

Cross-Border Connections

**Criminal Inter-Penetration at the
U.S.-Mexico “Hyperborder”**

John P. Sullivan

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Cross-Border Connections: Criminal Inter-Penetration at the US-Mexico 'Hyperborder'

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Introduction

The United States (US) and Mexico share a complex border and a common threat for transnational organized crime. The US-Mexico border is one of the most complex in the world. At first glance cross-border threats appear to be concentrated along the nearly 2,000 mile long frontier. This *frontera* divides the American states of California, Arizona, New Mexico, and Texas from their Mexican counterparts Baja California, Sonora, Chihuahua, Coahuila, Nuevo León, and Tamaulipas. Yet, as I will describe the impact of cross-border criminal connections reach far from the *frontera* and influences crime and corruption in major cities and exurban enclaves far from the actual border.

The Contested Border

The US-Mexico border — which I refer to as the ‘hyperborder’ due to its intense complexity and interactions— is home to both licit and illicit trade.¹ Commerce and people transverse its long span through 45 designated border crossings and contraband smuggling and illegal crossings occur at many *ad hoc* transit points. The hyperborder is actually a border zone and home to 24 million persons—90% of whom live in the zone’s 14 twin cities. These twin or sister cities are west to east (US-MX): San Diego-Tijuana, Calexico-Mexicali, Yuma-

¹ See John P. Sullivan. “Homeland Security on the Hyperborder: U.S.-Mexico Drug War Interactions,” Chapter 1.3.4 in James J.F. Forest, Russell D. Howard, and Joanne C. Moore (Eds.), *Homeland Security and Terrorism: Readings and Interpretations, Second Edition*. New York: McGraw-Hill, 2014. The term ‘hyperborder’ originates with Fernando Romero an architect; see Fernando Romero/LAR, *Hyperborder: The Contemporary U.S.-Mexico Border and Its Future*. New York: Princeton Architectural Press, 2008.

San Luis Rio Colorado, Nogales-Nogales, Naco-Naco, Douglas-Agua Prieta, Columbus-Las Palomas, El Paso-Ciudad Juárez, Presido-Oinaga, Del Rio-Cd. Acuña, Eagle Pass-Piedras Negras, Laredo-Nuevo Laredo, Mc Allen-Reynosa, and Brownsville-Matamoros. These twin cities are also key *plazas* for the trans-shipment of drugs and other contraband in the illicit space of flows.²

Security issues at the border involve crime, corruption, and conflict.

Specific issues encountered are:

- Illegal/undocumented immigration/migration.
- Human trafficking and slavery.
- Drug trafficking.
- Small arms trafficking.
- Smuggling of all types of contraband.
- Money laundering.
- Cross-border violence.
- Corruption.

Smuggling is a bi-directional affair. Drugs and people move north, arms and funds flow south. Tunnels, trains, vehicles, aircraft (including ultralights), and vessels (including go-fast boats, *pangas*, and narco-submarines, actually low-

² See John P. Sullivan and Adam Elkus, "Plazas for Profit: Mexico's Criminal Insurgency," *Small Wars Journal*, 26 April 2009.

profile semi-submersible vessels) enable this activity. Historically, the region has been contested as bandits and criminals sought to exploit the seams of weak governance and weak state presence.

Narcos seeking hyperprofits from seemingly insatiable U.S. demand for drugs bring corruption, instability, and violence to this dynamic cross-cultural incubator of innovation. Cross-border family ties, cross-border cultural references (including *narcocorridos*) and cross-border gangs make this a crucible of state reconfiguration.

