 2 April 2021.

methamphetamine and fentanyl. Its main advantage in the criminal world is that it is an intermediary between different criminal networks around the region and that it works on a massive scale.

In some ways the Sinaloa Cartel's business model is like Chiquita Brands, sourcing and providing products in bulk from local producers and selling them to the equivalent of supermarkets and small stores in major markets. Like Chiquita, the cartel is a multibillion-dollar business that employs thousands of people across a wide terrain. And like Chiquita, it maintains close relations with politicians and security forces, who sometimes provide it with top-level cover and, in some cases, military support.

## Sinaloa Cartel Network



Most of the Sinaloa Cartel's core members are from the same rural, mountainous areas of Sinaloa, Durango, and Chihuahua, known as the Golden Triangle.<sup>331</sup> These core members represent powerful clans that have been involved in the drug trade dating back decades. Sometimes they furthered these bonds via inter-clan marriage. This closeness has always been perceived as an insurance policy against disloyalty.<sup>332</sup> However, when the fissures appear, this can also be a liability given the familiarity they have of the others' operations, personnel, and modus operandi and may help explain the bloodiness of these internecine battles in Mexico.

The Golden Triangle is a large marijuana- and poppy-growing region of Mexico. The region has long been known for these crops, although it is also one of the most important food-producing regions in the country. There, the cartel's top leaders are seen by some as Robin Hoods.<sup>333</sup> When its longtime leader, Joaquín "El Chapo" Guzmán was captured by authorities in 2014, for example, hundreds of people marched through the streets of Sinaloa to demand he be released.<sup>334</sup> But this solidarity with the criminal group is also reflected in the music,<sup>335</sup> clothing,<sup>336</sup> television shows,<sup>337</sup> cemeteries,<sup>338</sup> and religion.<sup>339</sup> Mexico's perennially corrupt politicians and security forces have also opened up social and political space for the Sinaloa Cartel, and its leaders understand how to bolster this Robin Hood image. When the coronavirus pandemic hit, for instance, cartel associates passed out provisions with a logo bearing El Chapo's face.

Still, the cartel is not vertically integrated. Instead, it has many power blocs, which have changed over the years. Currently it has three main pillars: a) Ismael "El Mayo" Zambada's network; b) "Los Chapitos," the network of the sons of El Chapo; and c) the network of Aureliano "El Guano" Guzmán Loera,

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331 JC Ayala, "[Cartel, cultura y ciudad](#)," *Revista Espejo*, 2020.

332 InSight Crime interview, Gerardo Rodríguez Sánchez Lara, professor at Universidad de las Américas de Puebla, Mexico, 2 March 2021.

333 Nery Córdova Solís, "La narcocultura: poder, realidad, iconografía y 'mito'," *Cultura y representaciones sociales*, vol. 6, no. 12 (2012), pp. 209-217.

334 BBC Mundo, "[Marchan en Sinaloa pidiendo la libertad de El Chapo](#)," 27 February 2014.

335 Parker Asmann, "[Mexico's Narcocorridos: A Case of Misunderstanding?](#)," InSight Crime, 24 April 2019.

336 Alejandra León Olvera, "[La Femenidad Buchona: performatividad, corporalidad y relaciones de poder en la narcocultura mexicana](#)," Colegio de la Frontera Norte, 2019.

337 Victoria Dittmar, "[Mexico's Narco Soap Operas Do More Than Just Glorify Drug Trade](#)," InSight Crime, 24 November 2016.

338 David Gagne, "[Mexico Drug Capos Bring the Good Life to the Afterlife](#)," InSight Crime, 14 October 2016.

339 Annie Herrera, "[Jesús Malverde, el 'Robin Hood mexicano' que se volvió el santo de los narcos](#)," *Cultura Colectiva*, 22 November 2018.

El Chapo's brother.<sup>340</sup> These leaders do not necessarily cooperate with each other, and each works with a plethora of smaller criminal operations up and down the distribution chain, themselves mostly clans. At times, they also fight for control of lucrative trade routes amongst themselves. In that regard, each cell in the Sinaloa Cartel has its own security team, again often clans. And while the leader of these security teams is usually chosen because they have some connection or trust with these tight-knit core groups, their gunmen do not always form part of these clans and are seen as dispensable.<sup>341</sup> In some cases, the soldiers come from other criminal organizations that have been conquered, usurped, or have switched sides.<sup>342</sup>

The Sinaloa Cartel portrays its use of violence as more defensive than offensive, but this is only partly true. The group does work to corrupt at the highest levels rather than resort to violent coercion.<sup>343</sup> However, violence is used to maintain discipline within the group, to communicate with other organizations, and to dissuade its rivals as well as the state from interrupting its business.<sup>344</sup>

The most notable example of this was October 17, 2019, when the Sinaloa Cartel mobilized its forces to get the Mexican authorities to release Ovidio Guzmán, one of El Chapo's sons, when he was captured in Culiacán, the capital of the state of Sinaloa.<sup>345</sup> That episode was a reminder of the tremendous firepower that the group has and its ability to rapidly mobilize that firepower. In fact, both the Sinaloa Cartel and the group's main rival, Jalisco Cartel New Generation (Cartel de Jalisco Nueva Generación – CJNG), have access to heavy arsenals, some of which they have mounted on the back of pickup trucks and other vehicles. Both groups illegally import high-caliber weapons, mostly from the United States but also from Europe.<sup>346</sup> And both have armed groups at the ready.

However, the Sinaloa Cartel has also used government forces. Several investigations into the dispute in Ciudad Juárez suggest that the Sinaloa Cartel

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340 Jorge Fernández Mendez, "La nueva guerra: Del Chapo al fentanilo" (Mexico City, 2020).

341 InSight Crime interview, Saskia Niño de Rivera, president of Reinserta, Mexico, 14 November 2020.

342 Borderland Beat, "[Betrayals and New Alliances: Los Chapitos in Baja California](#)," 2 March 2021.

343 InSight Crime telephone interview, Drug Enforcement Administration agent, 5 April 2021.

344 Anabel Hernández, *El Traidor: El diario secreto del hijo del Mayo* (Mexico City, 2019); María Pilar Fuerte Celis et al, "Organized Crime, Violence and Territorial Dispute (2007-2011)," *Trends in Organized Crime*, vol. 22, (2019) pp: 188-209.

345 Michael Lietteri et al, "[Culiacán, interpretaciones sobre la violencia y memoria](#)," *Revista Espejo*, 2020.

346 InSight Crime, "[Gun Runners: Arms Trafficking to Mexico](#)," February 2011.

used state forces to vanquish its rivals there,<sup>347</sup> and others have long accused the cartel of revealing key information that has led to the capture of rivals. Such was the case that sparked the cartel's bloodiest battle with its former ally, the Beltrán Leyva Organization (BLO), when BLO members blamed the cartel for the capture of Alfredo Beltrán Leyva, a top member of the group, in January 2008. Indeed, much of the success of the Sinaloa Cartel has been attributed to its high-level connections the various parts of the organization had with political and bureaucratic elites at all levels of government.<sup>348</sup> The highest-profile judicial case has been that of Genaro García Luna, former Minister of Public Security during the Felipe Calderón administration (2006-2012).<sup>349</sup>

The Sinaloa Cartel also largely subcontracts third parties who produce the drugs, the raw material for drugs or the precursors. These operators do not necessarily consider themselves part of the Sinaloa Cartel. In fact, there are a smattering of clans in the Golden Triangle who often service numerous larger organizations. Known popularly as *gavillas*, these clans are at the heart of the poppy and marijuana production and normally sell their product to many criminal organizations<sup>350</sup> or to brokers, referred to locally as *coyotes*,<sup>351</sup> who then sell them to the larger criminal groups.

The model is similar with other criminal economies as well. The Sinaloa Cartel networks for methamphetamine and fentanyl trafficking overlap, but brokers and independent, smaller criminal organizations can be found throughout the value chain. The chemical precursors to produce both drugs, for example, are reportedly imported from Asia, predominantly China and India.<sup>352</sup> However, brokers are hired to negotiate with Chinese, Indian, Cantonese,<sup>353</sup> Philippine,<sup>354</sup> Vietnamese, and Taiwanese<sup>355</sup> criminal networks to coordinate the arrival of chemicals in Mexico.

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347 See: Steven Dudley, "[How Juárez's Police, Politicians Picked Winners of Gang War](#)," InSight Crime, 13 February 2013.

348 Anabel Hernández, *El Traidor: El diario secreto del hijo del Mayo* (Mexico City, 2019).

349 United States Justice Department, "[Former Mexican Secretary of Public Security Arrested for Drug-trafficking Conspiracy and Making False Statements](#)," 10 December 2019.

350 Steven Dudley, "[In Battle for Sierra Madre, Old Allies, New Foes Displace Thousands](#)," InSight Crime, 1 June 2012.

351 InSight Crime interview, Cecilia Farfán-Méndez, UC San Diego researcher, United States, 17 March 2021.

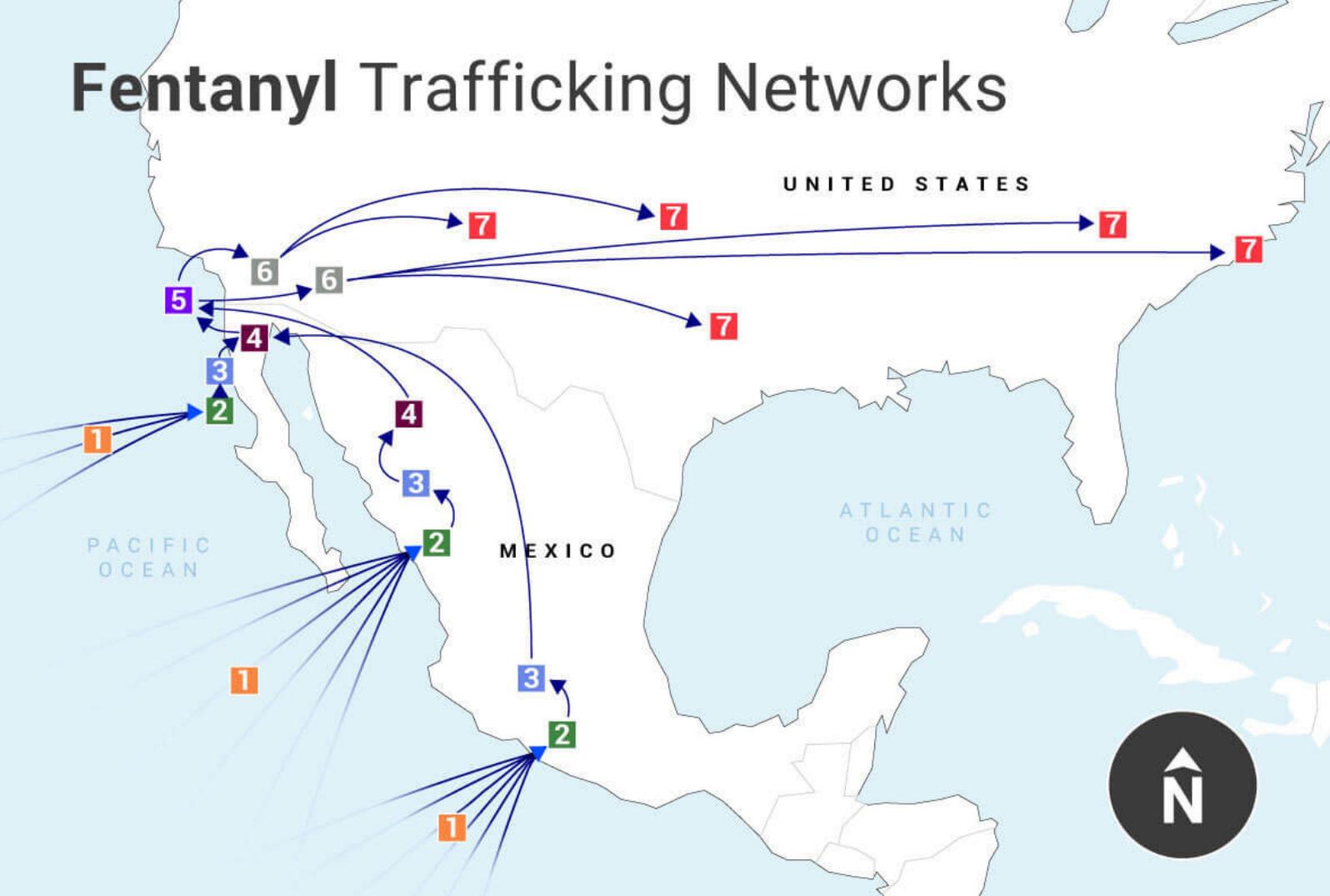
352 Vanda Felbab-Brown, "[Fending off fentanyl and hunting down heroin: Controlling opioid supply from Mexico](#)," Brookings Institute, 2020.

353 Sin embargo, "[Triadas de China y el Cartel de Sinaloa se asocian para producir 'hielo' y explotar el 'insaciable' mercado de EU](#)," 20 January 2014.

354 James Bargent, "[Is Sinaloa Cartel Making a Play for Asia's Lucrative Market?](#)," InSight Crime, 24 January 2014.

355 M Tourliere, "[The Cartel Project: Fentanilo, la inagotable fuente asiática](#)," Revista Proceso, 8 December 2020.

# Fentanyl Trafficking Networks




**1 Networks of providers, producers and transporters:** Chemical precursors used for the production of metamphetamine and fentanyl are sent to Mexico from Southeast Asia, China, and India.



**2 Networks of collectors:** Close associates of the CJNG or the Sinaloa Cartel who are in charge of receiving precursor chemicals at entry ports such as Ensenada, Mazatlán, and Manzanillo.



**3 Networks of drug processors:** These networks are in charge of fabricating the final product (fentanyl pills) so that the drugs are ready for wholesale in Mexico. They operate in several logistical centers, such as Culiacán and Tierra Caliente, and often include chemical specialists.



**4 Networks of wholesalers and transporters in Mexico:** Family clans or small criminal organizations who buy the drugs from the Sinaloa Cartel or the CJNG and transport them to border cities, such as Tijuana. These networks have their own clients in the US.



**5 Independent networks or freelancers:** Generally separate from any large criminal organization and are only subcontracted to move the drugs across the border on an occasional or regular basis.



**6 US wholesalers:** Criminal organizations based in the US buy the drugs from their Mexican suppliers and prepare them for retail distribution. They coordinate transportation within the US.



**7 Micro-trafficking gangs:** These networks have a limited reach and are dedicated to selling the drugs to the final consumers in the cities or towns where they operate.

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Source: InSight Crime and American University

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Once the drugs or precursors are in Mexico, the Sinaloa Cartel keeps a closer watch. While the cartel hires chemical specialists to produce methamphetamine and process fentanyl into counterfeit pills and powder fentanyl in clandestine laboratories that have been found in the states of Sinaloa and Sonora, these operations are tightly controlled. The same is true for the crossing points along the US-Mexico border where the Sinaloa Cartel has muscled into some of the most vibrant crossing points in Baja California, Sonora, Chihuahua, and beyond.

In Colombia, the Sinaloa Cartel sends emissaries to buy cocaine from the various current and former guerrilla groups operating coca-producing areas,<sup>356</sup> as well as more traditional drug trafficking<sup>357</sup> and paramilitary groups.<sup>358</sup> As the cartel has shifted its buying power south, it has become steadily more hands-on regarding shipping arrangements. Cocaine is shipped directly to Mexico, but it is also shipped through Ecuador, Venezuela, and Central America, where the cartel also has emissaries and directly contracts third-parties to assist it.

From Central America, Mexican carriers are hired<sup>359</sup> to move the cocaine to Guadalajara or Sinaloa where it is stored. The cartel controls and moves some of this supply through its own system to the United States, but it also sells some to criminal networks in Mexico who use their own networks to transport it to the United States and sell it to their own customers,<sup>360</sup> something explored in much more detail in the Caribbean section as it relates to fentanyl and methamphetamine. In all cases, these major wholesalers seem content to leave the US market almost as soon as they enter, thus lessening the risk that their core logistics experts and transporters will get rolled up by law enforcement. The Sinaloa Cartel, for instance, has brokers in the US, which

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356 Fundación Paz y Reconciliación (PARES), “Radiografía de la presencia de los carteles mexicanos,” 2020.

