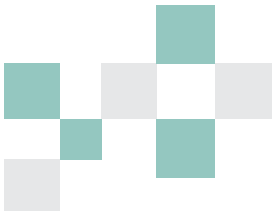


The Changing Face of Colombian Organized Crime

Jeremy McDermott

- Colombian organized crime, that once ran, unchallenged, the world's cocaine trade, today appears to be little more than a supplier to the Mexican cartels. Yet in the last ten years Colombian organized crime has undergone a profound metamorphosis. There are profound differences between the Medellin and Cali cartels and today's BACRIM.
- The diminishing returns in moving cocaine to the US and the Mexican domination of this market have led to a rapid adaptation by Colombian groups that have diversified their criminal portfolios to make up the shortfall in cocaine earnings, and are exploiting new markets and diversifying routes to non-US destinations. The development of domestic consumption of cocaine and its derivatives in some Latin American countries has prompted Colombian organized crime to establish permanent presence and structures abroad.
- This changes in the dynamics of organized crime in Colombia also changed the structure of the groups involved in it. Today the fundamental unit of the criminal networks that form the BACRIM is the "oficina de cobro", usually a financially self-sufficient node, part of a network that functions like a franchise. In this new scenario, cooperation and negotiation are preferred to violence, which is bad for business.
- Colombian organized crime has proven itself not only resilient but extremely quick to adapt to changing conditions. The likelihood is that Colombian organized crime will continue the diversification of its criminal portfolio, but assuming an ever lower, more discrete profile and operating increasingly abroad.



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Introduction

Today it is the Mexican drug cartels that dominate the world headlines when it comes to criminal activity in the Americas, as well as international cocaine trafficking to the main market of the United States. Mexican groups which once worked as transporters for the Colombians have now seemingly eclipsed their former bosses. Or have they?

Colombian organized crime once ran, unchallenged, the world's cocaine trade. Today they appear to be little more than suppliers to the Mexicans. Yet in the last ten years Colombian organized crime has undergone a profound metamorphosis, moving into the shadows, "democratizing" much of the business and exploring new markets. Colombian organized crime is still at the cutting edge of the drug trade, but is now more clandestine, low-key, and increasing operating outside of the country.

What little one hears about organized crime, both within and outside of Colombia, is linked to the so-called BACRIM (from the Spanish "Bandas Criminales"). This was a name devised by the government of former president Alvaro Uribe in 2006, to differentiate organized crime from the right-wing paramilitaries, with whom Uribe had signed a demobilization deal. Seeking to prevent any undermining of his peace agreement with the United Self-Defence Forces of Colombia (AUC)¹, Uribe insisted that all organized crime post the final 2006 demobilisation was not "paramilitary" but BACRIM.

Today all organized crime activity not linked to the Marxist rebels is described as BACRIM. Yet there has been no definition of what really constitutes a BACRIM, what are its components, nor how it operates. This paper sets out to answer some of those questions, explore the ever changing face of Colombian organized crime and lay out why the Colombians may still be the pioneers in the cocaine trade.

1 See profile of the United Self Defence Forces of Colombia: <http://www.insightcrime.org/groups-colombia/auc>

The third generation Colombian drug trafficking syndicates

The BACRIM are the third generation of Colombian drug trafficking organizations (DTOs). The first generation was made up of the Medellin and Cali Cartels. The pioneering Medellin Cartel, under Pablo Escobar, controlled every aspect of the trade, from coca base up to the distribution of kilo bricks of crystallized cocaine on the streets of the United States. The first generation cartels were vertically integrated, hierarchical organizations with a clearly defined command structure that was able to manage, in a centralized manner, all the different links in the drug chain.

In 1993 Escobar was killed on a Medellin rooftop, while in 1995 the Cali Cartel's Rodríguez Orejuela brothers were captured and then extradited to the US. Their departure ushered in a change in the structure of DTOs and gave birth to the second generation, made up of federations, comprised of "baby" cartels or "cartelitos". These baby cartels tended to specialize in certain links in the drug chain. The Norte del Valle Cartel (NDVC)², an association of drug traffickers whose roots lay in the Cali Cartel, was an example of this, as were AUC. Neither the NDVC nor the AUC had one clear boss. These were federations of drug traffickers and mafiosos that worked together, and in many cases, ended up fighting each other.

