

Table of Contents

Disclaimer	13
Introduction	15
 Part I. The Theory	 25
Chapter 1. State Capture and Co-opted State Reconfiguration	 27
Traditional State Capture	27
Towards the Co-opted State Reconfiguration	30
A model to understand the market of institutional functions and the paradox of the Co-opted State	32
A brief introduction to institutional effects: The Paradox of the Co-opted State	34
Chapter 2. Social Network Analysis	39
Direct centrality: Being the most connected node	41
Second criterion of centrality: Arbitrating information	42
Levels of Social Capital and centrality indicators	44
Chapter 3. Conceptual Principles to Graduate the Scope of StC & CStR	 47
Chapter 4. What to Observe and What to Measure in StC and CStR processes: Determining the Existence of StC and CStR analyzing Agents and Social Relationships	 55
 Part II. Colombia: Narco-paramilitary agents reconfiguring the National State	 61
Chapter 5. Narco-paramilitaries at the local level: The administrative tragedy in the municipality of Soledad, Atlántico.	 63

A Brief Introduction to Soledad	63
The AUC in the Colombian Atlantic Coast:	
The way towards Para-politics	69
The municipality of Soledad in the computer of “Jorge 40”	72
Chapter 6. The Structure of the para-military network in Soledad, Atlántico	85
The Hub	86
The Structural Bridge	93
Participation of Public Officials and advance in CStR	97
Chapter 7. Narco-paramilitary agents in the Congress of the Republic of Colombia	101
The Castaño Brothers and the Birth of AUC.	102
Towards Para-politics	104
Narco-para-politicians bonds in Sucre	105
Jairo Merlano y Muriel Benito Rebollo	110
Involved and convicted	114
Rocío Arias and parapolitics	116
Concerns about the potential rearming	120
Chapter 8. The structure of the Narco-paramilitary network in the Department of Sucre: Progress towards the Co-Opted Recon-figuration of the National State.	128
The network in the Casanare Department, with Soledad Municipality, another example of local CStR	125
The Hub in the Sucre Department	130
Structural Bridge	133
The Atlantic Coast Network: Reconfiguring National institutions in Colombia	136
Participation of Public Officials and advance towards a CStR process under the network of the Sucre Department	139
Part III. Guatemala: Drug trafficking, Money Laundering and Failed Institutions	143
Chapter 9. Guatemala Today: The co-opted Reconfiguration Regarding Unsuccessful Institutions	146
Criminal activities	148
Drug trafficking organizations	151

Current State of Guatemalan institutions	153
Chapter 10. Structure and Information flows of a Network for Assets Laundering: The Llort Case	161
A Brief Description of the Network	162
Concentration of Direct Social Relationships	165
Arbitrating Information	168
State Capture and Co-opted State Reconfiguration in the Llort Network	173
Chapter 11. The Story	177
The witness	178
The Marrow	181
The Ups and Downs	189
Trials and witness	190
Final Note	191
Chapter 12. The laundering network Llort Quiteño: More details and a Guatemalan Epilogue	195
New network, old actors	197
The failure of Llort network	202
Epilogue	205
Part IV. The Colombo-Mexican Network: Consolidation of the Transnational Drug Trafficking	209
Chapter 13. The Mexican Cartels	211
Mexican Cartels Nowadays	211
Tijuana Cartel	214
Juarez Cartel	215
Sinaloa Cartel	216
El Golfo Cartel	217
Los Zetas	218
Familia Michoacana	210
Cartel of Brothers Beltran Leyva	211
Chapter 14. A Colombo-Mexican Criminal Network	225
Concentration of direct relations	229
Arbitration of information	231
Sub-networks	233

Participation of public servants and advance of State co-opted reconfiguration	234
Chapter 15. Background and hypothesis to explain the Colombo-Mexican connection	237
The continuity of the Colombo-Mexican connection: The Macel Case.	240
Chapter 16. The Colombo-Mexican Connection	249
DEA, First alert	251
The Connection in Spain	254
Epilogue at the Mexican Style	259
“La Piraña”, an impunity story	265
“La Reina and El Tigre”, the perfect Colombo-Mexican alliance	272
Money laundering for FARC Guerrilla and other cartels	276
The New Drug Traffickers	281
Part V. Drug Trafficking and Mysticism in Mexico: The Michoacana Family	285
Chapter 17. Structure of the Michoacana Family Network	287
Concentration of Direct Social Relationships	289
Capacity to arbitrate Information	293
Sub-networks	296
Chapter 18. The Michoacana Family. Historical context.	305
The Michoacana Family: Antecedents, Alliances and Disputes.	307
Chapter 19. The Michoacana Family: Fanaticism and Violence.	319
The Fighting Cock and the Escape	321
I Already Cannot quit the business: “La Tuta”	325
The Objective: Political Influence.	327
Expansion at Any Cost	306
All for Divine Will	339
Death Catches “El Más Loco”	342
Annex.	347
Alliances of “The Michoacana Family” with other criminal organizations.	347
Some additional data on “The Michoacana Family”	348