357 InSight Crime, “El Chapo’s Son’s Medellin Visit Reveals Criminal Underworld Dynamics,” 26 November 2018.

358 Fundación Paz y Reconciliación (PARES), “Radiografía de la presencia de los carteles mexicanos,” 2020; James Bargent, “What is the Mexican Cartels’ Strategy for Post FARC Colombia?,” InSight Crime, 26 February 2018.

359 For example, there is the case of José Oliva Chaidez, alias “El Blanco,” who presumably receives cocaine in Chiapas and moves it to the border with California. See: United States Treasury Department, “Treasury Designates Top Sinaloa Cartel Associates,” 16 August 2016.

360 For example, there is the case of the Flóres-Hernández network, based in Guadalajara, which buys cocaine and other drugs from the Sinaloa Cartel and the CJNG, then sells those drugs to its own networks in the United States. United States Justice Department, “Suspected Guadalajara Drug Kingpin Indicted in San Diego,” 10 August 2017.

connect it to the major drug-selling markets. Keeping themselves one step removed from these wholesale deals may help explain the resilience of these organizations.<sup>361</sup>

If the Sinaloa Cartel is Chiquita Brands, then the **Jalisco Cartel New Generation (Cartel de Jalisco Nueva Generación – CJNG)** is something akin to Dole Food Company, a Chiquita Brands rival of similar size and scope with similar markets and functions within that market. Like the Sinaloa Cartel, the CJNG sources and produces illicit drugs in large quantities that it transports and sells to major markets across the globe. The difference between the two groups perhaps lies in the way they protect and secure their businesses. The CJNG is more reliant on its own enforcement wing and more willing to confront the state, while the Sinaloa Cartel seeks accommodation and alliances with the upper echelons of the government in order to facilitate its business.

Notably, both organizations have a shared social identity and origins. And in some ways, the CJNG is a fourth, now separate pillar of the Sinaloa Cartel. It emerged from the remnants of a criminal organization run by Ignacio “Nacho” Coronel and the powerful Valencia family, which operated what was known as the Milenio Cartel. At the turn of the century, both Coronel and the Milenio Cartel were allies of the Sinaloa Cartel in a larger conglomeration of groups known as the Federation.<sup>362</sup> But the Milenio Cartel was displaced from its stronghold, Michoacán, for a time by rivals, and Coronel was slain by authorities in 2010. After some jockeying, remnants of these networks, led by the Valencia clan and an entrepreneurial leader named Nemesio Oseguera, alias “El Mencho,” created the CJNG, with a base in Jalisco.<sup>363</sup> Oseguera might never have risen so high had he not married one of the Valencia clan.<sup>364</sup> Notably, Oseguera’s son, who was extradited to the US to face drug trafficking charges, was also a high-ranking member.

The group has two wings: Oseguera runs the military wing and the Valencia clan, or what are termed “Los Cuinis,” run the financial wing. The military wing has been busy from the start, thus setting the tone for the militaristic expansion of the organization, which started with a dramatic massacre. In 2011, the cartel allegedly killed 35 suspected members of the rival Zetas

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361 Cecilia Farfán-Méndez, “Sinaloa is not Guerrero. Illicit Production, Licit Agrobusiness,” Noria Research, 2021.

362 Tomás Martínez Sánchez “Jalisco Nueva Generación: un epicentro del narco global-local,” in P. Moloeznik and A. Rodríguez Sumano, Seguridad y justicia en Jalisco: Escenarios y propuestas (Guadalajara, 2016).

363 El Informador, “Cartel de Jalisco, herencia de Nacho Coronel,” 8 October 2011.

364 David Gagne, “Who Runs Mexico’s Jalisco Cartel and Los Cuinis?” InSight Crime, 9 April 2015.

criminal group in Veracruz, which included a municipal policeman,<sup>365</sup> and left the bodies under an underpass with a note to the Veracruz population to not “let yourself be extorted.”<sup>366</sup> More fighting followed, as the CJNG sought to reclaim territory in Michoacán it believed was rightfully its own and to claim new territory in places like Baja California.

The CJNG has also built relationships with officials, most notably municipal police and local politicians. The most prominent case is that of the former Nayarit governor and a federal judge, who allegedly helped launder proceeds and clear network members of legal trouble.<sup>367</sup> But the cartel has more often distinguished itself for being one of the few criminal organizations in Mexico that directly confronts the state, attacking security forces<sup>368</sup> and high-profile officials alike.<sup>369</sup> In 2015, for example, the CJNG shot down an army helicopter<sup>370</sup>; in June 2020, it tried to assassinate the Mexico City police chief<sup>371</sup>; and in December 2020, the CJNG allegedly assassinated the former governor of Jalisco.<sup>372</sup>

In fact, the group may be better designed to carry on a steady confrontation than its counterparts in the Sinaloa Cartel. In addition to a pair of elite commando groups, each CJNG *plaza* (stronghold) has a boss who commands a group of hitmen and soldiers. Like Sinaloa, most soldiers of the CJNG are cannon fodder with few to no connections to the core group of leaders. Testimony collected by journalists paint a picture of youth who are recruited under the promise of working private security, only to find themselves trapped once they show up for basic training.<sup>373</sup> The CJNG also reportedly

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365 S Camarena, “Los narcos dejan 35 cadáveres en una avenida de Veracruz,” *El País*, 22 September 2011.

366 Gary Moore, “The Myth of a ‘Good Guy’ Drug Cartel in Mexico,” *InSight Crime*, 6 October 2011.

367 US Treasury Department, “Treasury Works with Government of Mexico Against Perpetrators of Corruption and their Networks,” 17 May 2019.

368 David Gagne, “Challenging the State a Poor Strategy for Mexico’s Jalisco Cartel,” *InSight Crime*, 4 May 2015.

369 Victoria Dittmar and Chris Dalby, “Attempt to Kill Mexico City’s Top Cop Puts Jalisco Cartel in Crossfire,” *InSight Crime*, 27 June 2020.

370 Jesús Pérez, “Losing the Fight Against Mexico’s Jalisco Cartel,” *InSight Crime*, 21 May 2015.

371 Victoria Dittmar and Chris Dalby, “Attempt to Kill Mexico City’s Top Cop Puts Jalisco Cartel in Crossfire,” *InSight Crime*, 27 June 2020.

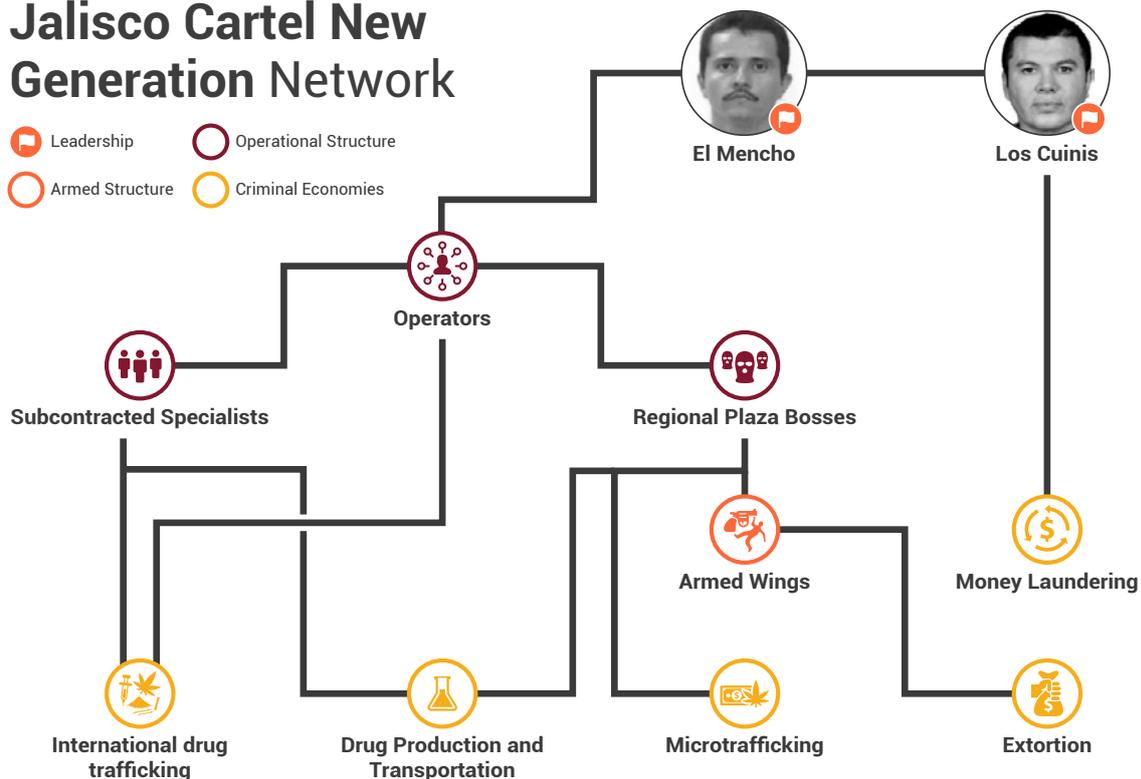
372 BBC, “Aristóteles Sandoval: qué se sabe del asesinato del exgobernador de Jalisco en un restaurante de Puerto Vallarta,” 19 December 2020.

373 Aldo Meza, “The School of Terror: Inside a Jalisco Cartel Training Camp,” *InSight Crime*, 13 June 2019; *InSight Crime* phone interview, Rogelio Barba, Jalisco Forensic Institute, Mexico, 29 March 2021.

hires Colombians and Guatemalans with military backgrounds to help them train their private soldiers.<sup>374</sup>

The result is near constant war wherever the CJNG are present. Indeed, the growth of the CJNG has coincided with the increase in cases of forced disappearance and homicides in states such as Jalisco<sup>375</sup> and Baja California.<sup>376</sup> In contrast, Sinaloa Cartel-conquered areas, such as Ciudad Juarez and Tijuana, have become less violent after the cartel took control.

## Jalisco Cartel New Generation Network



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Source: InSight Crime and American University

In addition to its own recruits, the CJNG also employs local gangs – often by force – to win over and protect territory. In Mexico City, for example, the CJNG presumably provides arms to the Unión of Tepito in exchange for

<sup>374</sup> InSight Crime phone interview, David Saucedo, independent security analyst, Mexico, 8 March 2021; InSight Crime phone interview, Gerardo Rodríguez Sánchez Lara, professor at UDLAP, Mexico, 8 March 2021.

<sup>375</sup> Parker Asmann, “Walled Inside Homes, Corpses of Mexico’s Disappeared Evade Authorities,” InSight Crime, 31 July 2019.

<sup>376</sup> Zeta Tijuana, “CJNG, líder de la violencia en México,” 15 March 2021.

protection of its drug shipments as well as keeping rivals out of the city.<sup>377</sup> In the metropolitan area of Guadalajara, the CJNG allegedly hired a local gang called Los Deltas to protect their territory from a rival splinter group.<sup>378</sup>

The CJNG has tried to expand its territorial control to other regions of the country such as the northern border and the Riviera Maya and is carrying out a military campaign to regain parts of Michoacán. On the Atlantic side of the country, the CJNG operates from the Port of Veracruz, which the group took after vanquishing the Zetas. This gives the group access to African trade routes and, ultimately, the lucrative European market.<sup>379</sup> In some areas, such as the Tierra Caliente region of Michoacán, the CJNG has faced resistance from local groups,<sup>380</sup> while in other more complicated places – such as Mexico City and the border cities of Tijuana and Juárez – the CJNG has sought proxy groups that allow them to have influence in the territory.<sup>381</sup> In the case of Tijuana, for example, the CJNG allied itself with remnants of the Tijuana Cartel and formed a structure called the Tijuana Cartel New Generation (Tijuana Cartel Nueva Generación).<sup>382</sup>

The CJNG also seems to take a more hands-on approach to their commercial dealings with third parties. Where the CJNG sources its heroin, for instance, there has been a notable “cartelization” of the trade.<sup>383</sup> Small farmers from Guerrero who once processed and sold heroin at border points have found themselves cut off from the most lucrative part of the business – processing, transport and wholesale – as criminal groups like the CJNG have moved into these areas to exert greater control at the initial stages.<sup>384</sup> Some areas have rebelled, setting up “self-defense” organizations to establish their own prices and secure their own clients, and in some areas, the independent brokers, known as corredores (runners) in Guerrero, remain active. But in other areas, they have succumbed to the power of groups like CJNG who have suppressed prices considerably.

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377 InSight Crime interview, Unión de Tepito plaza boss, Mexico City, Mexico, 16 March 2021

378 Jorge Fernández Méndez, *La nueva guerra: del Chapo al fentanilo* (Mexico City, 2020).

379 Victoria Dittmar, “[Why the CJNG Does Not Dominate Mexico’s Criminal Landscape](#),” InSight Crime, 11 June 2020.

380 InSight Crime phone interview, Falko Ernst, senior analyst at the International Crisis Group, Mexico, 11 June 2020.

381 Victoria Dittmar, “[Why the CJNG Does Not Dominate Mexico’s Criminal Landscape](#),” InSight Crime, 11 June 2020.

382 James Bargent, “[Northwest Mexico Erupts in Violence in Next Generation Cartel Wars](#),” InSight Crime, 20 October 2016.

383 Irene Álvarez Rodríguez, “[Chapter 2 – Drug-trafficking and rural capitalism in Guerrero](#),” Noria Research, March 2021.

384 Ibid.

The CJNG is also reportedly more involved in other parts of the business as well, allegedly sending its own emissaries to Asia to obtain precursors or finished drugs.<sup>385</sup> There, they connect with networks such as the Yakuza in Japan, which in turn contact triads in Hong Kong, Taiwan, and in Southeast Asia. The Yakuza, for example, allegedly broker shipments of chemical precursors for the CJNG to the port Manzanillo, Colima, in exchange for cocaine.<sup>386</sup> The CJNG also works closely with a local criminal organization with wide sway in the port of Manzanillo, giving it direct access to the drugs and precursors arriving from Asia.<sup>387</sup>

Once in Mexico, the precursors are processed in laboratories directly supervised by the CJNG. Independent producers can also set up their own laboratories for the production of methamphetamine and sell it to the CJNG. But according to a municipal police officer interviewed in Guadalajara, individuals who independently produce methamphetamine in CJNG territory can only sell it to the cartel.<sup>388</sup> Transport is more complicated for the CJNG, especially across the US-Mexico border. For the transfer of synthetic drugs to the border with the United States, the CJNG forms alliances with local groups like the above-mentioned Tijana Cartel New Generation in various territories on the route, which provide protection.

To source its cocaine in Colombia, the CJNG connects with Colombian guerrillas,<sup>389</sup> FARC dissident groups,<sup>390</sup> and paramilitary organizations.<sup>391</sup> In Venezuela, it has reportedly connected with the Segunda Marquetalia, which allegedly ensures shipments to the CJNG by air to the Caribbean and elsewhere.<sup>392</sup> It is less clear who the CJNG's contacts are in Central America or if they largely bypass the region.

Like certain aspects of the drug distribution systems, the financial part of these organizations is tightly controlled. While these organizations launder money in countries far afield, those managing these operations are quite literally in

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385 Vanda Felbab-Brown, "[Fending off fentanyl and hunting down heroin: Controlling opioid supply from Mexico](#)," Brookings Institution, 2020.

386 Jorge Fernández Méndez, *La nueva guerra: del Chapo al fentanilo* (Mexico City, 2020).

387 Tomás Martínez Sánchez "Jalisco Nueva Generación: un epicentro del narco global-local," in P. Moloeznik and A. Rodríguez Sumano, *Seguridad y justicia en Jalisco: Escenarios y propuestas* (Guadalajara, 2016).