One of the other characteristics of this period (1996-2006) was the fight for control of coca crops, movement corridors and departure points between the AUC and the Marxist rebels of the Revolutionary Armed Forces of Colombia (FARC), and to a lesser extent, the National Liberation Army (ELN)³.

By 2006 the AUC had officially ceased to exist and the NDVC was in its final death throes and about to

2 See profile of the Norte Del Valle Cartel: <http://www.insightcrime.org/groups-colombia/norte-del-valle-cartel>

3 See profile of the National Liberation Army: <http://www.insightcrime.org/groups-colombia/el-colombia>



be replaced by the Rastrojos, the only BACRIM that does not have its roots in the AUC.

The BACRIM thus constitute the third generation of Colombian DTOs, and are markedly different from their predecessors. The growing role of the Mexicans means the earning power of the BACRIM in the cocaine trade to the US market is but a fraction that the first and second generation DTOs enjoyed. The BACRIM now deliver most of their cocaine shipments destined for the US market to the Mexicans, usually in Central America (Honduras is currently one of the principal handover points). This means the BACRIM sell a kilo of cocaine in Honduras for around \$12,000, of which between \$5000 and \$8000 is profit. The Mexicans then earn more than double that selling that same kilo wholesale within the US and many times more if they get involved in distribution.

Organized crime, and particularly drug trafficking is perhaps the most agile of all businesses. The diminishing returns in moving cocaine to the US and the Mexican domination of this market, have led to some huge shifts in the dynamics of the Colombian criminal landscape and the nature of organized crime in this conflict-ridden nation.

The first change has been the diversification of the BACRIM's criminal portfolios, with the Colombian groups looking to other activities to make up the shortfall in cocaine earnings. Whereas the first- and second-generation DTOs earned the lion's share of their money from the exportation of cocaine, with their entire structures dedicated to this purpose, the BACRIM perhaps gain half of their revenue from drug trafficking (not included in this is micro-trafficking, which is the local distribution of drugs). This means that their structures and capabilities are rather different from those of their predecessors. The BACRIM are now engaged in a wide range of criminal activities: extortion, gold mining, micro-trafficking, gambling, contraband smuggling and human trafficking, among others. Like the more traditional mafias in other parts of the world, Colombian organized crime now tends to run the main criminal activities in its area of influence.

The second major change has been the exploitation of new markets and the diversification of routes to non-US destinations. One of the game changers here has been the development of domestic consumption of cocaine and its derivatives, not only in Colombia, but Brazil and Argentina, with other markets like Chile and Peru beginning to grow, along with the development of the middle classes in these nations. This, combined with intense pressure from an increasingly competent Colombian National Police and international agencies (mainly the Drug Enforcement Administration – DEA – operating with high effectiveness in Colombia), has prompted Colombian organized crime to establish permanent presence and structures abroad.

The structure of Colombian organized crime

There is little formal understanding of the nature of the BACRIM, and not enough attention paid to the building block of Colombian organized crime, and the fundamental unit of the criminal networks that form the BACRIM, which is the “oficina de cobro”.

The oficina de cobro is a peculiarly Colombian invention, born like so many facets of national criminal life, in Medellín the days of Pablo Escobar. The prototype oficina was the “Oficina de Envigado”⁴, a structure set up by Escobar essentially to monitor and regulate the cocaine industry in the city, to make sure that the “Patron” was getting his cut of all the action. Its role was to collect unpaid debts from traffickers and, if payment was not forthcoming, contract the “sicarios” or assassins, to kill the uncooperative. Under Escobar's successor, Diego Murillo⁵, alias “Don Berna”, the Oficina de Envigado became the vehicle through which the mafia ran the city of Medellín.

4 See profile of the Oficina de Envigado: <http://www.insight-crime.org/groups-colombia/oficina-de-envigado>

5 See profile of Diego Murillo: <http://www.insightcrime.org/personalities-colombia/don-berna>



This model was then copied and exported across Colombia by AUC commanders, with oficinas springing up in all major urban centres: Bogota (there was a failed attempt by the AUC to create an oficina to run the whole city, called “Bloque Capital”), Cali, Barranquilla, Cartagena, Santa Marta, Ibagué, Cucuta and Buenaventura, among others.