While border zones are natural incubators of conflict, they are also incubators of economic extraction and corruption. The Zetas, for example, have been implicated in laundering money through horse racing in the U.S. Part of this conspiracy involved alleged attempts to bribe a federal judge.³ The vast size of global illicit flows makes borders a lucrative node in the global political economy. Cross-border remittances (licit and illicit) combine with money-laundering and criminal inter-penetration to fuel the locus of state

³ See Ginger Thompson, "A Drug Family in the Winners Circle," *New York Times*, 12 June 2012 at <http://www.nytimes.com/2012/06/13/us/drug-money-from-mexico-makes-its-way-to-the-racetrack.html>; Marty Schladen, "Attempt to bribe federal judge alleged in Zetas horse-racing scam," *El Paso Times*, 06 September 2013 at http://www.elpasotimes.com/ci_24031149/attempt-bribe-federal-judge-alleged-zetas-horse-racing; and Marty Schladen, "Three sentenced in Zetas scheme to launder money through horse racing," *El Paso Times*, 06 September 2013, at http://www.elpasotimes.com/ci_24028890/three-men-sentenced-money-laundering

reconfiguration. For the U.S., illegal narcotics constitute a \$60 billion annual industry from which Mexican gangsters earn at least \$6-7 billion each year.⁴

Narcotics are not the only commodities flowing through the border's illicit pipelines. Hydrocarbons (oil and petroleum) hijacked from illegal taps (*tomas clandestinas*) on the Petróleos Mexicanos (PEMEX) network also fuel the cross-border criminal trade.⁵ PEMEX loses at least \$2 billion in this "theft tax."

As Sullivan and Elkus noted:⁶

Corruption is a key additive in the petro-extraction racket. Not only are PEMEX workers and officials corrupted by cartels, but also insider trading and collusion help fuel a lucrative cross-border enterprise. For example, a Texas oil executive says his company was one of several that bought stolen Mexican petroleum and sold the illicit products to large corporations including German chemical giant BASF. These racketeer-influenced transactions, which were uncovered by a joint US-Mexican investigation, involved several American and multinational corporations.

A U.S. criminal gang link is suspected but has not been verified. It is widely believed that Los Zetas have been diverting stolen oil from Mexico into Texas.

⁴ See Jonathan P. Caulkins, Peter Reuter, Martin Y. Iguchi and James Chiesa, *How Goes the 'War on Drugs'? An Assessment of U.S. Drug Problems and Policy*, Santa Monica, CA: RAND, Drug Policy Research Center, 2005 and David A. Shirk, "Transnational Crime, U.S. Border Security, and the war on Drugs in Mexico," Testimony to the U.S. House of Representatives Sub-Committee on Oversight, Investigations and Management," 31 March 2011. Shirk cites Jose Brambila Macias, *Modeling the Informal Economy in Mexico: A Structural Equation Approach*, Munich 2008 at <http://mpra.ub.uni-muenchen.de/8504/>

⁵ Ioan Grillo, "Stolen Oil: A Gusher of Cash for Mexican Drug Cartels," Time, 09 March 2011 at <http://content.time.com/time/world/article/0,8599,2058007,00.html>

⁶ John P. Sullivan and Adam Elkus, "Open Veins of Mexico," *Small Wars Journal*, 03 November 2011 at http://smallwarsjournal.com/jrnl/art/open-veins-of-mexico#_ftn18. See also "BASF bought stolen Mexican oil says Texan executive," *Deutsche Welle*, 22 August 2009; "From Bush White House to Zetas' La Empresa," *NarcoGuerra Times*, 22 August 2009; Martha Mendoz, "Court: Stolen Mexican oil sold to large company," Associated Press, 21 August 2009.

As a result, in a case popularly known as the “Pemex Condensate Theft Ring Lawsuit,” PEMEX has sued several U.S. oil interests in the United States District Court for the Southern District of Texas in Houston.⁷ Certainly petro-extraction challenges the Mexican state’s legitimacy and solvency. Potential entrenched gang capacity manipulating the hydrocarbon market on the US side of the border is equally disturbing. Here we see a hint of the potential for Co-opted State Reconfiguration (CStR) playing itself out on both sides of the Rio Grande (Rio Bravo).⁸

⁷ See PEMEX v. Big Star Gathering LTD L.L.P. *et al* , 4:11-cv-2019 at <http://ia700802.us.archive.org/8/items/PemexCondensateTheftRingLawsuitcomplaint/PEP.PDF>.

⁸ See especially Eduardo Salcedo-Albarán and Luis Jorge Garay, “How Corruption Affects National Security of the United States,” *Small Wars Journal-El Centro*, 06 October 2011.