388 InSight Crime interview, municipal police officer, Guadalajara, Jalisco, Mexico, 12 May 2018.

389 Semana, "[Los tentáculos del temible Cartel de Jalisco en Colombia](#)," 26 July 2020.

390 EFE, "[Disidencias matan a indígenas en el Cauca por oponerse al narcotráfico](#)," *El Tiempo*, 16 October 2019.

391 InSight Crime phone interview, anti-narcotics officers, Colombia National Police, 11 May 2021.

392 Semana, "[Así llevan la droga Santrich, Iván Márquez y otros disidentes de las Farc al Cartel de Jalisco en México](#)," 2 February 2021.

the family. Such is the case with the CJNG, which has entrusted the financial operations to the Valencia family, a group more commonly referred to as Los Cuinis. The family seems to maintain a certain independence, so much so that US investigators talk of “Los Cuinis Drug Trafficking Organization.”<sup>393</sup>

## **Criminal Networks in South America**

The eight countries of South America can be characterized as belonging to three major criminal geographies: 1) the Andean countries of Peru, Ecuador, and Bolivia; 2) the Atlantic nations of Brazil, Uruguay, and Argentina; and 3) the small and landlocked entrepôt of Paraguay.<sup>394</sup> The three subregions and their markets are intimately linked by long, wild, unpoliced, and extremely permeable borders. The geography of these three subregions contributes to the particular role that each play in criminal markets, as well as to relations between state and criminal organizations.

In the Andean countries, weak law enforcement capacity and relatively loose state control over large swathes of the national territory have enabled small illicit criminal networks to survive in small-scale coca production, illegal mining, and environmental crimes. Generally speaking, law enforcement is weak and corruptible; markets for illicit products are atomized, with few large criminal networks; and the use of violence is limited.

The Atlantic nations, which have traditionally been among the wealthiest of the region, have had modest to good law enforcement capacity, better control of their territory, and a capacity to withstand some efforts at criminal penetration of law enforcement. However, in recent decades, the Atlantic nations have been shocked by a significant increase in transnational smuggling routes that span from the Andes to the Atlantic to Europe; by the rising sophistication and rapaciousness of criminal networks; and by the rapid acceleration of criminal violence as competition between criminal networks has increased.

Finally, Paraguay has long played a central role in the South American criminal economy, in part as a consequence of its geographical location between the Andes and the Atlantic markets; a longstanding political-criminal nexus that reaches to the top of the political elite; and a weak and corrupt law enforcement system. Despite its small size, these characteristics place Paraguay at the core of many South American criminal dynamics.

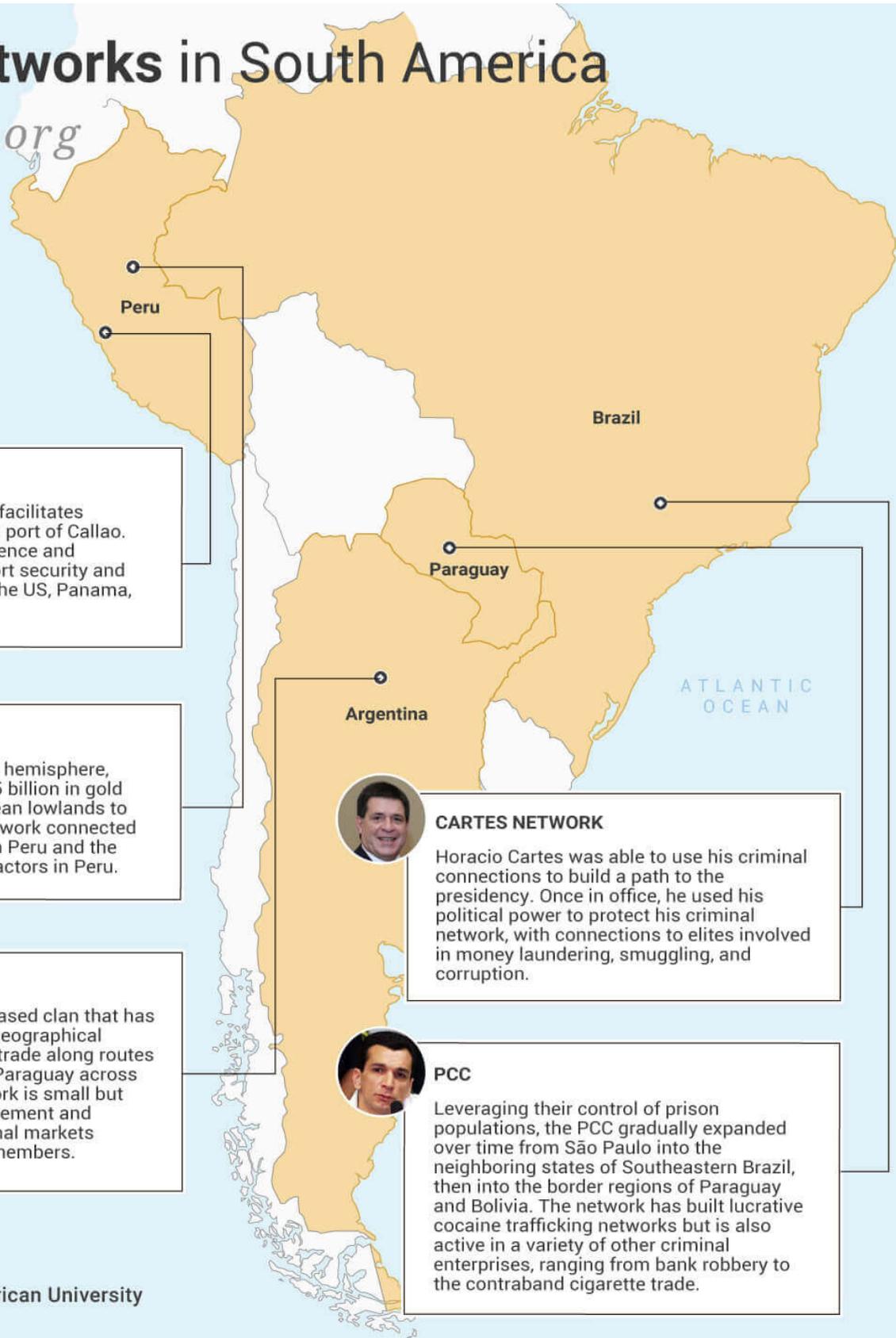
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393 United States Treasury Department, “[Treasury Works with Government of Mexico Against Perpetrators of Corruption and their Networks](#),” 17 May 2019.

394 Chile is largely an exception to the regional criminal economy, with moderate to high law enforcement capacity, relative control of smuggling and illicit transit, and a modest and largely nonviolent domestic market for illicit drugs.

# Criminal Networks in South America

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## BARRIO KING

This small-scale network facilitates smuggling in the Peruvian port of Callao. The network relied on violence and corruption to penetrate port security and contaminate shipping to the US, Panama, and Europe.



## NTR-ELEMETAL

This network spanned the hemisphere, smuggling more than \$3.5 billion in gold illegally mined in the Andean lowlands to the United States. The network connected legitimate businessmen in Peru and the United States to criminal actors in Peru.



## LOS MONOS

Los Monos are a family-based clan that has taken advantage of their geographical location to facilitate drug trade along routes running from Bolivia and Paraguay across Argentina. The core network is small but has penetrated law enforcement and managed to control criminal markets despite the jailing of key members.



## CARTES NETWORK

Horacio Cartes was able to use his criminal connections to build a path to the presidency. Once in office, he used his political power to protect his criminal network, with connections to elites involved in money laundering, smuggling, and corruption.



## PCC

Leveraging their control of prison populations, the PCC gradually expanded over time from São Paulo into the neighboring states of Southeastern Brazil, then into the border regions of Paraguay and Bolivia. The network has built lucrative cocaine trafficking networks but is also active in a variety of other criminal enterprises, ranging from bank robbery to the contraband cigarette trade.

September 2021

Source: InSight Crime and American University

For many decades, the illicit markets of South America revolved around local consumption of smuggled and contraband goods, which often were tolerated by authorities as a natural response to heavy-handed state-led economic policies. In recent years, however, these contraband markets have exploded: substantial domestic drug markets have emerged across the region; significant transnational drug transit routes to Africa and Europe have developed; illicit mining and timber markets have expanded; criminal networks have become larger, more sophisticated, and more organized; and levels of criminal violence have skyrocketed.

All of these phenomena challenge the myth that South America can somehow ignore the peril of the transnational criminal networks that are the focus of so much attention in the Isthmus and Caribbean regions of the Western Hemisphere. These networks range from small, bespoke niche-market specialists to political elites at the highest levels. Add to that the emergence of incredibly powerful and potent prison gangs in places like Brazil and Peru, and the outlook becomes even more worrisome. All of these networks penetrate law enforcement to varying degrees, they often corrupt political elites, and they engage in a variety of tactics that undermine the proper functioning of markets and of democratic institutions. Below, we describe the patterns of criminal behavior and the prevailing shape of criminal networks in each of the three subregional criminal geographies.

### ***State-embedded Criminal Networks in South America***

Throughout South America, there are multiple examples of high-level and low-level political networks that support crime, colluding, collaborating, and in some cases, even commanding criminal networks. At the low levels, there are various examples of mayors who have supported or worked directly with criminal networks. Among these is the case of the mayor of Itatí, an Argentine city bordering Paraguay, who was connected to a prolific marijuana-trafficking network.<sup>395</sup> Other examples are found in Paraguay itself, a country that is the largest producer of marijuana in South America.

At the higher levels, examples include one-time Brazilian president Michel Temer and his alleged protection of corrupt cronies involved in what became known as Lava Jato, a sprawling kickback case that lasted from 2014 to 2021;<sup>396</sup> César Álvarez Aguilar, the governor of Peru's Ancash department from

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395 Josefina Salomón, "From Argentine Shrine to Marijuana Corridor: The Story of Itatí," InSight Crime, 16 March 2021.

396 Arthur Guimarães, Paulo Renato Soares and Marco Antônio Martins, "Temer é chefe de organização criminosa há 40 anos, diz Lava Jato no RJ," G1, 21 March 2019.

2007-14, who was involved in the Los Cuellos Blancos corruption network of high-level authorities and judges;<sup>397</sup> former Ecuadoran interior minister José Serrano and his reputed protection of various criminal groups, including drug traffickers;<sup>398</sup> and the kickback scandals that embroiled successive Kirchner administrations, leading to money laundering charges against current Vice President Cristina Fernández de Kirchner, for allegedly running a criminal network related to real estate dealings.<sup>399</sup>

All of these significant criminal enterprises are made possible because of political actors' influence over state institutions. In short, figures who span the political and criminal worlds are oftentimes able to control which illicit organizations can function, where, and under what conditions. Such officials may provide protection in exchange for a cut of the criminal profits because they are themselves the operators of the criminal enterprise, or simply to protect members of their personal and professional networks. In providing top-cover, they undermine the expected functioning of state institutions: Rather than the state operating to impose clear laws for all, it fails to enforce the law or enforces it only selectively against rivals.

The case of the **Horácio Cartes Network** is an exemplary model of such a high-level state-embedded criminal network, in part because Cartes was able to use his criminal connections to build a path to power, and then, once in office, used political power to protect his criminal network and connections. Cartes is a moneychanger turned bank owner, cattle rancher, soccer team president, cigarette mogul, president of Paraguay (2013-18) and, currently, Paraguayan senator.

Paraguay, a central hub between the nations of South America and a smugglers' paradise, was the perfect place for Cartes to build his criminal portfolio. These criminal enterprises have long fueled Paraguay's politics, drawing revenue from a variety of contraband and counterfeit items trafficking between the country and its neighbors. Contraband flows are significant, incentivized by substantial taxation and heavy regulation of trade in Paraguay's neighbors, especially Brazil and Argentina. A combination of weak enforcement, widespread corruption, and large and fairly unfettered flows of people

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397 El Comercio, "[Áncash: exgobernador César Álvarez fue sentenciado a 35 años de cárcel por caso Ezequiel Nolasco](#)," 26 January 2021; Lucía Dammert, "When Politics and Crime Collided in Peru," *Americas Quarterly*, 26 January 2021.

398 BBC "[Caso 'Hotesur': Cristina Fernández y sus hijos Máximo y Florencia Kirchner irán a nuevo juicio por presunta corrupción](#)," 28 February 2019

399 Tristan Clavel, "[Argentina's Ex-president Kirchner Loses and Wins in Senatorial Elections](#)," *InSight Crime*, 24 October 2017; DW, "[Argentina ex-President Cristina Kirchner charged with money laundering](#)," 5 April 2017.

facilitate the trade. Contraband flows include illegal cigarettes, counterfeit luxury goods, contraband electronics, and a variety of other goods, including arms and munitions.

Paraguay also serves as the central transshipment point for cocaine: The relative permeability of Paraguay's border with Bolivia, combined with its lengthy borders with both Brazil and Argentina, make it a convenient transit zone. Paraguayan authorities estimate 181 tons of coca transited Paraguay in 2019 alone,<sup>400</sup> or roughly 20 percent of all cocaine trafficked worldwide that year. Paraguay is also the region's largest producer of cannabis, which is largely exported to Brazil (close to 80 percent) and Argentina (close to 20 percent).<sup>401</sup>

Arms trafficking flows southward through Paraguay. Many weapons, particularly high caliber weapons, are purchased in Paraguay from US dealers, then smuggled into Brazil.<sup>402</sup> Between 2018-2019, Argentine authorities also uncovered evidence of arms trafficking from the US and Europe, through Argentina and onward to Brazil through Paraguay.<sup>403</sup> Other guns are produced at legitimate firms in Brazil and smuggled to Paraguay and then back across the border to evade taxes. So, too, there is evidence of significant munitions trafficking from Florida, frequently through Paraguay, to Brazil and Argentina.<sup>404</sup>

Fittingly, Cartes began his criminal career by defrauding the state. In the 1980s, he set up fake businesses that fraudulently obtained dollars under the Paraguayan Central Bank's "preferential" exchange rate, an exchange rate below the market rate that was designed to help local companies import industrial inputs. In the process, Cartes is estimated to have defrauded the

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400 InSight Crime telephone interview, Fernando Krug, General Coordinator of Senad Cabinet, 17 February 2020.

401 United Nations Office on Drugs and Crime (UNODC), "World Drug Report 2020," June 2020.

402 Ernesto Londoño, "Brazil's Drug Gangs Find a New Victim: Paraguay," Santa Fe New Mexican, 16 December 2018; Ernesto Londoño, "Brazil's Violent Drug Trade Overruns Paraguay: 'Scenes You Only See in Movies,'" The New York Times, 15 December 2018; Paula Miraglia, "Drugs and Drug Trafficking in Brazil: Trends and Policies," Brookings, July 2016; Lisandra Paraguassu and Ricardo Brito, "EUA São Principal Fonte de Contrabando de Armas Pesadas Para o Crime No Brasil, Diz Relatório Da PF," Reuters, January 10 2018.

403 Gabriel di Nicola, "Traían piezas de fusiles de asalto, los reensamblaban y los vendían a bandas de Brasil y Paraguay," La Nación, 8 April 2019; Josefina Salomón and Carolina Sampó, "Argentina's Evolving Role in the Global Arms Trade," InSight Crime, 14 August 2019; Argentina Ministry of Security, "El decomiso de armas más grande de la historia de nuestro país," 26 June 2019.