While the oficina started life as an organization regulating the cocaine trade, it quickly diversified into other criminal activities. If there were disputes between traffickers, debts to be collected, betrayals, lost shipments etc., the Oficina de Envigado became the arbitration centre under Don Berna. To prevent violence breaking out, which damaged business and attracted the attention of the security forces, all disputes within the drug world in Medellín were resolved by Berna, and in other parts of the country often by other paramilitary commanders, via their own oficinas. Those who ignored oficina demands were kidnapped or killed by the armed wing of these organizations, the “sicarios”.

The local oficinas soon began to accept all sorts of clients, both within the illegal and even legal world, principally engaging in debt collection and providing assassination services. The Oficina de Envigado actually ended up being an association of oficinas de cobro in Medellín, and it was this way that Don Berna controlled the city’s underworld and most of its drug trafficking.

While the AUC demobilized over 30,000 members by 2006, the paramilitary structures, which one could best describe as oficinas de cobro, both urban and rural, remained in place. It was these oficinas that formed the core of more than 30 BACRIM that were born out of the AUC peace process.

So what defines an oficina de cobro and where does this structure fit in the underworld? The graphics that follow break down Colombian organized crime into four different levels, with the BACRIM at the top (in the annex there is a table with the same information). Using the criteria outlined here, it is clear

that many groups described as BACRIM by the police were misidentified, and were little more than oficinas de cobro.

Today there is no unified Oficina de Envigado and while Medellín is still perhaps the cocaine capital of the country, the trade has become atomized and fragmented, with many different regional centres.

The BACRIM are essentially made up of various oficinas de cobro. Many of these oficinas are financially self-sufficient and autonomous. The BACRIM are not vertically integrated structures like the first generation DTO, nor a federation like the second generation. The BACRIM is a directed criminal network, made up of different “nodes”, most of which are oficinas de cobro.

The best way to understand this is to think of a franchise. The largest BACRIM today, the Urabeños, is a franchise. It has affiliated nodes all around the country, and abroad, dedicated to different tasks required in the drug trade. The Urabeños leadership is more of a board of directors, which can contract out work to other nodes in the criminal network. The workings of the franchise work via pure capitalism. If one wants to contract the services of a particular node, a price must be negotiated. While the board of directors is very powerful, it does not exercise direct control over more than a fraction of the franchise.

There are three levels to the BACRIM. At the top is the Board of Directors, made of the military heads of the organization and senior drug traffickers who are actually an integral part of the group, or contract its services. Then there are the regional lieutenants, who control geographical areas and are responsible for criminal activities in these regions and provide drug trafficking services, be it access to drug crops, protection of laboratories or transport services. These lieutenants then contract the third layer of the organization, usually made up of oficinas de cobro, which provide the workforce and most of the subcontractors.



TYPES OF CRIMINAL ORGANIZATION

STRUCTURE

PANDILLA

- In city neighbourhoods as strongholds.
- Criminal activity spread across a wider area in the city.
- Based in one municipality.

Usually several city blocks, with the strongest perhaps controlling a neighbourhood.

COMBO

- Made up of several pandillas.
- Specialized in a particular criminal activity.
- Service suppliers to more sophisticated criminal groups.

OFINAS DE COBRO

- Call upon the services of affiliated pandillas and combos.
- Sophisticated criminal structure.
- Wide range of criminal activities.
- Its own armed wing capable of carrying out assassinations and armed actions.
- Services to transnational criminal organizations.

BACRIM

- It is a criminal network rather than a hierarchical, integrated organization.
- Ability to carry out, or subcontract, a wide array of criminal activities.
- Several armed components
- Personnel dedicated to paying off state functionaries.
- Money laundering capabilities.