State Reconfiguration at the “Hyper- Border” and Beyond

As Garay Salamanca and Salcedo-Albarán (2011, 2012)⁹ have noted state capture and state reconfiguration are features of transnational criminal challenges to states. In essence, cartels and affiliated gangs are criminal soldiers or armed non-state actors that contest reach other for economic domination of criminal *plazas* and contest the state for freedom of action. In Mexico this has led to sub-state failure (as seen in the hyper-violence of Ciudad Juárez, the states of Michoacán and Tamaulipas, and elsewhere).¹⁰ In the United States,

⁹ Ibid.

¹⁰ See John P. Sullivan, “From Drug Wars to Criminal Insurgency: Mexican Cartels, Criminal Enclaves and Criminal Insurgencies in Mexico and Central America, and their Implications for Global Security,” *Vortex Working Papers* No. 6, March 2012.

while there has been a fear of spillover violence, the situation is much more subtle. Some cross-border violence (executions, kidnappings, ambushes, and even *narcobloqueos*¹¹) has occurred but corruption and co-option of government officials is the greater concern. As Sullivan noted at a recent *Baker Blog* essay:¹²

Americans often view the spillover of crime or violence as a one-way transaction, from Mexico into the United States. In reality, the actual threat is mutual inter-penetration of both the U.S. and Mexico by criminal networks and activities. While the United States is concerned about cartel violence, Mexico fears the inflow of U.S. arms and the seemingly never-ending demand for drugs. Recall the story of Miguel Treviño Morales, former drug lord and leader of the criminal organization known as Los Zetas: Morales started as a gangster in Nuevo Laredo and honed his skills while living in Dallas before he returned to Mexico to eventually ascend to the leadership of the brutal Los Zetas. Other cross-border fertilization is seen in the case of L.A.-bred Mara Salvatrucha and El Paso's Barrio Azteca that is active in Ciudad Juarez as well.

Cartel-gang inter-penetration is a feature of deviant globalization¹³ where transnational gangs forge alliances on both sides of the border—actually many borders—to facilitate their illicit flows of commerce. As a

¹¹ John P. Sullivan, "Spillover/Narcobloqueos in Texas," *Small Wars Journal-El Centro*, 01 April 2013 at <http://smallwarsjournal.com/blog/spillovernarcobloqueos-in-texas>

¹² John P. Sullivan, "Securing the "hyperborder": U.S.-Mexico border security investments," *The Baker Institute Blog/Houston Chronicle*, 02 August 2013 at <http://blog.chron.com/bakerblog/2013/08/securing-the-hyperborder-u-s-mexico-border-security-investments/>

¹³ See Nils Gilman, Jesse Goldhammer, and Steven Weber (Eds.), *Deviant Globalization: Black Market Economy in the 21st Century*. New York: Continuum, 2011.

consequence, Mexican cartels operate in the U.S. and forge alliances with U.S. gangs. Notable cross-border gang alliances -essentially transnational gangs-¹⁴ include MS-13 (Mara Salvatrucha), 18th Street, San Diego's Logan Heights gangs, Barrio Azteca/Los Aztecas, and La Línea.

The Barrio Azteca (BA)/Los Aztecas/La Línea complex is of special note due not only to its cross-border activity, but also the nexus between prison and street gangs, and their hybrid mutation of combat power.¹⁵ The BA formed an alliance with the Vicente Carrillo Fuentes (or "Juárez") Cartel to battle the Sinaloa Federation. It taxes street level drug sales in El Paso, West Texas, and southeast New Mexico. Its activities include drug trafficking, extortion, money laundering, kidnapping, arson, prostitution, and murder -enforcement-. It has a range of local allies including several El Paso gangs such as Puro Barrio Sandoval, Barrio Cantu Rifa, Varrío Hacienda Heights, Varrío Northeast, and the Colonel Street Locos.¹⁶ Its

¹⁴ See John P. Sullivan, "Transnational Gangs: The Impact of Third Generation Gangs in Central America," *Air & Space Power Journal—Spanish Edition*, Second Trimester 2008 at <http://www.airpower.maxwell.af.mil/apjinternational/apj-s/2008/2tri08/sullivaneng.htm>