404 Jay Weaver, "Feds put plug in pipeline of weapons smuggling between Florida and Brazil," Miami Herald, 2 June 2021.

Central Bank of more than \$30 million dollars. He was convicted, fled, and after surrendering to authorities four years later, was jailed briefly in the late 1980s.<sup>405</sup>

After his release from prison, Cartes spent more than two decades building a variety of businesses at the intersection of the legal and illegal economies. Cartes and his business partners built their small exchange shop, Câmbios Amambay, into Banco Amambay, a bank that was used to launder money in the fluid tri-border area (TBA) that connects Paraguay, Argentina, and Brazil. Banco Amambay (later renamed Banco BASA), became one of the most significant money laundering businesses in the TBA.<sup>406</sup> The bank is alleged to have had an offshore counterpart in the Cook Islands of the South Pacific, although Cartes denies being a partner in that enterprise. In 2000, law enforcement seized a plane at a farm Cartes owned containing more than 300 kilos of marijuana and 20 tons of cocaine; Cartes was never charged.<sup>407</sup> Along the way, Cartes built the Tabesa tobacco company into Paraguay's largest tobacco concern. Tabesa profited from the enormous South American contraband tobacco market, which is estimated to total \$1 billion.<sup>408</sup>

In 2009, Cartes joined Paraguay's dominant political party, the Partido Colorado, which had governed the country without interruption for six decades until Fernando Lugo's election in 2008. Cartes leveraged his wealth, experience, and connections to launch a meteoric political career. Despite never having served in any political office, he began a campaign to become Colorado's presidential candidate in the 2013 elections. At a 2011 Colorado party convention, Cartes was able to secure the two-thirds supermajority needed to overturn a party statute that required presidential candidates to have been members of the party for ten years. This victory is believed to have been made possible by bribes paid to party delegates, and a stand-in presidential candidate resigned soon thereafter in a crafted move to make space for Cartes.<sup>409</sup> Cartes was elected in 2013 and served as president until 2018. He continues to wield considerable influence within the Colorado party as the leader of one of its two main factions.

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405 The convictions against Cartes and his accomplices were overturned nearly three decades later, in 2008, by Paraguay's Supreme Court.

406 It controlled as much as "80 percent of the money laundering in Paraguay," the top anti-narcotics law enforcement official reportedly told a US embassy officer at the time. See: Michael J. Fitzpatrick, "Managing Expectations of New SEPRELAD Director," Deputy Chief of Mission, US Embassy in Paraguay, 27 August 2007. Obtained via [Wikileaks](#).

407 El Independiente, "¿Quién es Horacio Cartes?," 17 August 2020.

408 Ibid.

409 Economist Intelligence Unit, "Mr Cartes strengthens his position in the Colorado Party," 17 February 2011.

The power of Cartes as a former president and leader within the country's dominant political party make it very difficult to label him as someone who is outside the power structure: i.e., a conventional criminal. Cartes has close ties to a variety of high-level officials in both Congress and the judicial system. But the preponderance of the evidence suggests that Cartes simultaneously maintains problematic connections to elites involved in money laundering, drug smuggling, corruption, and contraband smuggling networks throughout Paraguay and beyond. Weak law enforcement capacity, sporadic judicial enforcement, and Cartes' political influence mean that numerous allegations against Cartes have not been energetically pursued by Paraguayan authorities. In fact, it is telling that most of the effective judicial action against Cartes has been in Brazilian courts.

These days, Cartes runs a business empire of more than two dozen companies that spans banking, cigarettes, cattle ranching, and newspapers. He has ties to a variety of actors who sit at the boundary between politics and illicit business. At the heart of Cartes' business model is cigarette production. As noted above, Cartes' Tabacalera del Este S.A. (Tabesa) is the dominant national producer, controlling more than half of Paraguayan tobacco production.<sup>410</sup> Exports to neighboring countries are central to Tabesa's business model: Paraguay produces over 60 billion cigarettes a year, but consumes only two percent of that number domestically.<sup>411</sup> As much as 90 percent of Paraguay production may be smuggled through the TBA to Brazil and Argentina.<sup>412</sup> Cartes has repeatedly denied that he evades Paraguayan taxes on his cigarettes, but it has been estimated that his business group saves as much as \$2.9 billion in import taxes in Argentina and Brazil through contraband cigarette smuggling.<sup>413</sup> Tabesa and its distributor may be responsible for four-fifths of contraband tobacco on the Brazilian black market.<sup>414</sup>

There is no rigid governing structure for the Cartes network, which instead might be said to follow the extant hierarchies present in the business and political worlds. But in a country marked by significant relational networks and the weak rule of law, Cartes' political and economic power gives him significant influence across a wide gamut of society. Although Cartes is not

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410 Benoît Gomis and Natalia Carrillo Botero, "Sneaking a Smoke: Paraguay's Tobacco Business Fuels Latin America's Black Market," *Foreign Affairs*, 5 February 2016.

411 James Bargent, "Report Breaks Down Paraguay to Brazil Cigarette Smuggling Trail," *InSight Crime*, 2 August 2017.

412 *El Independiente*, "¿Quién es Horacio Cartes?," 17 August 2020.

413 Vanessa Neumann and Stuart Page, "The many criminal heads of the Golden Hydra: How the Tri-border Area's Interlocking Arcs of Crime Create LatAm's #1 International Fusion Center," *Counter Extremism Project*, 20 April 2018.

414 ABC, "Tabesa: 'Todo de contrabando,'" 11 December 2017.

known to have engaged in violence, some of his associates, such as Fahd Jamil, have frequently employed violent tactics.<sup>415</sup> Further, Cartes' use of power may be subtle: Members of the opposition, for example, believe that Cartes is behind the judicial investigation that led to the arrest of opposition leader and former presidential candidate Efraín Alegre for alleged electoral malfeasance in January 2021.

Cartes also has a number of ties to a variety of illicit actors. One of the most significant ties was brought to light in November 2019, when an international arrest warrant was issued against Cartes by Brazilian federal judge Marcelo Bretas.<sup>416</sup> Although the warrant was later revoked,<sup>417</sup> Cartes was charged with obstructing justice by assisting Dario Messer, one of the most sophisticated Brazilian money launderers at the heart of the Lava Jato corruption case, who was charged alongside other launderers for moving more than US\$1.6 billion out of Brazil using informal value-transfer systems<sup>418</sup> and had fled to Paraguay where he sought Cartes' help in staying out of the Brazilian authorities' grasp.<sup>419</sup> Indeed, money laundering – which we did not treat in detail in this report since it was covered by a parallel investigation under this grant – has historically been tolerated across the Atlantic nations of South America, in part because there was little regulation or enforcement until the turn of the century. Enforcement has been hampered by the low priority ascribed to money laundering, law enforcement capacity issues, elite impunity, and social tolerance for illicit exchange providers. Messer's case and its relationship to Lava Jato<sup>420</sup> – which involved massive money laundering from that country to a variety of international offshore banking meccas, both in the Americas and Europe – was typical in this regard, while his eventual prosecution in Brazil was atypical.<sup>421</sup>

Over the years, Cartes has also been tied to a variety of criminals in unusual ways, including the previously mentioned plane carrying cocaine and marijuana on his farm; close relations with Fahd Jamil, the boss of the

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415 Marta Ferreira and Ana Paula Chuva. “Juiz resolve manter Fahd Jamil preso no Garras e pede perícia médica,” Campo Grande News, 20 April 2021.

416 Latin News, “Latin American Weekly Report,” 21 November 2019 (WR-19-46); BBC, “Orden de captura contra Horacio Cartes: por qué la justicia brasileña ordenó la detención del expresidente de Paraguay,” 20 November 2019.

417 André Richter, “Brazil court revokes arrest warrant of former Paraguayan president,” Agência Brasil, 29 November 2019.

418 Arthur Guimarães, Renata Capucci, and Fernanda Rouvenat, “Lava Jato mira doleiros suspeitos de movimentarem US\$ 1,6 bi em 52 países,” G1 Globo, 3 May 2018.

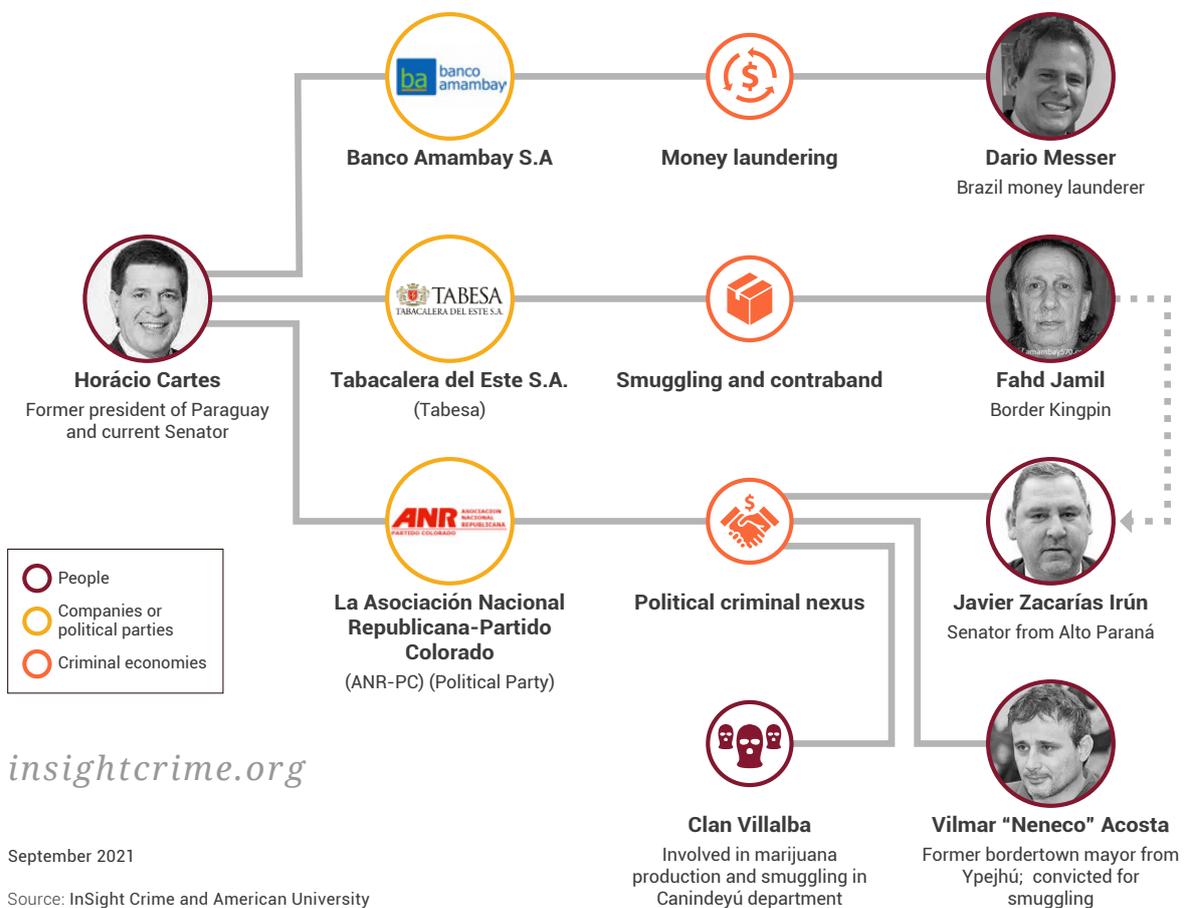
419 Steven Dudley, “Chasing Brazil's Premier Money Launderer,” InSight Crime, 4 March 2021.

420 United States Department of State Bureau of International Narcotics and Law Enforcement Affairs, “International Narcotics Control Strategy Report: Volume II – Money Laundering,” March 2018.

421 Steven Dudley, “Chasing Brazil's Premier Money Launderer,” InSight Crime, 4 March 2021.

Brazilian border region until 2020; relations with a former Paraguayan central bank president accused of money laundering; an investigation by the DEA for drug trafficking; cigarette smuggling into Argentina, Brazil and other Latin American countries; the transfer of public lands to his own companies; his uncle's involvement in drug trafficking. Over the course of his career, Cartes has been linked to major narcotraffickers such as Milton Machado.<sup>422423</sup>

## Horácio Cartes Network



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Source: InSight Crime and American University

422 Thonet Vander, "Paraguay: Partido Colorado vuelve al poder de la mano del empresario Horacio Cartes," HACER Latin American News, 21 April 2013; El Independiente, "¿Quién es Horacio Cartes?," 17 August 2020; Notimérica, "El presidente de Paraguay ocultó a EEUU que estuvo preso para poder abrir su empresa," 30 May 2014.

423 Rubén Céspedes, "El lado oscuro de Horacio Cartes," ABC, 14 January 2011.

Cartes' network also includes a variety of other political figures. One of the more notorious members of Cartes' faction of the Colorado Party is Vilmar "Neneco" Acosta, a former border-town mayor in Ypejhú, whose family ran a major border smuggling operation in the Canindeyú department. In 2017, Acosta was sentenced to 39 years in prison for ordering the 2014 murder of a journalist who was investigating his ties to drug trafficking. Acosta also had ties to the politically influential Villalba clan, which is believed to have run marijuana production and smuggling in the department, even as several members of the family served as city mayors and one became the governor of the province. The Villalba family were largely considered untouchable, in part because of their ties – including campaign contributions – to Cartes. Cartes also had business ties through the unsavory border kingpin, Fahd Jamil, to a variety of politicians in the Alto Paraná department, including Zacarías Irún and his wife,<sup>424</sup> who have also been investigated for corruption.<sup>425</sup>

The Cartes network shows the threat from the reciprocal and mutually reinforcing relations between networks in the political and criminal worlds. They have permitted Cartes to build an ostensibly legitimate business empire, but one that would not have achieved the same scale without ties to the criminal economy. These ties to the criminal economy, meanwhile, undermine any pretense of neutral government competency. By influencing the selection of top law enforcement authorities, by influencing the direction and pace of their work, and by pressuring law enforcement authorities to selectively pursue their mandates, the Cartes network weakens effective law enforcement and the rule of law, making it easier for criminal actors to operate on Paraguayan soil. The Cartes network, both by sins of omission and commission, contributes to facilitating drug trafficking, contraband smuggling, and money laundering by known associates of the former president. Furthermore, the Cartes network has often protected criminal actors in the region, including Fahd Jamil, Dario Messer, and a variety of others who engage in transnational crime across Paraguay's international borders.

The Cartes network further contributes to undermining legitimate business throughout the region through unfair competition. Revenues derived from illicit origins enable Cartes-associated firms to underbid and outcompete legitimate business. The channels established for smuggling, tax evasion, and money laundering, meanwhile, can be used by a variety of other actors, both in Paraguay and neighboring jurisdictions. The revenues from illicit

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424 Mabel Rehnfeldt, "[Negocio de Cartes y Messer se quedó con estancias de Fahd Jamil](#)," ABC, 23 April 2019.

425 Ángela Olaya and Sergio Saffón, "[Drug Trafficking and Political Protection in Paraguay: The Case of 'Cucho' Cabaña](#)," InSight Crime, 25 February 2021.

activities that are protected by the Cartes network distort democratic politics. The Cartes network includes a number of politicians whose rise in politics has been funded by dubious means, whose electoral campaigns are clearly designed to further their business interests, and who use politics as a means for collecting illicit rents, while simultaneously neutering incipient investigation and oversight activities. It is for all these reasons that we have highlighted state-embedded networks as a top concern.

### ***Social-constituency Criminal Networks in South America***

Like the rest of the region, South America has experienced a surge in the size of its prison population. Among the many reasons for this rise in prisoners are more stringent counter-drug legislation, the implementation of wide-ranging conspiracy laws, more effective law enforcement and police forces, an increase in the size of police and other security forces, and the rise in drug trafficking and other criminal activity. The size of the prison population in Brazil, for instance, has gone up three-fold in the last 20 years; that of Peru has increased almost four-fold in that same time period.<sup>426</sup>

The result is an explosion of criminal activity emanating from prisons, the most important of which is happening in Brazil, where the region's largest criminal network, the **Primeiro Comando da Capital**, or PCC, emerged. The PCC has gone from controlling a single state prison in the early 1990s to controlling a good portion of the drug flows from the Paraguayan and Bolivian borders down through the country's richest states, including São Paulo and its port city of Santos. Brazil has long had a key role in this trade, in light of its lengthy land borders – the world's third longest – and its extensive Atlantic coastline, which make it permeable to smuggling of all sorts. Naturally, the bulk of the drug trade follows the path from the Andean countries toward Brazil's wealthiest markets and largest ports, which lie in the Southeast region of the country.