GEOGRAPHY

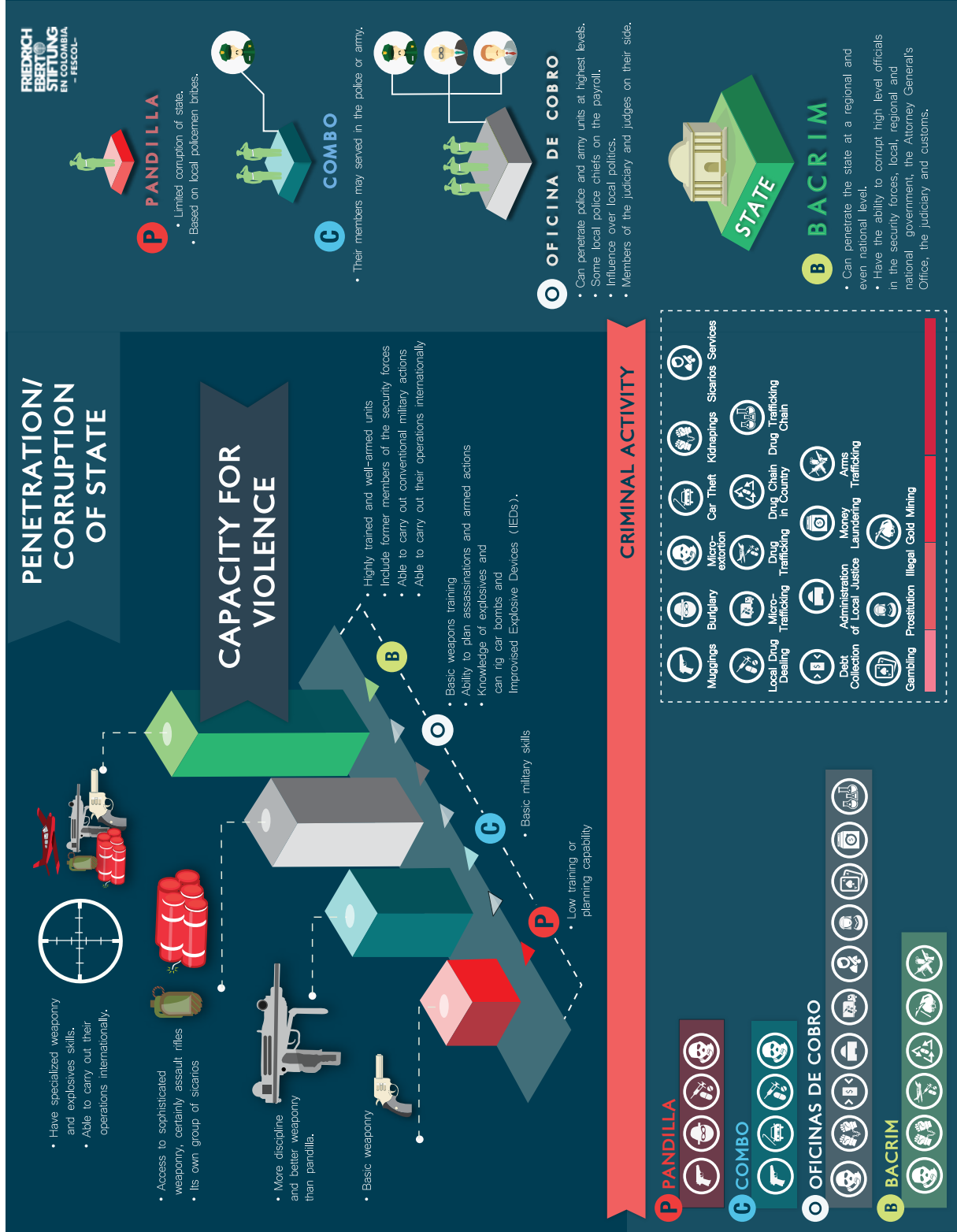
- Rural and urban
- Control a city district or rural area
- Presence in more than one municipality
- Links to drug trafficking
- Money laundering capability.

- Presence in several departments.
- From regional presence to national reach and the ability to operate across the country.

- Transnational criminal activity and able to provide a wide variety of services to drug traffickers.
- Cells spread across a wide geographical area.

Cells in foreign countries capable of moving shipments and laundering money.

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It might be argued that several elements of the Marxist rebels, once bitter enemies of the many drug traffickers and the paramilitaries, are members of the network as well. The BACRIM today buy much of the coca base from FARC and ELN units, and are known to use the FARC along the border with Panama to move shipment into Central America.

Today in Colombia, organized crime is all about cooperation. Negotiation is preferred to violence. War is bad for business and the BACRIM today do not have the same military capacity of their paramilitary predecessors. Perhaps the best example of this has been the development of a criminal pact in Medellín⁶ between the Urabeños and the Oficina de Envió, which brought murders down dramatically after its signing in July 2013⁷. Now the two groups share resources in the interests of the drug trade and thanks to the drop in violence are less harassed by the security forces.