¹⁵ See John P. Sullivan and Samuel Logan, "La Línea: Network, Gangs, and Mercenary Army," *The Counter Terrorist*, August/September 2011 at http://onlinedigitalpublishing.com/display_article.php?id=766740 and John P. Sullivan, "The Barrio Azteca/Los Aztecas Network," *The Counter Terrorist*, April 2013 at <http://www.homeland1.com/homeland-security-columnists/the-counter-terrorist/articles/1455224-the-barrio-azteca-los-aztecas-network/>

¹⁶ "Varrío" is a gang slang variant of the Spanish Barrio. This slang term is used by Hispanic street gangs in California and throughout the southwest United States.

rivals include *Los Mexicles* and the *Artistas Asesinos* (AA) who are vassals of Chapo Guzman's Sinaloa Federation. The BA in conjunction with La Línea has been tied to brutal massacres, attacks on the community and assassinations of U.S. consular personnel. Their tools of the trade include mass shootings, grenades, and car bombs. Their ability to operate effectively on both sides of the frontier make them valuable allies to the cartels and a threat to police and the community on both side of the border.

At its heart, BA is a prison gang. Other notable prison gangs affiliated or connected with cartels include the *Hermanos de Pistoleros Latinos*, Tang Blast, the Texas syndicate, Mexikanemi (Texas Mexican Mafia), La Eme (California Mexican Mafia), and La Nuestra Familia. Street gangs linked to cartels include the Latin Kings, MS-13, 18th Street, Sureños, and Norteños (it should be noted that Sureño gangs maintain an affiliation with La Eme and Norteño gangs maintain an affiliation with la Nuestra Familia within the California corrections system). Sureños in Southern California and South Carolina are also reputed to have a working relationship with Los Zetas in Mexico.¹⁷

¹⁷ "2011 National Gang Crime Assessment-Emerging Trends," Washington, DC: National Gang Intelligence Center, p. 26 at <http://www.fbi.gov/stats-services/publications/2011-national-gang-threat-assessment/2011-national-gang-threat-assessment-emerging-trends>

Table 1 describes documented alliances among Mexican cartels and U.S. gangs. The scope of cartel collaboration with U.S. gangs varies among gangs (even among *cliques* within gangs). At the core of this variation is the strength of linkages and interactions among the cartels and gangs, familial ties, and diaspora links. The relationships are also volatile and ebb and flow with the rhythm of street and jailhouse violence. Nevertheless, ties exist and often result in reciprocal profit and an expanding powerbase of criminal influence. Mexican cartels currently control most of the cocaine, heroin, marijuana, and methamphetamine shipped into the U.S. As a consequence, U.S. gangs play roles as enforcers during the cross-border transshipments and as proxies for the cartels on the street. This includes street level sales, street enforcers, conducting kidnappings, and collecting the proceeds from sales. Notable in this regard is the Sinaloa Cartel's use of Los Angeles gangs as criminal laborers.¹⁸

Functionally gangs in the U.S. can serve one of three roles in relation to cartels. They can act in a transactional business relationship, they can act as partners, or they can serve as a franchise.¹⁹ Transactional business relationships involve the gangs buying drugs from the cartel for resale. In

¹⁸ *ibid*, p. 26.

¹⁹ "2011 National Drug Threat Assessment," Washington, DC: U.S. Department of Justice, p. 12.

partnerships the gangs sell drugs or provide services such as transport, warehousing and security, on behalf of the cartel for a piece of the profit. In the franchise setting the gangs serves as a local extension of the cartels. *La Eme* is an example of a partnership, for example with the Tijuana Cartel; Barrio Azteca is an example of a franchise, in this case for the Juárez Cartel; and 38th Street in Los Angeles is an example of a resale business relationship.