The PCC originated in the 1990s as a prison gang, focused on protecting its members against prison violence and extortion, providing assistance to families outside the prisons, and offering mechanisms for conflict resolution in the criminal world. By the early 2000s, under the leadership of Marcos Willians Herbas Camacho ("Marcola"), the PCC was able to consolidate its control over the São Paulo state prison population of more than 200,000 inmates. Within the next decade, the PCC actively confronted

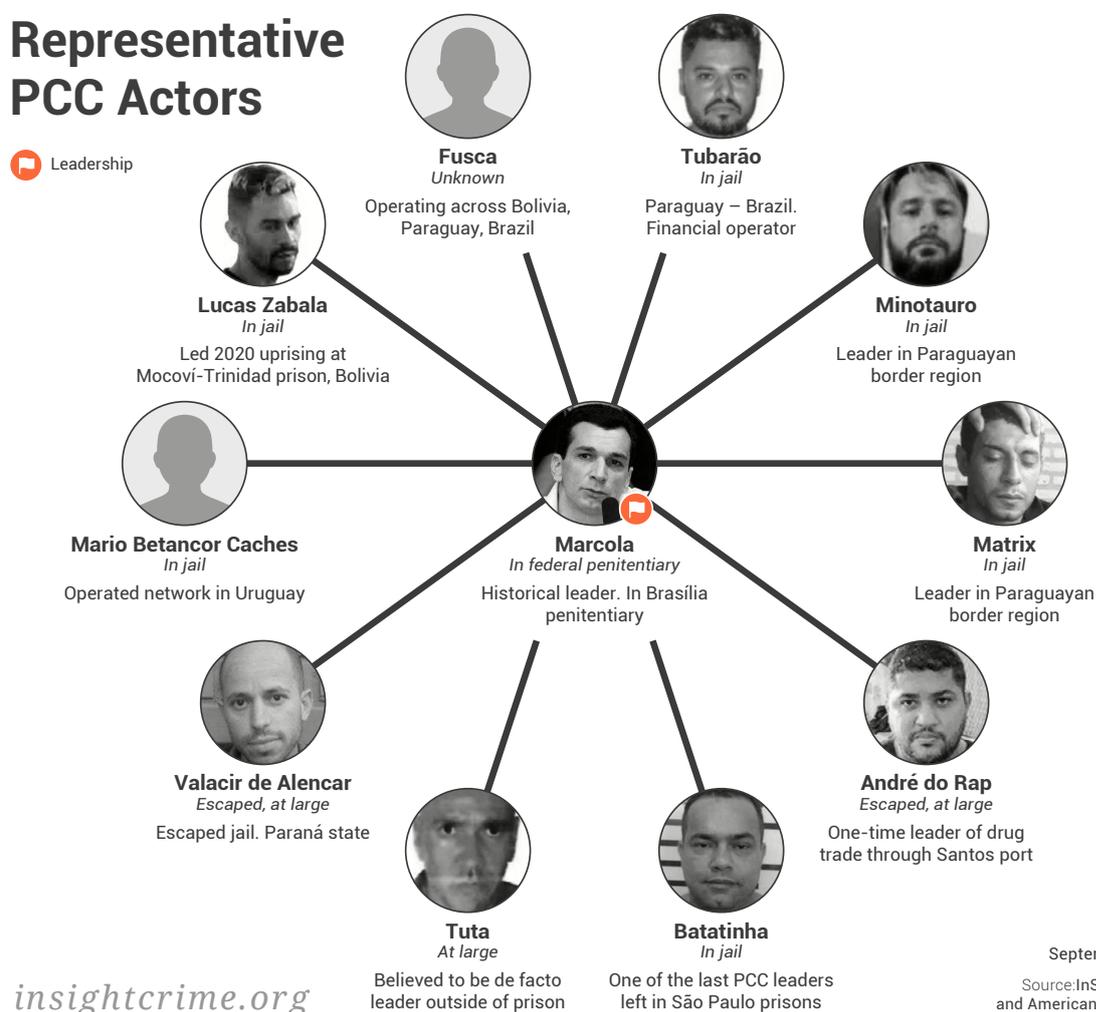
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426 Prison Studies "The World Prison Brief," Institute for Crime & Justice Policy Research (ICPR), 2021.

state law enforcement authorities to pressure for changes in prison policies, assassinating judges, prison officials, and police officers in isolated attacks. In 2006, the PCC responded to state efforts to transfer senior leaders to more isolated prisons with a series of coordinated attacks on police and symbols of authority that became known as the Mother’s Day attacks. These attacks resulted in hundreds of deaths, the consolidation of the PCC brand in the São Paulo market and forced the state government to negotiate with the PCC leadership.

The 2010s brought the expansion of the PCC into the states of Paraná and Mato Grosso do Sul, as well as into Paraguay and, to a lesser degree, Bolivia.

## Representative PCC Actors



The paradox of the PCC’s prison gang model has been that every new arrest of a PCC member in a new jurisdiction has enabled the network to expand, and it now controls prisons and has strong influence in criminal markets in at least 9 of the 27 Brazilian states. By the end of the 2010s, it was contesting

the national flows of cocaine with a variety of rivals, including the Rio de Janeiro-based Comando Vermelho (CV) and the northern region's Família do Norte (FDN).

The PCC has a strong criminal identity, which is enforced through disciplined but horrific forms of violence. The organization engages in violent acts intended to sow fear and eliminate rivals, to intimidate law enforcement, and to ensure its unchallenged control over prisons and criminal markets. Its domination of the São Paulo prison system was consolidated through the bloody murder of 16 rivals in 29 prisons statewide in 2001. Similarly, in Paraguay, the PCC participated in the gruesome murder of ten inmates – six of whom were decapitated – in its bid to control the San Pedro penitentiary in 2019. Other acts of horrific violence were common in the PCC's contestation of northeastern Brazilian prisons, together with its ally, the Guardiões do Estado, in 2017-2019.

The use of violence, however, is tightly regulated. Despite its capacity for brutal action, the overriding ethos of the PCC has been to restrict violence, both because it brings unwanted law enforcement attention and because the PCC has a goal of strengthening the criminal "world" against the state. In other words, the PCC's guiding tenet is to reduce intra-prisoner violence, keep criminal markets functioning efficiently, and regulate the criminal world in ways that eliminate friction. As a consequence, the PCC highlights the importance of equality and consensus building in its decision-making and has institutionalized a variety of functions within its organization, so as to de-personalize key tasks and key leadership positions. It also has used "courts" to adjudicate conflicts between members, and even between members and non-members in the markets it controls.

The governance structure of the PCC varies by location, with a clear hierarchy seen in prisons and a looser, networked structure present outside the prison system. Many of the day-to-day operations of the PCC as an organization are carried out by members who step into semi-institutionalized roles as *sintonias* within the organization. The *sintonias* organize the members by providing leadership on the street, within different states and across the full organization; by meeting prisoner needs; by administering finances, especially within the prison system; and by managing the organization of criminal activities. Yet two things are unique about the PCC's organization. First, although the *sintonia* structure suggests a clear hierarchy, the members who head each *sintonia* often rotate in and out, suggesting that top leadership is not a personal attribute, but more of an institutionalized role. Second, although there is considerable coordination across the network, many crimes attributed to the PCC are in fact carried out by members acting independently, often without the prior knowledge of top leaders.

The PCC's size is also difficult to gauge. Some estimates suggest that there are as many as 32,000 members in Brazil and Paraguay. There is some partial evidence for such large membership numbers in prison rosters, as well as from ledger books found in specific localities, but the PCC itself does not appear to have a consolidated membership list covering the entirety of its structure. At some level, of course, more important than the actual size of the PCC is its formidable reputation, which serves as a threat that it can reach deep into the criminal markets it controls. One consequence is, for example, the regulation of cocaine prices in São Paulo state, which are set at a standard price determined by the PCC.

The PCC has been likened to a fraternal association, such as the Masons.<sup>427</sup> By this analogy, the PCC is perhaps best understood as a resource for its members: a resource for obtaining knowledge, partners, criminal contacts, and even weapons. This perspective on the PCC is very different from that of a typical cartel or Mafia, where a central leader or group of leaders organizes crimes downward through a hierarchy. Instead, the PCC seems to operate as a collective of only loosely coordinated criminals using a common “brand name” and following common rules aimed at lessening conflict and scaring off rivals.

Each actor is autonomous within the network, although all members are subject to the same rules. The rules are widely known, even to the broader public. But the network's membership is not, and what hierarchy exists within the membership is also largely unknown to most of the members. The combination of a large organization and a network structure leads to clusters of members in different regions who may never cross paths with other members in another region but who can draw on the network for help if they should need assistance: A member in Santos looking for assistance with an operation in Paraguay, for example, would be able to find peers through the network.

The sub-networks within the PCC have evolved geographically, beginning with state prison networks, then continuing with control over particular criminal economies in specific geographic regions. The consequence is that a network map of the PCC looks almost like a series of regional networks, connected only by tenuous lines between leaders, who may have done time together in prison (see network chart below). Superimposed on top of these networks are the aforementioned *sintonias* who generally guide their behavior and make “policy” decisions. However, especially in areas where the PCC is a recent arrival, the *sintonias* are often weaker than local sub-

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<sup>427</sup> Gabriel Feltrán, *Irmãos: uma história do PCC* (São Paulo, 2018).

networks that emerge organically, oftentimes as self-defense groups within the prison system. This unique structure allows the PCC to be simultaneously active in a variety of different fields.

Still, the PCC is a criminal organization whose power is derived from its control over prison populations, which constitute its principal constituency. Especially in states like São Paulo, where the PCC has nearly complete control over the prison population, prisoners from other organizations may face death or bodily harm when they are jailed. Although most prisoners are not PCC members in São Paulo prisons, prisoners must follow PCC rules (e.g., rules banning sexual violence or crack use), and are subject to PCC discipline. Unlike some of its peers in the hemisphere, however, the PCC does not appear to extort prison populations, preferring instead to control the highly lucrative sale of drugs and contraband within the prison system, especially in São Paulo state.<sup>428</sup>

Over the past decade, the PCC has also engaged in a variety of other activities outside the prisons, including theft from banks and bank transporters; contraband, especially of smuggled cigarettes; and drug trafficking. The PCC has been an especially active participant in bank robbery. Members of the PCC participated in the 2006 heist that tunneled into a regional branch of the Brazilian Central Bank, stealing the equivalent of \$70 million from its vault. In the late 2010s, the PCC was active in armored bank truck thefts in São Paulo state. At the end of the decade, PCC members were the prime suspects in armored truck robberies in Bolivia, as well as the cinematic 2017-armed robbery of a Prosegur money transportation facility in Paraguay.<sup>429</sup> The PCC is also believed to have played a part in a significant portion of the rash of ATM robberies that have plagued Brazil.<sup>430</sup>

The PCC is also very active in contraband outside of prison, a natural segue given that it operates in a thriving criminal economy in the TBA, and the group's experience, contacts, and control of contraband inside prisons. While there is nothing barring the PCC from smuggling other contraband goods, its members are believed to be particularly active in the trade for contraband cigarettes and stolen cargo. At times in the PCC's history, there has been a *sintonia* charged with handling contraband cigarette operations, a good portion of which are directed into PCC-controlled prisons.

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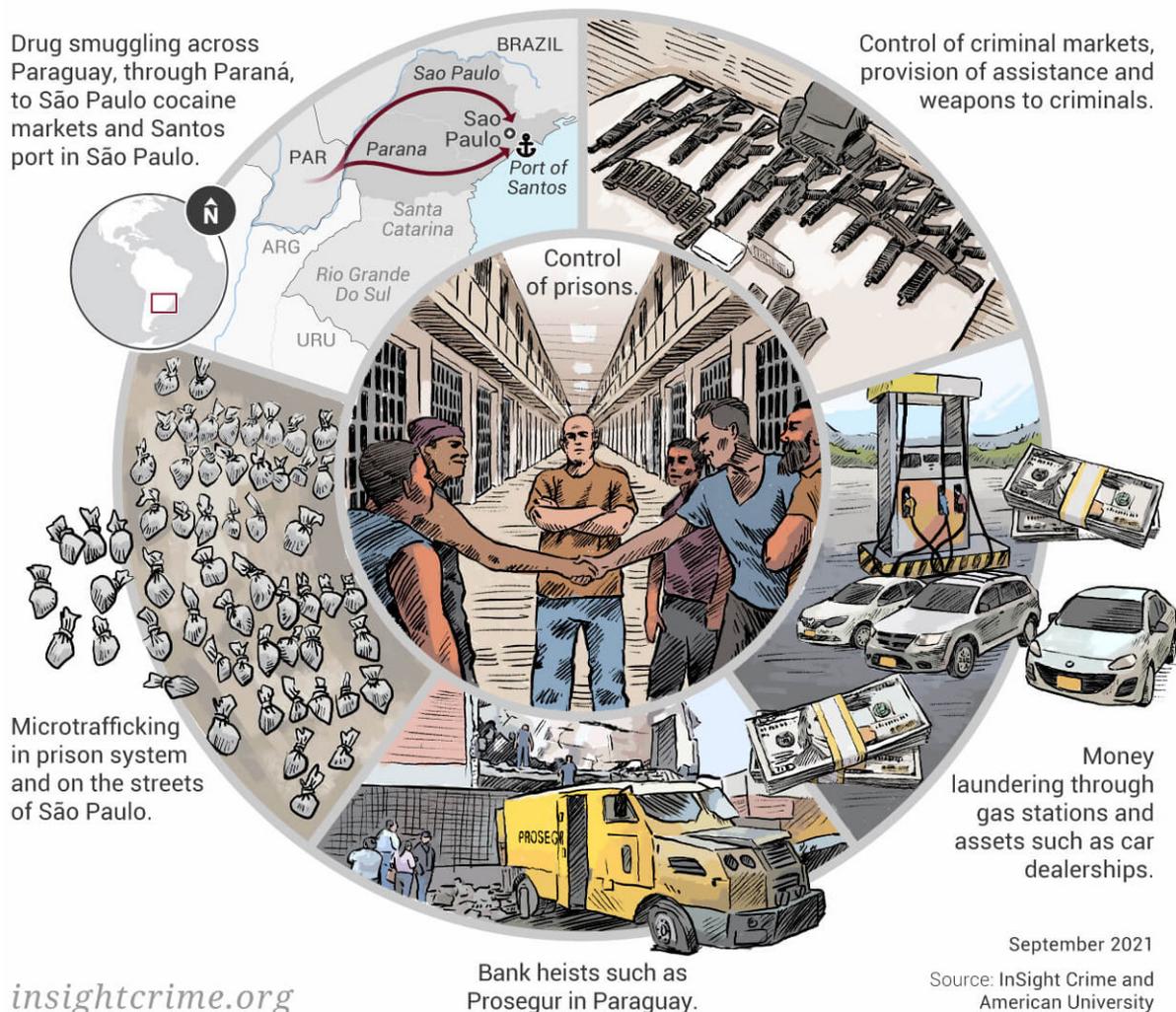
428 If São Paulo were a country, its total prison population would be the third largest in Latin America after the rest of Brazil and Mexico, providing ample prison market opportunities.

429 Steven Dudley and Matt Taylor, "[While Taking Paraguay-Brazil Border, PCC Tries to Control Its Own](#)," *InSight Crime*, 17 December 2020.

430 Ryan C. Berg, "[Breaking Out: Brazil's First Capital Command and the Emerging Prison-Based Threat](#)," *American Enterprise Institute*, 25 March 2020.

The PCC is perhaps most active and most influential, however, in the drug trade. The PCC governs the use of drugs in the prison system. It is also active as a transporter of drugs from Bolivia and Paraguay, and it has used violence to eliminate chokeholds at border crossings. It is active as a regulator of drug prices in key retail markets in São Paulo state. It is widely believed to control the cocaine trade through major southern port cities, including Santos, as well as playing an increasing role in trafficking from the northeastern state of Ceará and the northern states of Pará and Rio Grande do Norte toward Europe.