Part VI. About drug trafficking in Western Hemisphere	351
Chapter 20. About the war against drugs	353
Chapter 21. Drug Traffickers and Politics: Some perspectives in the paradigmatic case of Mexico	359
Chapter 22. A Comparative analysis of Institutional Capture and Reconfiguration	367
Determining the Existence of StC or CStR through the Types and Importance of Social relationships	369
Diagnosing the institutional scope of StC or CStR in Colombia through the Analysis of Agents involved	384
Diagnosing the institutional Scope of StC or CStR through the Analysis of Agents involved	378
Active CStR Processes Occurring in the Analyzed Networks	389
Part VII. Thinking Public Policy to confront State Capture and Co-opted Reconfiguration	391
Chapter 23. Preamble	393
How do drug trafficking and corruption become mutually stronger?	393
How does corruption and drug trafficking weaken democratic institutions?	395
Chapter 24. Short-term actions	401
Chapter 25. Middle and long-run actions	419
Bibliography	435
About the Contributors	457

Disclaimer

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

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

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

Introduction

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

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

rather than directly from Colombia to the United States.

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

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

But the strategic transformations of drug trafficking in Western Hemisphere do not stop here. At least up until now, Colombian and Mexican drug traffickers have always found better institutional conditions for accomplishing their criminal objectives. For example, if Mexico improves its aerial and maritime controls, drug traffickers can transport the drugs from Colombia to Guatemala and then take it inside Mexico. The combination of 597.8 miles of a porous border between

Guatemala and Mexico, with even weaker institutions than those found in Mexico, makes Guatemala the right place to carry on illegal operations of drug trafficking. This can be evidenced by looking at the Control of Corruption and the Rule of Law indexes for Guatemala: 32.4% and 13.7%, respectively. This means that the State of Guatemala lacks the institutional and technological tools to effectively prevent, control or punish the drug trafficking happening across its borders. In this sense, it is easy to understand why Mexican Cartels like “Los Zetas” are establishing and controlling routes covering Guatemala, Mexico and the United States, not only mobilizing drugs, but also illegal migrants and smuggling.

All of these transformations have been accompanied by the exacerbation of violence, a higher institutional weakness, and higher risks of corruption. In turn, a self-catalytic situation seems to be established in States like Colombia, Mexico and Guatemala: The more drug trafficking creates conditions for more violence, more institutional weakness, and more corruption, so on. As a result, headlines in Mexico register every day the most terrible crimes—from beheadings to burned bodies. Also, at the end of 2010, the President of Guatemala declared State of Emergency as a result of the criminal situation derived from “Los Zetas” activity in the border with Mexico. In general terms, local and national states tend to become institutionally weaker while more drug trafficking is attracted by their institutional weakness.

Bearing in mind the transformations observed in the drug trafficking market, particularly in the Western Hemisphere, the purpose of this book is to give well documented insights oriented to re-evaluate the following well spread ideas: At some point, Cartels and transnational illicit Networks focused

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

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

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

The first part includes the theoretical and methodological frameworks. This part is divided in four chapters. In Chapter 1, the concept of Co-Opted State Reconfiguration (CStR) is presented. This concept, as it will be shown, allows understanding conceptual and causal relationships existing between corruption and different forms and processes of crime like drug trafficking. More important, it allows understanding the institutional effects resulting from processes involving drug trafficking and advanced stages of corruption. In Chapter 2, the SNA is presented, as the methodology sustaining the entire book. In Chapters 3 and 4, some basic epistemological principles are introduced, in order to compare the institutional scope resulting from the action

of illicit networks in different administrative levels, in some important cases of Colombia, Guatemala and Mexico.

The second part, divided in four chapters, includes the Social Network Analysis (SNA) and a contextualization of criminal networks in Colombia, involving narco-paramilitary agents. In Chapters 5 and 6, a criminal network at the local administrative level of a municipality known as Soledad is presented. This criminal network allows us to illustrate how a narco-paramilitary group was able to manipulate a municipality in Colombia and divert and illegally appropriate huge amounts of public resources of the municipal budget initially oriented to improve levels of education, health and infrastructure. In Chapters 7 and 8, a criminal network in the Sucre Department of Colombia is contextualized, modeled and analyzed. This criminal network, enriched with empirical data from different sources, allows identifying a bottom-up process of Co-opted State Reconfiguration in Colombia that began in different local administrations, and reached the legislative branch at the national level.