La Familia Michoacana (LFM), and its splinter-successor *Los Caballeros Templarios* [The Knights Templar], have well-established links with U.S. gangs. They operate on California and Texas -which are perhaps their strongest U.S. outposts-, New Mexico, Georgia, Illinois, North and South Carolina, Florida, and Washington, D.C. Their U.S. ‘brokers’ move drugs and launder the proceeds of there sales through small shops, nightclubs, and car dealerships. In Southern California they relied on a pact with the Tijuana Cartel to allow transshipment through the Tijuana Plaza.²⁰

LFM and *La Eme* were recently forging a sustained alliance known as “The Project.” Forged in the Los Angeles County Jail, a key Eme stronghold, the alliance was stalled by Federal indictments: At least 44

²⁰ Francisco Gómez, “La Familia’ y su red de operación en EU,” *El Universal*, 09 January 2011 at <http://www.eluniversal.com.mx/notas/735950.html>

separate suspects indicted, and synchronized raids that netted \$20 million in meth in August 2013.²¹

The powerhouse of Mexican cartels is in many respects the Sinaloa Cartel, the keystone of the Sinaloa federation. This organization is perhaps the largest and most mature cartel in the current constellation of narco-gangs and cartels. Based in Culiacán, Sinaloa, the group is frequently assessed as the most powerful in the world. Not surprisingly, it has a mature and well-developed reach into the U.S. and maintains alliances with a broad range of gangs transporting product to Arizona, California, Texas, New York, and notably Chicago where it is believed to be the stimulus for a surge in gang crime. Sinaloa's 'Chicagoland' operation is centered in the city's 'Little Village.' Strong local demand and a robust transshipment capacity fueled by several converging Interstate highways have led the Chicago Crime Commission to name the cartels ostensible leader Joaquin "Chapo" Guzman, "Public Enemy No. 1," a title once held by notorious Mafiosi Al Capone. Chicago itself has over 120,000 gang members and the

²¹ Ron Rokhy and John Cadiz Klemack, "Feds Nab Key Dealers, \$20M in Meth in Massive Los Angeles Bust of Mexican Drug Cartel," NBCLA News, 22 August 2013 at <http://www.nbclosangeles.com/news/local/Mexican-Mafia-LA-Eme-Drug-Bust-Meth-La-Familia-Los-Angeles-DEA-ATF-218561541.html>

well-established Gangster Disciples have forged an alliance with ‘Chapo’s Boys.’²²

Los Zetas also operate in the U.S. and maintain alliances with U.S. gangs. The most salient example of Zeta-Gang interaction, and perhaps the most ominous, is the alleged alliance between the Zetas and MS-13 (*Mara Salvatrucha*). MS-13 is a decentralized gang with a core in Los Angeles and key nodes in San Salvador and Northern Virginia. In Mexico it is reported to act as foot soldiers -contractors or tactical allies- with several cartels, most notably Los Zetas. MS-13 maintains a neo-feudal structure where influence shapes transaction and power arrangements. They are known as brutal enforcers (a trait they share with the Zetas) and are key players in drug and human trafficking.²³

²² James Turnage, “Mexican Drug Cartels and Chicagos Litte Village, *Las Vegas Guardian Express*, 20 June 2013 at <http://guardianlv.com/2013/06/mexican-drug-cartel-and-chicagos-little-village/>

²³ See John P. Sullivan and Adam Elkus, “Los Zetas and MS-13: Nontraditional Alliances,” *CTC Sentinel* (West Point), 21 June 2012 at <http://www.ctc.usma.edu/posts/los-zetas-and-ms-13-nontraditional-alliances> and John P. Sullivan and Samuel Logan, “MS-13: Networks of Influence,” *The Counter Terrorist* 3:4 (2010).

Conclusion: Corruption, Collusion and Countering Co- option

Certainly cross-border gangs suggest the potential for an increase in violence and conflict. And indeed U.S. gangs increasingly find it beneficial and lucrative to inter-operate with or ally with cartels. As a consequence U.S. gangs on both the border and upstream in America's cities are increasingly becoming part of a 'transnational network of gangs.' Cartels require armed/violent structures to counter threats and challenges from other illicit enterprises and the state. Specifically cartels and their illicit