Colombian organized crime goes global

As the effectiveness of the Colombian police, working hand in hand with the DEA, has improved, so the shelf life of a drug trafficker, once identified, has been severely curtailed. Colombia has become too hot to operate for many identified BACRIM leaders, so they have headed abroad. Also promoting this criminal migration is the growing number of opportunities for criminal activity abroad, particularly linked with the booming domestic markets for drugs within Latin America. Added to this the fact that the Mexicans dominate the traditional US market, and

you now have Colombians exploring new markets and opportunities around the globe.

Over the last decade there has been an explosive expansion of Colombian organized crime across the region, with the establishment of oficinas de cobro in many different countries. Venezuela has become one of the principal transit nations for Colombian cocaine heading not only towards the US, but to Europe. A result of this, combined with political instability and ineptitude in Venezuela, has been a huge increase in violence in this Andean nation, with murder rates far exceeding those of Colombia⁸.

Ecuador has also become an important transshipment point⁹ for Colombian and Peruvian cocaine and a sanctuary for fugitive traffickers. In 2011 it was revealed that the BACRIM "La Cordillera" was running micro-trafficking operations in Quito¹⁰ as well as handling cocaine shipments moving through the country.

Spain is of special interest to Colombian organized crime at the moment. After extensive field work in July this year, it became clear that well over a dozen oficinas de cobro are operating in Spain¹¹, which is the first port of entry for much of the cocaine entering Europe and the principal negotiating venue for Colombians working with European organized crime. Based principally in Madrid, Colombia orga-

6 Jeremy McDermott, "Medellin Truce Inches Groups Closer to Criminal Hegemony", InSight Crime, October 4, 2013. <http://www.insightcrime.org/news-analysis/mafia-truce-brokered-in-medellin>

7 Natalie Southwick, "Medellin Homicide Rate Tumbles After Mafia Pact", InSight Crime, November 13, 2014. <http://www.insightcrime.org/news-briefs/medellin-homicide-rate-down-60-from-2012>

8 Jeremy McDermott, "Discrepancy Between Venezuela Murder Rates, Among World's Highest," January 6, 2014. <http://www.insightcrime.org/news-briefs/discrepancy-venezuela-homicides-among-world-highest>

9 Charles Parkinson, "Ecuador Makes Second 4t Cocaine Seizure in Fortnight," August 29, 2013. <http://www.insightcrime.org/news-briefs/ecuador-makes-second-4-ton-cocaine-seizure-in-fortnight>

10 Elyssa Pachico, "Colombian Narco Controlled Quito Drug Market," April 25, 2011. <http://www.insightcrime.org/news-analysis/colombian-narco-controlled-quito-drug-market>

11 Author's interview July 9, 2014, with police officers from the Second Group on Organized Crime of the Central Unit on Drugs and Organized Crime of the National Police (Grupo II de Crimen Organizado de la Unidad Central de Drogas y Crimen Organizado del Cuerpo Nacional de Policía).



nized crime is waiting for the imminent lifting on visa restrictions for Colombians¹² and Peruvians, which will allow nationals from these two countries to move through the Schengen nations without need of a visa. This will ease Colombian organized crime in moving drug shipments within Europe and will allow for greater profits.

Bolivia also appears to be becoming a centre for Colombian organized crime groups. A coca producer in its own right, it also borders to the two biggest drug producers in South America, Peru (cocaine) and Paraguay (marijuana), as well as supplying the two biggest consumers in the region, Brazil and Argentina. Bolivian police forces confirmed that Colombians have the monopoly on the running of crystallising laboratories, this controlling much of the country's cocaine trade¹³. There are indications that a Colombian oficina de cobro has been established in the city of Santa Cruz¹⁴.

Unlike Brazil, where due to language differences, Colombians are not hugely active, Argentina has long been a favoured place for Colombian mobsters to live and do business. One of the most powerful drug traffickers associated with the Urabeños, Henry de Jesus López, alias "Mi Sangre"¹⁵, was arrested in Buenos Aires in 2012¹⁶. Argentina not only has a

growing domestic market, but is an important transshipment point for cocaine heading to Europe.

Other nations where Colombian organized crime has taken root are: Honduras, Panama, the Dominican Republic, Peru and Costa Rica.