## Primeiro Comando da Capital Social-Constituency Criminal Network



Increasingly, members of the PCC have been implicated in drug shipments to and from Africa from Brazil. Using accounts seized from a PCC treasurer in the Eastern zone of the city of São Paulo, authorities in 2020 estimated that the PCC in São Paulo had financial movements totaling more than R\$1 billion (roughly US\$200 million) annually and purchased at least fifteen tons of cocaine in the first six months of 2019.<sup>431</sup> In late 2020 and early 2021, the Federal Police carried out several operations targeting the assets of key PCC leaders. More than R\$1 billion (roughly US\$200 million) in assets were seized, ranging from bulk cash to homes and vehicles, including 37 aircraft.<sup>432</sup>

The PCC has allied with other criminals and criminal organizations when doing so was convenient. One of its key suppliers for years was Gilberto Aparecido dos Santos (“Fuminho”), who was believed to have supplied copious amounts of coca paste to the PCC from a farm in Bolivia. Bolivia is the world’s third largest cocaine producer, with expanding production: Coca crops in Bolivia increased from 23,100 hectares in 2018 to 25,500 in 2019 and 32,000 in 2020.<sup>433</sup> Most Bolivian cocaine finds its way southeast to Brazil and Argentina. Under pressure from authorities, Fuminho fled to Mozambique, where he was arrested in an international operation in April 2020.<sup>434</sup> The PCC has also worked with a variety of other national and transnational criminal networks, including the Italian ‘Ndrangheta and a variety of Colombian networks.<sup>435</sup>

Recent law enforcement efforts may have weakened the PCC, especially limiting its ambitions beyond the southeast region of Brazil. But the PCC is only one of a variety of significant large criminal networks, and its loose structure and highly effective modus operandi is being emulated by as many as eighty prison-based criminal organizations around Brazil, including the Guardiões do Estado, the FDN, and the Primeiro Grupo Catarinense.<sup>436</sup>

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431 Josmar Jozino, “Movimentação anual do PCC passa de R\$6 milhões para R\$1 bilhão em 15 anos,” UOL Notícias, 30 October 2020.

432 Jéssica Otoboni, “PF sequestra R\$ 400 mi em bens do narcotráfico na maior operação do tipo no ano,” CNN Brasil, 23 November 2020.

433 US Office of National Drug Control Policy, “ONDCP releases data on coca cultivation and cocaine production in Bolivia,” 13 November 2020; LatinNews, “Bolivia: Cocaine ‘mega-labs’ point to increasing narco activity,” June 2021.

434 Max Radwin, “Arrest of Top Trafficker Unlikely to Slow Growth of Brazil’s PCC,” InSight Crime, 17 April 2020.

435 Marcelo Godoy, “A história de André do Rap, o homem que enganou o PCC e o STF,” Estadão, 16 October 2020; Allan de Abreu, “Cocaína em contêineres e suborno: as origens do André do Rap,” Revista Piauí, 14 October 2020; Aiuri Rebello, “La gambeta judicial de André do Rap, nexo del PCC con la mafia italiana en la ruta de la cocaína,” El País, 14 October 2020.

436 Brazil also has a variety of smaller and more territorial groups, such as Rio’s Comando Vermelho, which controls drug peddling in some favelas of that city. More recently, so-called milícias, made up of off-duty and former law enforcement agents, have also emerged in Rio, using violence to extort businesses, control local trafficking, and take a cut of public service fees. While these groups are involved in drug peddling, they are largely domestically oriented and focused on control of particular neighborhoods.

What's more, the model of the PCC – that of using the prison as a social and criminal base from which to catapult ones' group into vibrant criminal economies – is apparent in other countries in the region, most notably Peru where a prison gang known as **Barrio King** emerged. The Barrio King network grew out of the jailing of its top leader, Gerson Gálvez Calle (alias "Caracol"), who built a prison-drug network, and used his ability to extort and threaten other prisoners to collect "taxes" and extort smaller gangs,<sup>437</sup> and eventually become the leading smuggling facilitator in the Peruvian container port in Callao.

The network allegedly emerged from an agreement with penal authorities to preserve order in the prison system.<sup>438</sup> Barrio King used this control of prisons to extend its control of the streets of Callao, building communal solidarity by sponsoring local community parties, employing poor young men, and providing protection to local politicians.<sup>439</sup> The group – until Caracol's arrest in 2016 and under a variety of successors since then – has used a combination of violence and corruption to penetrate port security, stave off challengers, and contaminate containers headed to the US, Panama, and Europe.<sup>440</sup> Whether as service-providers or extortionists, Barrio King were able to charge a fee for all the outgoing illicit traffic from Callao, a port city that exported as much as 200 metric tons<sup>441</sup> of cocaine a year.<sup>442</sup>

Peru is the world's second largest cocaine producer after Colombia. Between two-fifths and two-thirds of production is believed to take place in the central VRAEM region.<sup>443</sup> The VRAEM (the abbreviation for Valley of the Rivers Apurímac, Ene and Mantaro) has been the site of the strongest criminal actors, including both family clans and the remnants of the guerrilla group, Sendero Luminoso, who alternately protect and extort them. The next highest concentration of production is in the southeast near Bolivia, in the Cuzco and the Puno regions.

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437 América Noticias, "[La violenta historia del temido Caracol](#)," 6 December 2015

438 InSight Crime telephone interview, General Óscar Serván, Chief of Criminalistics of the Peruvian National Directorate of Intelligence (DIRIN), 26 February 2021.

439 InSight Crime telephone interview, Julio Corcuera, Former Deputy Minister of Security and Expert in Security, 25 February 2021.

440 InSight Crime interview, port authorities, Lima, Peru, 4 September 2021.

441 Andina, "[El 90% de la cocaína producida en el Perú termina en Europa](#)," 21 March 2018.

442 InSight Crime telephone interview, General Óscar Serván, Chief of Criminalistics of the Peruvian National Directorate of Intelligence (DIRIN), 26 February 2021; Corte Superior de Justicia de ICA, "[Síntesis informativa](#)," 9 May 2016.

443 Valley of the Apurímac, Ene and Mantaro Rivers. "Regions" in Peru are the largest subnational unit: There are 25, plus the Lima Province. The regions are further subdivided into 196 provinces, and these in turn are subdivided into nearly 1,900 districts.

Much Peruvian production is exported directly to Europe, but sizeable portions also are directed to, and via, Brazil, Chile, Paraguay, and Argentina.<sup>444</sup> In the past, there have been significant small aircraft flights to Bolivia from the VRAEM and from the Pichis Palcazú Valley, but flights have diminished in light of increased surveillance and interdiction. Border regions like Loreto (at the border of Peru, Colombia, and Brazil) and Uyacali (on the Peruvian border with the Brazilian state of Acre) are also key export points, using both aircraft and northern river routes. The so-called Trapecio Amazónico, where a portion of Colombia extends down into the border between Peru and Brazil, is a major transit point from Loreto, along various Amazon tributaries.

Because of its deep penetration of political, judicial, legislative and law enforcement circles in Callao<sup>445</sup> by 2015 Barrio King had emerged as one of the most prominent criminal networks in Peru.<sup>446</sup> It collaborated with a variety of actors, including military officers who used military helicopters to transport cocaine to Callao from the VRAEM,<sup>447</sup> and established ties with a variety of transnational organizations such as the Sinaloa Cartel,<sup>448</sup> the ‘Ndrangheta and Camorra,<sup>449</sup> and the Urabeños and La Oficina de Envigado<sup>450</sup>.

The Barrio King had a decidedly outsized influence in Callao as well. Although its core was relatively small, composed of only an estimated thirty to thirty-five members,<sup>451</sup> it had both its own muscle and hired sicarios (assassins) to enforce order in the port city.<sup>452</sup> One member of the group,

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444 According to cocaine seizure samples analyzed in the US from 2019, 87 percent originated in Colombia and 9 percent came from Peru. See: United Nations Office on Drugs and Crime (UNODC), “[World Drug Report 2021](#),” June 2021.

445 InSight Crime interview, Sonia Medina, drug attorney, Lima, Peru, 3 September 2021.

446 América TV, “[Barrio King: esta es la estructura de la temida banda liderada por ‘Caracol’](#),” 30 April 2016; Panorama, “[La caída de Barrio King: la banda del temible ‘Caracol’](#),” 13 December 2015; Diego Caldentey, “[Quién es ‘Caracol’, el nuevo ‘Chapo’ que pone a Perú en la cima de narcoestados](#),” La Información, 3 April 2016.

447 Diego Caldentey, “[Quién es ‘Caracol’, el nuevo ‘Chapo’ que pone a Perú en la cima de narcoestados](#),” La Información, 3 April 2016.

448 Ana Briceño, “[Mafias del Callao se reorganizan tras caída de ‘Caracol’](#),” El Comercio, 8 May 2016

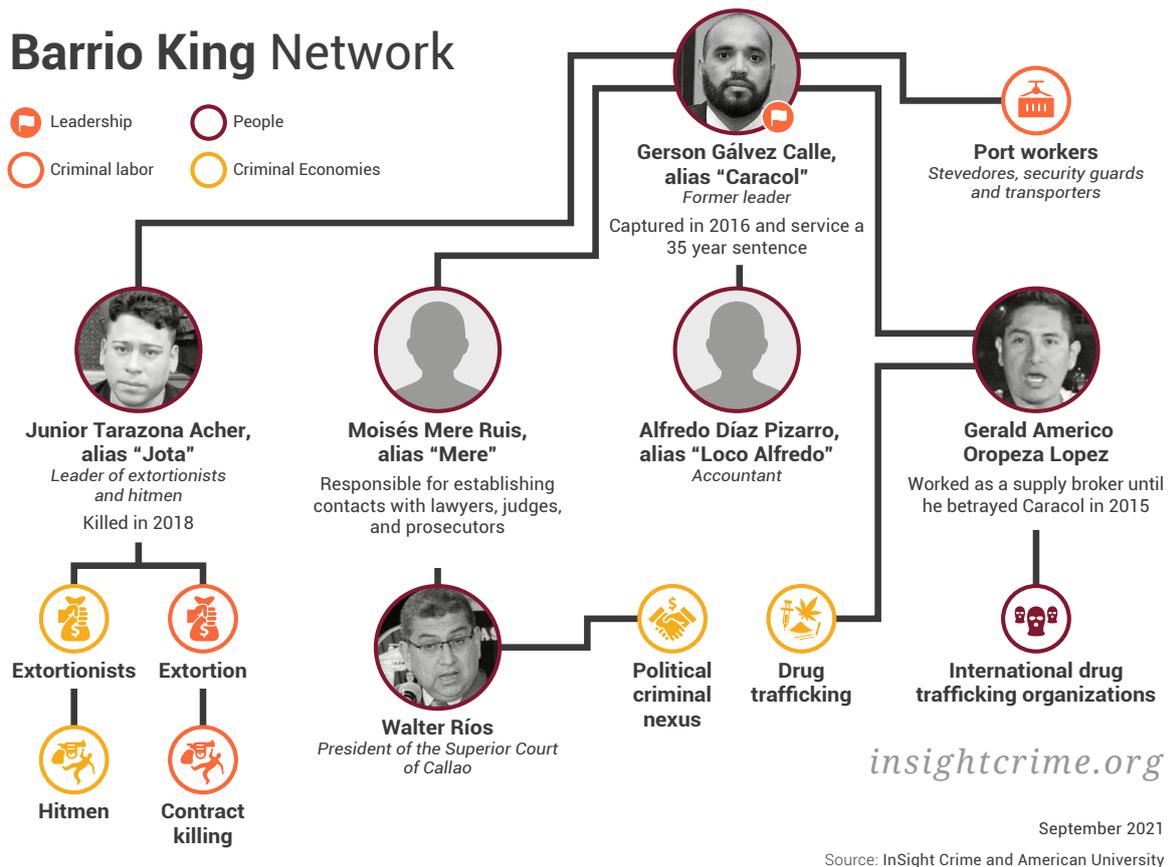
449 RPP Noticias, “[Gerald Oropeza: audios lo vinculan con capo italiano Salvatore Zazo](#),” 26 April 2015.

450 Francisco Argüello, “[La cena romántica que el capo peruano dejó comprada en Colombia](#),” Caracol Radio, 3 May 2016; El Comercio, “[‘Caracol’: cronología de la investigación al cabecilla de Barrio King](#),” 13 February 2019; Mike LaSusa, “[Top Peru Crime Boss Captured in Colombia](#),” InSight Crime, 3 May 2016.

451 Poder Judicial del Perú, “[Expediente N 00260- 2014-15-5001-JR-PE-01 Sala Penal Nacional](#),” March 2017.

452 RPP Noticias, “[‘Barrio King’: así operaba la temida banda liderada por ‘Caracol’](#),” 30 April 2016.

Alfredo Díaz Pizarro, alias “Loco Alfredo,” controlled group finances,<sup>453</sup> and another, Moisés Mere Ruiz, alias “Loco Mere,” was responsible for corrupting public authorities.<sup>454</sup> The corruption network was extensive: a subsequent investigation dubbed Los Cuellos Blancos (the White Collars),<sup>455</sup> revealed corrupt links between Barrio King and penitentiary officials, prosecutors, judges, military officers, and even ten members of Congress.<sup>456</sup>



453 La Vanguardia, “El lugarteniente de Caracol, jefe de banda criminal, asesinado en un sauna,” 6 November 2018; Canal N, “Gerson Gálvez, así estaba organizada su banda Barrio King,” 9 May 2016.

454 América TV, “Barrio King: esta es la estructura de la temida banda liderada por ‘Caracol,’” 30 April 2016.

455 Diego Caldentey. “Quién es ‘Caracol’, el nuevo ‘Chapo’ que pone a Perú en la cima de narcoestados,” La Información, 3 April 2016.

456 Marjori Vargas, “La red más grande de corrupción: “los cuellos blancos del puerto,” Contraste Noticias, 28 December 2020; El Comercio, “Condenan a exjefe del INPE, Julio Magán, por liberación de ‘Caracol’ y ordenan su captura inmediata,” 28 August 2020; Shirley Ávila, “‘Caracol’ era la ley: decidía sentencias contras sus cómplices y enemigos,” Perú 21, 27 July 2018; Marjori Vargas, “La red más grande de corrupción: ‘Los cuellos blancos del puerto,’” Contraste Noticias, 28 December 2020.

Barrio King also contracted service providers, such as stevedores who helped identify containers that could be used for transport;<sup>457</sup> “ninjas,” who placed the drugs in containers and replaced the original container seal with a fraudulent substitute;<sup>458</sup> and port security agents, who provided intelligence and security.<sup>459</sup> One stevedore estimated that more than 80 percent of his colleagues at the port participated in these illicit activities; each package of 100 kilos of cocaine placed on the containers could earn a stevedore \$10,000.<sup>460</sup>

By 2015, however, the network had extended beyond the group’s control, as evidenced by a wave of 154 murders that destabilized Callao, of which 101 were attributed to Barrio King.<sup>461</sup> Most of the victims were stevedores, security personnel, or police informants.<sup>462</sup> The national government declared a state of emergency in Callao in December 2015, which extended for nearly a year.<sup>463</sup> The ensuing law enforcement crackdown culminated in the arrests of Caracol and several other important members of his network.<sup>464</sup> Although the original leaders of Barrio King are in jail, Peruvian authorities believe that a group, now led by Cristian Torres Farfán, alias “Botas,” controls the same corridor, managing and collecting for the illicit flows through the port.<sup>465</sup> And other members of the old Barrio King network have also reorganized<sup>466</sup> into a variety of similar small criminal groups in other districts of the port city.<sup>467</sup>

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457 Peru Ministry of the Interior, “[La lucha contra el crimen organizado](#),” November 2018.

458 Ibid.

459 Perú 21, “[Policía identifica al nuevo sucesor de ‘Caracol’ en el narcotráfico](#),” 20 August 2018.

460 This estimate is based on several interviews with government officials that InSight Crime carried out in Peru in July 2019.