The third part, divided in four chapters, includes the SNA and the contextualization of a criminal network in Guatemala. In Chapter 9, a panorama of failed institutions in Guatemala is illustrated. In Chapter 10, a criminal network focused in massive money laundering is modeled and analyzed. A former President of Guatemala, international bankers, and drug traffickers configure this transnational criminal network mainly located in the public administrative of Guatemala at the top National level. This means that a complex and advanced process of State Capture (StC) and Co-opted State Reconfiguration (CStR) is observed at the national level of Guatemala. In Chapters 11 and 12, a detailed contextualization

of background, causes and consequences of the Criminal Network is presented.

The fourth part, divided in four chapters, includes the SNA and contextualization of a criminal transnational network of drug trafficking, involving Colombian and Mexican drug traffickers. This transnational criminal network shows clearly the new scheme of negotiation established by Colombian and Mexican drug traffickers: Specific arrangements on amounts and prices are agreed by Colombian drug traffickers, and specific procedures of transportation and money laundering are carried out by Mexican drug traffickers for taking the drug inside of the United States, as a further step after the Colombian ones have moved it from Colombia into Central America or specifically Mexico. In Chapter 13 the most important Mexican Cartels are listed; their regional domains and operative schemes are discussed. In Chapter 14, the criminal transnational network mentioned above is modeled and analyzed. In Chapter 15, historical and sociological hypothesis are proposed to explain the new drug trafficking structure that is exemplified through the Colombo-Mexican network. In Chapter 16, it is included a detailed explanation of events and agents involved in the network.

The fifth part, divided in three chapters, presents the Social Network Analysis and the contextualization of a Mexican Cartel known as “The Michoacan Family” or “La Familia” [La Familia Michoacana]. In Chapter 17, the Social Network Analysis is applied to the structure of “La Familia”, which includes the participation of drug traffickers, security agents, members of the legislative and executive branch at the local and regional levels, and some of them, even at the national level. In Chapter 18 historical and sociological hypothesis explaining

the formation and evolution of “La Familia” are presented. In Chapter 19, it is included a detailed explanation of historical events related to the structure and the most important agents involved in “La Familia” cartel.

In the sixth part, divided in three chapters, it is presented a comparative analysis of the criminal networks modeled in Colombia, Guatemala and Mexico. As a preamble, in Chapters 20 and 21 there is an exposition of some basic hypotheses about the present and future of the drug trafficking in Western Hemisphere. In Chapter 22, the comparative analysis is elaborated through the methodology of Social Network Analysis for Institutional Diagnosis (SNAID), which allows identifying the most affected institutions and administrative levels, as a result of some processes of State Capture (StC) and Co-opted State Reconfiguration (CStR) in Colombia, Guatemala and Mexico.

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

As authors as well as coordinators and editors of the research project sustaining this book, we thank to Luis Astorga, author of the Chapters 15, 18 and 21; Edgar Gutiérrez, author of the Chapters 9 and 12; Claudia Méndez, author of Chapter 11; Francisco Gómez, author of Chapters 13, 16 and 19. The valuable expertise and comprehensive approach of each one of these contributors enriched the comparative analysis presented in this book. Also we would like to thank to Catalina Mejía, Natalia Duarte, Andrea Salcedo-Albarán and Carolina

Loboguerrero, for their research assistance; Víctor Rojas and Vicente Cuervo, for translation activities, and Andrea Kuszewski for her proofreading contribution and for her comments and suggestions that significantly improved the overall quality of this book, in both formal and thematic aspects. Finally, we also thank to Claudia López for her decisive support to our research program on State Capture and Co-opted State Reconfiguration by collecting and providing us with some of the Colombian judicial information needed to develop the analysis presented herein.

This book is the result of the research project entitled “The Effects of Drug Trafficking and Corruption on Democratic Institutions in Mexico, Colombia and Guatemala” funded by Foundation Open Society Institute under the Grant no. 20027926. We thank to Sandra Dunsmure and David Holiday for his trust in this project. Finally, we thank to FOSI for its support in applying integrative and scientific methodologies that allow the understanding of how drug trafficking weakens formal institutions in several countries, and in the long run, also modifies informal rules of the social game.

Luis Jorge Garay Salamanca & Eduardo Salcedo-Albarán
Bogotá, Colombia
March, 2011