networks need local capacity to protect operations (*plazas*, transport routes, clandestine labs, business processes, and personnel), they also need to protect clients who purchase protection, they need personnel to extract ‘street taxes,’ and they need personnel to attack adversaries and exert their will. These personnel can be internal operatives or allies and outsourced enforcers such as contractors, *sicarios* and gangs. The gangs in turn benefit from this relationship as it enhances the potential to garner profit and plunder. They also stand to accumulate power in the occult world of corruption where co-opted government officials and police collude with gagsters for their own benefit. In the U.S. cartel-related violence remains low. Collusive corruption still works, but the on-going inter-penetration of cartels and gangs across frontiers portends the real potential for State Capture (StC) and Co-opted State Reconfiguration (CStR) to rear its ugly head and erode the bonds of public trust which ultimately lead to insecurity and direct confrontation with states.

Police and homeland security, which includes border patrol and customs, on both sides of the ‘hyperborder’ and well into the heartland need to build capacity to sense, interdict, and contain cartel-gang inter-penetration before it becomes an endemic threat to community and national security. This will require municipal and state police, sheriff’s deputies,

and federal agents to enhance their capacity to address cartel-gang threats. Current gang control efforts are sporadic and not well integrated with efforts to counter transnational organized crime. Gang suppression and intervention efforts are largely centered in areas that have faced historic challenges from street and prison gangs. These include Los Angeles, Chicago, and parts of Texas. As gangs spread and connect with organized crime entities and especially Mexican cartels cities unfamiliar with gangs policing face the need to build new capacities. These include investigations, gang patrols, and the need to link with prevention and intervention specialists from the community.

Since street gangs often are linked to prison gangs (such as la Eme) patrol and correctional intelligence and investigative efforts need to be linked. This is complicated because in many areas police and corrections are addressed by separate agencies. Even in sheriff's departments that handle both functions, the specialties are separated into different bureaucratic units. Furthermore gang investigations, patrol, vice, organized crime, and narcotics are specialties usually handled by separate bureaucratic units. In areas challenged by cartels one unit may handle narcotics; while another handles gangs; and others till handle community patrol, vice, and corruption control. In most cases cartels are viewed as a

narcotics problem and counter-drug-strategies prevail. A comprehensive approach is needed. Counter-violence approaches are needed to contain cartel and gangs violence, and counter-corruption efforts are needed to contain the threat of cartels and gangs co-opting police and public officials.²⁴

Counter-violence and counter-corruption efforts must be bolstered in areas where they exist and linked to new capacities in areas challenged by gang and cartel expansion. These must include efforts at the municipal (city and county), state, regional (in metropolitan areas or among states), and federal levels since each level of government faces distinct challenges from organized crime and gangs. Community violence is usually a local effort, complex multi-state and transnational investigations and efforts to curb public corruption usually fall to the federal level. Direct border security functions are a federal responsibility, but addressing spillover and inter-penetration in communities requires state and local initiatives. All of these must be synchronized and demand cooperation. Intelligence is a major player in forging cooperation. Detailed efforts to characterize current and emerging cartel-gang threats are need. These should be complimented

²⁴ See John P. Sullivan, "Counter-supply and counter-violence approaches to narcotics trafficking," *Small Wars & Insurgencies*, 21:1, 179-195 and John P. Sullivan, "Forging Improved Government Agency Cooperation to Combat Violence," *National Strategy Forum Review*, Fall 2008; 14:4, 24-29.

by a detailed network analysis of networks of public corruption and collusion among corrupt officials and the cartel-gang networks.

Enhanced intelligence, tactical capacity, and above all anti-corruption measures to ensure continued police professionalism and resist criminal capture of governance capacities must be encouraged. This will require transparency and co-operation on both sides of the border. Addressing cross-border violence and corruption demands bi-lateral co-operation. Indeed it will soon demand multi-lateral co-operation as Mexican cartels penetrate Canada and Latin America.

The challenge of transnational crime and gangs must be incorporated into not only border security, but also broad-based crime control and efforts to contain public corruption. Officials from the US-Mexico Binational Commission, a Working Group on Homeland Security and Border Cooperation, the US-Mexico Military Commission, the Border Governors Conference, the Conference of Border Attorneys General, along with police professional associations and civil society must join together to build 21st Century border security for the hyperborder and beyond.