461 BBC, “[La ola de asesinatos que tiene en estado de emergencia a Callao, el principal puerto de Perú](#),” 12 December 2015.

462 RPP Noticias, “[‘Barrio King’: así operaba la temida banda liderada por ‘Caracol’](#),” 30 April 2016.

463 RPP Noticias, “[El estado de emergencia en el Callao culminó esta medianoche](#),” 15 October 2016.

464 El Comercio, “[Así fue la caída del brazo armado de la banda ‘Barrio King’](#),” 10 June 2018.

465 Perú 21, “[Policía identifica al nuevo sucesor de ‘Caracol’ en el narcotráfico](#),” 20 August 2018.

466 James Bargent, “[Peru Police Port Operation Shows Drug Trade Power Dynamics](#),” InSight Crime, 23 June 2017.

467 InSight Crime telephone interview, Julio Corcuera, former deputy minister of security of Peru, 25 February 2021.

## ***Entrepreneurial Criminal Networks in South America***

Entrepreneurial criminal networks in South America countries tend to be small operations, finding a lucrative seat atop the criminal economy by providing services and/or intermediating between small producers of coca, timber or gold, and larger, often foreign, transnational trafficking organizations. Bolivia, for example, is a major transit nation for Peruvian (and, to a lesser degree, Colombian) cocaine heading south and east. Ecuador is also a strategic transshipment point, receiving coca from its two neighbors, Peru, and Colombia, and smuggling it onward, both toward the North American market and to European markets.<sup>468</sup> The relatively unpoliced Ecuadoran border provinces of Esmeraldas and Sucumbíos have been particularly important smuggling zones from the southern Colombian departments of Putumayo and Nariño, respectively.

The result is a number of small groups that may not pose a threat on the scale of better-known Colombian, Mexican, or Brazilian criminal networks, but that may have a sizable impact on international criminal flows. Many similar criminal networks emerged in the course of our research in the Andean region, including the protection racket run by remnants of Sendero Luminoso in Peru, the drug-trafficking Gerald clan and the Choneros in Ecuador, and the narco networks run by the Pedro Montenegro, Lima Lobo, Candia Castedo, and the Rodríguez clans in Bolivia.

The Atlantic nations of Brazil, Argentina, and Uruguay are also at the heart of the South American criminal economy. Brazil is at the center of the regional cocaine market: It is the second largest consumer of cocaine after the United States, and, as noted, it is also an important transshipment point for cocaine heading to Africa and Europe, something that helped give rise to the PCC and other prison gangs.

Although they are much smaller players in the global coca trade, Argentina and Uruguay also have sizable domestic cocaine markets and have been used opportunistically by coca traffickers for transshipment. Argentina is now believed to be the largest per capita consumer of cocaine in Latin America,<sup>469</sup>

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468 Sukanti Bhave, “Guayaquil Remains Ecuador’s Busy Cocaine Gateway to Europe,” InSight Crime, 14 October 2019

469 Organization of American States (OAS), “Informe sobre el consumo de drogas en las Américas 2019,” 2019.

with consumption rates on par with those of the United States.<sup>470</sup> Argentina is also a significant cocaine exporter, largely to Europe, as well as of precursors, northbound into Bolivia and Paraguay.<sup>471</sup> Uruguay's geographical position between the large economies of Argentina and Brazil, as well as its extensive coastline, make it a natural conduit for trafficking. Large cocaine seizures have been made in recent years, both on river crossings into Uruguay, as well as multi-ton seizures in the Montevideo port and on vessels departing for Europe and West Africa.

Along these routes, family clans often serve as facilitators, such as the **Los Monos Clan**, made up of members of the Cantero family in Rosario, the capital of the Santa Fe province. Rosario sits along the Paraná River and at the confluence of several highways running from Bolivia and Paraguay to Buenos Aires.<sup>472</sup> Because of this geography, the city is an active smuggling hub, used for contraband, as well as theft and resale, in Buenos Aires and Córdoba.<sup>473</sup> Los Monos have taken advantage of this strategic location, engaging in microtrafficking, extortion, money laundering, and dominating cocaine and cannabis trafficking in the city since the 1990s.<sup>474</sup>

The core of the Monos organization is small, with about twenty family members out of a total of perhaps forty members.<sup>475</sup> Although many of the family are currently behind bars, the group continues to control criminal markets in Santafé province,<sup>476</sup> drawing on a corrupt network of provincial police, judges and politicians,<sup>477</sup> subcontracted sicarios,<sup>478</sup> female members of

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470 Josefina Salomon, "Argentina Struggles to Kick Cocaine Habit: Report," InSight Crime, 17 June 2019.

471 For a period in the mid-2000s, Argentina imported large amounts of ephedrine from Asia, and as much as 85 percent may have been siphoned off for illegal synthetic drug production. While this production has been curtailed, it is demonstrative of the extent to which Argentina is buffeted by the international drug trade.

472 Geoffrey Ramsey, "Ruta 34: La 'Ruta Blanca' Argentina de Tráfico de Cocaína," InSight Crime, 21 November 2012.

473 InSight Crime telephone interview, Josefina Salomón, analyst and researcher, 5 May 2021; Josefina Salomon, "The Trial of the Monos: Historic Blow to Argentina's Underworld?" InSight Crime, 10 April 2018.

474 Sebastián Cutrona, "Organized crime in Argentina: the politics of Laissez-Faire," in Jonathon D. Rosen, Bruce Bagley and George Chabat (eds.), *The Criminalization of States: The Relationship Between States and Organized Crime* (London, 2019).

475 InSight Crime telephone interview, Sebastián Cutrona, professor and specialist in drug trafficking, 19 March 2021.

476 InSight Crime telephone interview, Josefina Salomon, analyst and researcher, 5 May 2021.

477 InSight Crime telephone interview, Cecilia Di Lodovico, journalist, 17 March 2021.

478 Télam, "Condanan a "Guille" Cantero a 15 años de prisión y a su lugarteniente Chamorro a 17 años," 6 December 2021.

the family who are not in jail,<sup>479</sup> and an army of young *soldaditos* (soldiers) who keep the retail drug market running.<sup>480</sup> The Monos are known for using violence to eliminate competitors and have been responsible for several waves of violence in Rosario,<sup>481</sup> which has a homicide rate that is, on average, three times higher than the national rate.<sup>482</sup> The Monos are also believed to be responsible for a series of attacks on law enforcement<sup>483</sup>, as well as an armed assault on the home of the former provincial governor.<sup>484</sup>

The Monos are representative of a class of criminal organization that is very typical in Argentina, alongside other groups such as the Clan Loza, Clan Castedo and Los Gordos. They are small, family-oriented, and usually geographically limited in reach. Although the Monos seem to be reticent to expand beyond their home territory in Rosario,<sup>485</sup> and they remain quite small by regional standards, they are central players in the Argentine drug trade. They manage the significant retail market in Rosario, operate coca paste processing plants,<sup>486</sup> supply the Buenos Aires and Córdoba retail markets,<sup>487</sup> and provide protection to other criminal organizations' cargos making their way south.<sup>488</sup> The Monos have developed a wide range of criminal relationships with *barras bravas* (soccer fan clubs) in Rosario,<sup>489</sup> other criminal networks in other major Argentine cities,<sup>490</sup> corrupt law enforcement personnel,<sup>491</sup>

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479 La Capital, "[Polémica judicial por una medida de prisión domiciliaria a "la Cele"](#)," 11 July 2017.

480 InSight Crime telephone interview, Josefina Salomon, analyst and researcher, 5 May 2021.

481 InSight Crime telephone interview, Cecilia Di Lodovico, journalist, 17 March 2021.

482 InSight Crime telephone interview, Sebastián Cutrona, professor and specialist in drug trafficking, 19 March 2021; Datos Macro, "[Argentina - Homicidios Intencionados](#)," 2013.

483 InSight Crime telephone interview, Cecilia Di Lodovico, journalist, 17 March 2021.

484 Sebastián Cutrona, "Organized crime in Argentina: the politics of Laissez-Faire," in Jonathon D. Rosen, Bruce Bagley and George Chabat (eds.), *The Criminalization of States: The Relationship Between States and Organized Crime* (London, 2019).

485 InSight Crime telephone interview, Josefina Salomon, analyst and researcher, 5 May 2021; InSight Crime telephone interview, Cecilia Di Lodovico, journalist, 17 March 2021.

486 German de Los Santos, "[Narcotráfico. Vinculan a un sindicato con los Monos y el lavado de dinero](#)," *La Nación*, 9 October 2015.

487 InSight Crime telephone interview, Josefina Salomon, analyst and researcher, 5 May 2021.

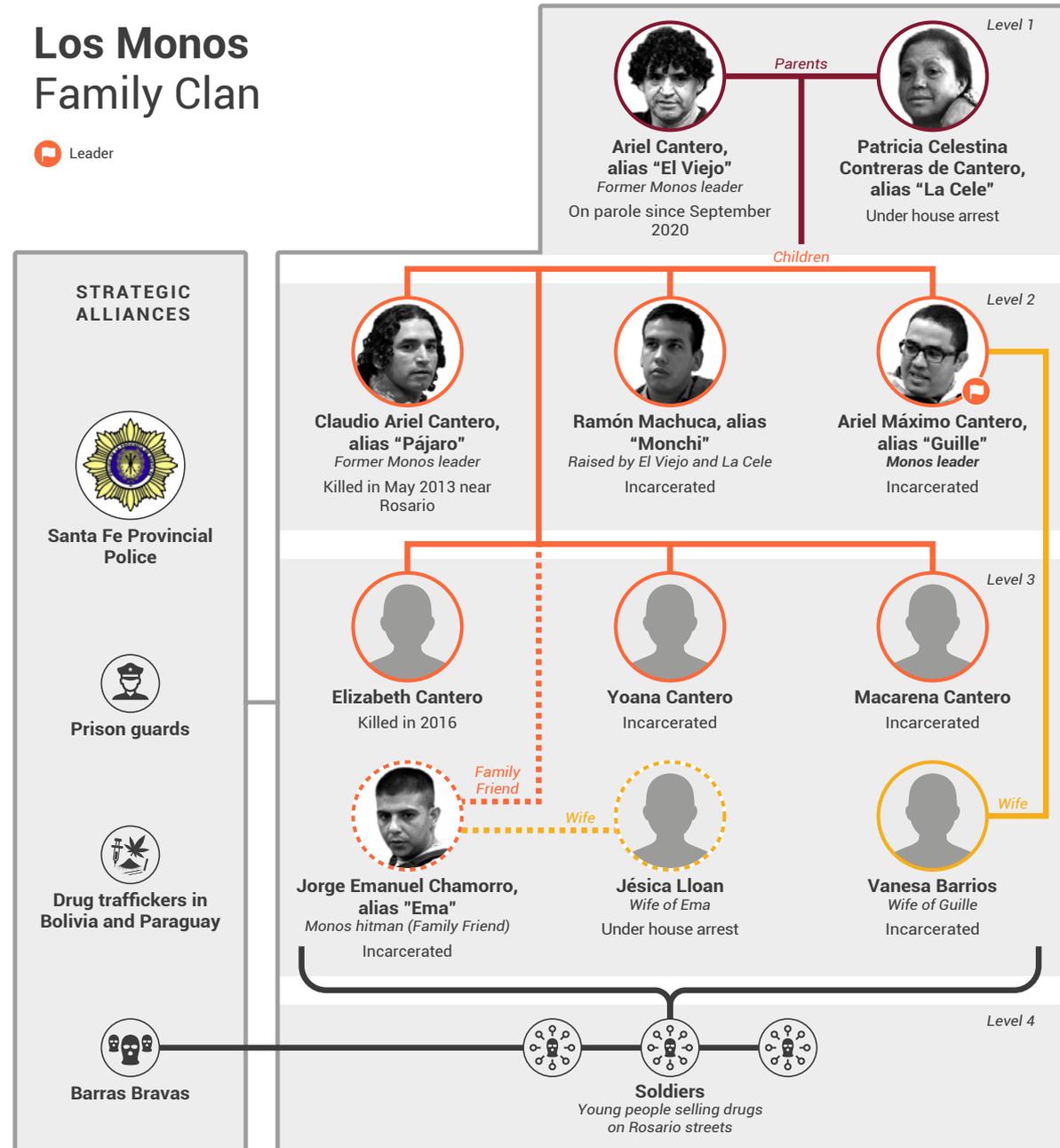
488 InSight Crime telephone interview, German de Los Santos, journalist, 29 April 2021.

489 Ross Eventon, "[Haciendo la vista gorda Corrupción y violencia relacionada con las drogas en Rosario](#)," Transnational Institute, December 2013.

490 InSight Crime telephone interview, German de Los Santos, 29 April 2021.

491 InSight Crime telephone interview, Cecilia Di Lodovico, journalist, 17 March 2021; InSight Crime telephone interview, Josefina Salomon, analyst and researcher, 5 May 2021.

and reportedly with drug distributors in the north of Argentina, Paraguay, and Bolivia. As such, the threat they pose is significant and contributes to undermining law enforcement and the rule of law throughout the country.



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Source: InSight Crime and American University

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Environmental crimes are also commonplace across the region, giving rise to another class of entrepreneurial criminal networks. The most lucrative crimes are timber extraction and illegal mining. Illegal timber extraction

is significant throughout the Amazon region. In Brazil, for example, recent reports suggest that illegal timber networks are operating with the cognizance, and perhaps even the collusion, of senior government officials, including Environment Minister Ricardo Salles (who resigned in June 2021 after a police investigation was announced).<sup>492</sup>

For its part, Peru is the top gold producer in Latin America, and as much as 28 percent of this gold is illegally mined, especially in the region of Madre de Dios.<sup>493</sup> Proceeds from illegal mining may account for 45 percent of all money laundered in Peru between 2010 and 2019.<sup>494</sup> Bolivia also has an active illicit economy in gold mining. There are significant informal gold mining operations in the provinces of La Paz (especially along the border with Peru), Santa Cruz, and Pando (in the Bolivian Amazon). Bolivia also receives illegally produced Peruvian gold, which is laundered through Bolivia and then re-exported from Peru.

It is in this swirl of environmental crime that small scale but significant international criminal organizations like the **NTR-Elemental Network** have emerged. The NTR group was responsible for laundering \$3.6 billion of gold between 2012 and the indictment of leading members of the group beginning in 2017.<sup>495</sup> The network had several international nodes: Peruvian drug trafficker and gold consolidator, Pedro David Pérez Miranda, alias “Peter Ferrari”; a Chilean smuggler, Haroldo Vilches; and three US citizens at NTR, one of eight divisions of Elemental. Elemental later pled guilty in 2018 to failure to maintain an adequate AML program and agreed to a \$15 million forfeiture, and the three US Elemental employees each received prison sentences in the United States ranging from 6 to 7.5 years.<sup>496</sup>

In its heyday, there were four stages in the NTR-Elemental gold smuggling operation. At the bottom, hundreds or even thousands of only loosely-connected miners scratched out a living, with low profit margins for difficult work moving tons of dirt (for many years, this work was informal but not

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492 Filipe Matoso and Pedro Henrique Gomes, “Cai o ministro Ricardo Salles, do Meio Ambiente,” G1, 23 June 2021.

493 United States Senate Committee on Foreign Relations, “Illicit Mining: Threats to U.S. National Security and International Human Rights,” December 2019.

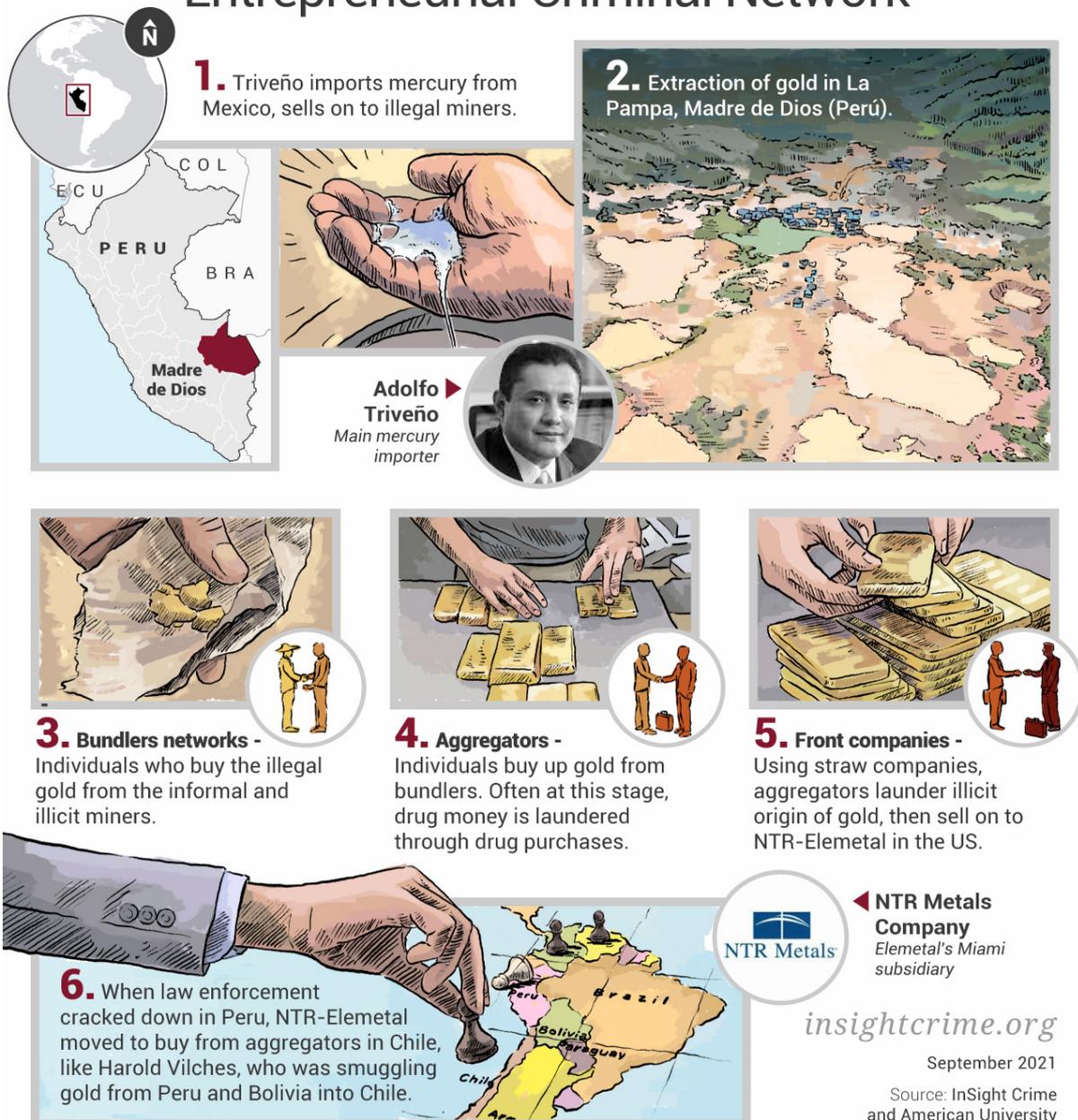
494 United States Department of State Bureau of International Narcotics and Law Enforcement Affairs, “International Narcotics Control Strategy Report: Volume II – Money Laundering,” March 2020.

495 Jay Weaver, “Accused Peruvian gold smuggler in massive Miami money-laundering case dies of COVID-19,” Miami Herald, 28 September 2020.

496 Mary Treanor, “Gold and money laundering,” The National Law Review, 25 April 2019.

prosecuted in Peru; in 2012, it was explicitly outlawed and became a criminal offense). Illegal mining takes place across much of South America, and, in particular, in the Amazon regions in the eastern lowlands of the Andes, including large swathes of Colombia, Brazil, and Peru. Given that much of this mining is conducted in remote regions, it is not terribly difficult to hide the origin of illicitly mined gold. The fungibility of gold is a key asset for smugglers like the NTR-Elemental network.

## NTR-Elemental Entrepreneurial Criminal Network



Mined gold was sold on to a network of dozens of small *acopiadores* (bundlers), often in small gold shops. Either the *acopiadores* or specialized businesses would then melt the gold, remove basic impurities and meld it with other gold.<sup>497</sup> Larger *comercializadoras* (aggregators) such as Ferrari would buy up gold from a variety of bundlers, in many cases using false paperwork and straw companies to hide its provenance. In the final stage, run by only a handful of actors such as the NTR-Elemental network, gold was placed in the international market, either by using fraudulently produced documents or smuggling it outright.

The laundering of gold into international markets usually involves a variety of ancillary crimes, such as racketeering, smuggling, customs fraud, and money laundering. The market may allow a variety of other criminal actors to become involved, including protection and extortion rackets preying on illegal miners, corrupt law enforcement networks preying on aggregators and exporters, as well as illicit actors seeking to launder criminal proceeds. Also, relevant here are producers of mercury,<sup>498</sup> which finds its way to miners by circuitous and often illicit paths.<sup>499</sup>

At the core of the NTR-Elemental network were NTR's brokers, who worked with counterparts in Peru, Bolivia, Ecuador, Colombia, and Chile, using front companies and corrupt customs officials to purchase illegally mined gold and launder it into the US gold market. The brokers employed shell companies, straw owners, false paperwork, and bribes to circumvent Elemental's compliance program and law enforcement. When the Peruvian government began to crack down on the illegal gold mining and gold smuggling trade in 2013, the network simply moved its ostensible supply to Bolivia, Ecuador, and Chile. As gold exports began to be more heavily scrutinized in Peru, NTR's gold imports from Peru fell from \$980 million in 2013 to less than a tenth of that in 2014. National gold export figures shifted accordingly: Registered Peruvian gold exports to the US fell from nearly 60 metric tons in 2013 to 18 tons the next year; exports to the US from Bolivia exploded from 9.5 to 32.9 tons, while the corresponding Ecuadoran figures rose from 9.8 to 23.3 tons.<sup>500</sup> Gold flows shifted further in 2014-15, this time to Chile and Colombia.<sup>501</sup>

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497 InSight Crime telephone interview, Luis Fernández, ecologist, Peru, 24 February 2021.

498 It is illegal to sell mercury in Peru to buyers who are not registered with authorities.

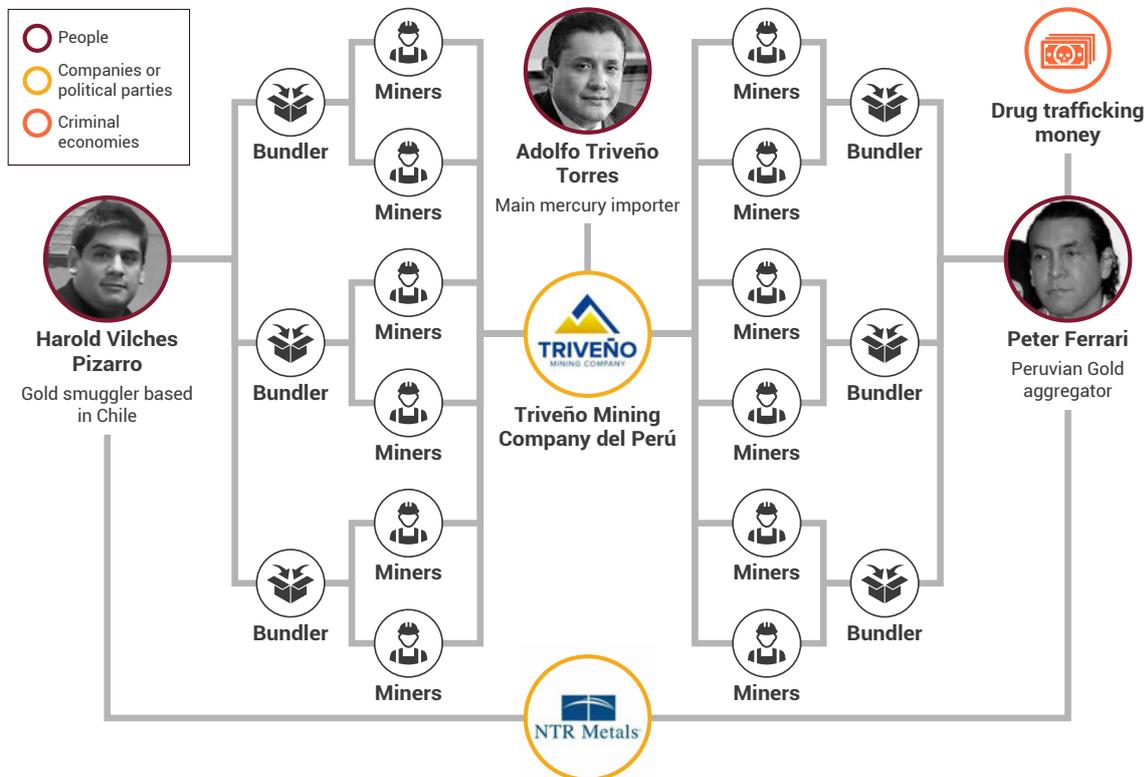
499 Henry Peyronnin, "[Senderos venenosos: El comercio ilícito de mercurio en Perú](#) [Senderos venenosos: El comércio ilícito de mercurio en Perú](#)," C4ADS, 5 June 2020.

500 Jay Weaver, et al., *Dirty Gold: the Rise and Rall of an International Smuggling Ring* (New York, 2021).

501 Ibid.

## NTR-Elemental Network

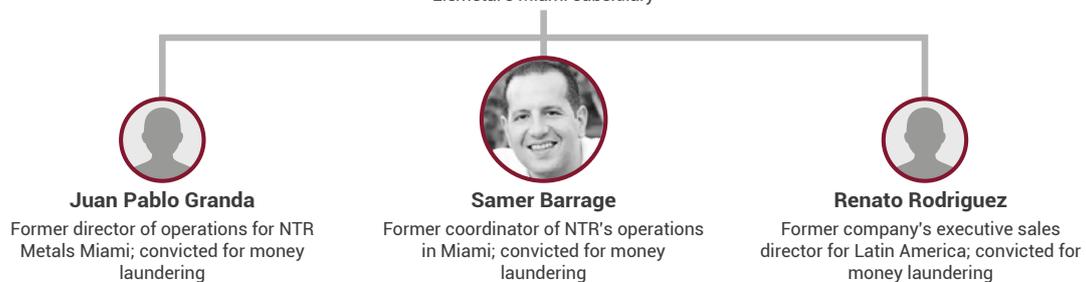
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**NTR Metals Company**  
Elemental's Miami subsidiary

Source: InSight Crime and American University



Another central figure was Ferrari. Although Ferrari represented only a bit more than one-third of the Peruvian gold purchased by NTR (around \$400 million),<sup>502</sup> he had been linked to a variety of illicit activities, including money laundering, drug trafficking, and illegal gold mining.<sup>503</sup> Ferrari was arrested in 1999 on charges of laundering \$18 million in drug money for Colombia's Norte del Valle cartel.<sup>504</sup> He was cleared by the Peruvian Supreme Court four

502 Ibid.

503 El Comercio, "Peter Ferrari: el caso del 'capo del oro' que inició en los 90 y sigue hasta hoy," 14 May 2019.

504 Jay Weaver, et al., *Dirty Gold: the Rise and Rall of an International Smuggling Ring* (New York, 2021).

years later and released from prison.<sup>505</sup> Beginning in the early 2010s, Ferrari set up multiple gold export businesses with fake ownership documents.<sup>506</sup> A gold shipment confiscated by Peruvian officials from a straw company led to Ferrari's arrest in 2017, and he was accused of coordinating the export of 13 tons of illegal gold valued at over \$600 million.<sup>507</sup> In January 2018, US prosecutors charged Ferrari with running a money laundering operation.<sup>508</sup> Ferrari was released from Peruvian prison in June 2020, after three years of preventive detention.<sup>509</sup> Extradition to the United States was still pending when Ferrari died of COVID-19 in September 2020.<sup>510</sup>

The overall NTR-Elemental network had only a loose identity, relied on market incentives to govern its operations, and does not appear to have used violence, instead relying on evasion and corruption.<sup>511</sup> The network was extensive, spanning most of Andean South America and the United States, but these international flows relied on a relatively small number of actors, limited to fewer than two dozen buyers, sellers, and facilitators.

As the Monos Clan and NTR-Elemental examples demonstrate, huge criminal economies – totaling billions of dollars in smuggled drugs and illegally sourced gold – can be managed by relatively small criminal organizations in the South America region. The combination of weak control of the national territory, low state capacity, highly penetrable political and bureaucratic elites, and widespread poverty generate conditions that are propitious for criminal survival and do not require large mobilization of criminal violence.

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505 RPP, “¿Quién fue ‘Peter Ferrari’, el investigado por narcotráfico y minería ilegal que falleció este sábado?” 26 September 2020.

506 El Comercio, “Acusan a ‘Peter Ferrari’ de usar 12 empresas de fachada,” 19 January 2017.

507 Jay Weaver, “Accused Peruvian gold smuggler in massive Miami money-laundering case dies of COVID-19,” Miami Herald, 28 September 2020; El Comercio, “‘Peter Ferrari’: el caso del ‘capo del oro’ que inició en los 90 y sigue hasta hoy,” 14 May 2019.

508 Sukanti Bhawe, “Will Peru’s Gold King Ever Be Held Accountable?,” Insight Crime, 10 October 2019.

509 Gestión, “‘Peter Ferrari’ falleció en el Hospital de Emergencias Villa El Salvador,” 26 September 2019.

510 Jay Weaver, “Accused Peruvian gold smuggler in massive Miami money-laundering case dies of COVID-19,” Miami Herald, 28 September 2020.

511 Two caveats are needed. First, there are reports of several robberies of people doing business with Ferrari, suggesting that perhaps he targeted illegal miners after they had sold him their gold, according to a February 21, 2015, InSight Crime interview with Carlos Neyra, a journalist focused on illegal mining. Second, illicit gold miners have often been targeted by criminal groups collecting vacunas (protection quotas).

# 7

## Investigative Team

**Steven Dudley**, the co-director of InSight Crime, and **Matthew Taylor**, an associate professor at American University's School of International Service, were the co-principals of the project. Dudley and Taylor also authored the general report and edited all parts of the report.

**Annie Pforzheimer**, who spent more than 30 working for the State Department, wrote the recommendations and provided comments on the general report.

Dudley, along with InSight Crime investigators **Victoria Dittmar** and **Sara García** researched and wrote the Isthmus section, with some additional reporting by **Alicia Flórez** and **Juan Diego Posada**.

Taylor, along with InSight Crime investigator **Laura Natalia Ávila**, researched and wrote the South America section.

InSight Crime Co-director **Jeremy McDermott**, along with InSight Crime investigators **Douwe den Held** and **Juliana Manjarrés**, researched and wrote the Caribbean section. Other researchers for the Caribbean included **Enrico Woolford** (Guyana), **Hogla Enecia Pérez** (Dominican Republic), **Joanna Callen** (Jamaica), **Michael Deibert** (Haiti and Puerto Rico), and **Mark Wilson** (Trinidad & Tobago).

**María Elena Ortegón** and **Alexandra Urrea** administered the project for InSight Crime. **Ana Isabel Rico**, **Juan José Restrepo**, and **María Isabel Gaviria** of the InSight Crime graphics team did the graphics, and Rico did the PDF.

The Director of the Center for Latin American & Latino Studies (CLALS) at American University, **Eric Hershberg**, helped oversee the project. **Rob Albro** at CLALS oversaw research and administered the project, with the help of **Sergio Ovalle**.

8

# Organizations

**InSight Crime** is a think tank dedicated to the study of the principal threat to national and citizen security in Latin America and the Caribbean: organized crime.

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