The future of Colombian organized crime

The fragmentation of Colombian organized crime and the nature of the BACRIM networks make it very hard for national and international law enforcement to dismantle. While nodules, particularly command nodules like that of the current Urabeños leader, Dario Antonio Úsuga¹⁷, alias "Otoniel", can be targeted and destroyed, the network can and will quickly recompose itself with other nodules occupying the position recently vacated and the trade continuing largely uninterrupted. It might safely be argued that the Mexican DTOs, currently the most powerful crime syndicates in the Americas, might well follow the route of the Colombians, as their structures are hit and fragment.

Colombian organized crime has proven itself not only resilient but extremely quick to adapt to changing conditions, exploiting opportunities with blinding quickness while international law enforcement plays catch up. The likelihood is that Colombian organized crime will continue the diversification of its criminal portfolio, look for new markets for its cocaine and assume an ever lower profile.

The new drug traffickers coming from Medellín for example, often referred to as the "narco-juniors" are the sons, if not the grandsons, of traffickers who once worked with Pablo Escobar. They have attended the finest schools in the city, and now manage companies, perhaps once set up to launder money,

12 European Union Delegation in Colombia, "UE confirma eliminación de visa para colombianos," February 2, 2014. http://eeas.europa.eu/delegations/colombia/press_corner/all_news/news/2014/20140204_es.htm

13 Author's interviews with in June 2014 in both La Paz and Santa Cruz with seniors officers from the Special Force for the Fight Against Drug Trafficking (Fuerza Especial de Lucha Contra el Narcotráfico - FELCN)

14 Berthy Vaca, "Policía captura a 'La Mona', una presunta jefa de sicarios," El Deber, July 24, 2014. <http://www.eldeber.com.bo/Pais/polica-captura-a-la-mona-una-presunta-jefa-de-sicarios/140723224629>

15 See Profile of Henry de Jesus López: <http://www.insightcrime.org/personalities-colombia/henry-de-jesus-lopez-mi-sangre>

16 Elyssa Pachico, "Colombian Capo Mi Sangre Captured in Argentina," InSight Crime, October 31, 2012. <http://www.insightcrime.org/news-analysis/mi-sangre-captured-argentina>

17 See profile of Dario Antonio Úsuga: <http://es.insightcrime.org/noticias-sobre-crimen-organizado-en-colombia/dario-antonio-usuga-otoniel>



but now part of the empresarial landscape. More likely armed with a smartphone with an encryption program than an Uzi machine gun, these men are well educated and experienced. The mix of clean and dirty money is often impossible to distinguish, making this new generation far more savvy, well financed and well-connected than their predecessors.

While there will always be a need for the sicarios and thugs to regulate the underworld, these men

are expendable and often have no idea who has contracted them to work. The white collar criminals who now handle much of Colombia's cocaine are increasing divorced from the violence, seldom dirty their hands with the actual product and are very hard to catch. As long as there is an illegal market for cocaine and the drug is produced in the Andes, then Colombians will play a leading role in the trade.



Annex

| Type of criminal organization | Structure | Geography | Criminal Activities | Capacity for violence | Penetration/ corruption of state |
|-------------------------------|--|--|---|--|--|
| Pandilla | Mostly street gangs, with four members or more dedicated to criminal activity | Usually several city blocks, with the strongest perhaps controlling a neighbourhood | Muggings, burglary, micro-extortion, local drug dealing | Most gang members will have access to some basic weaponry, but with little training or planning capability | Limited, perhaps some local policemen who will take bribes to ignore criminal activity |
| Combo/banda | Could be made up of several pandillas or one or more groups specialized in a particular criminal activity. These groups can also supply services to more sophisticated criminal groups. | Often have city neighbourhoods as strongholds, but criminal activity could be spread across a wider area. Usually based in one municipality. | Specialized criminal activities like car theft, but also extortion and local drug dealing. | Likely to have more discipline than the street gangs and access to better weaponry. | May have members who have served in the police or army and have some basic military skills. |
| Oficina de cobro | This is a sophisticated criminal structure with different components and a wider range of criminal activities. It has its own armed wing capable of carrying out assassinations and armed actions. It also has a dedicated money laundering capability. Oficinas almost always have links to drug trafficking and provide services to transnational criminal organizations as well as BACRIM. | Oficinas can be rural as well as urban, and can call upon the services of affiliated pandillas and combos. An oficina at its most basic level will control a city district or rural area, while the most sophisticated control entire cities. They can have a presence in more than one municipality | Extortion, kidnappings, debt collection, administration of local justice, micro-trafficking, sicarios (hired assassin) services, prostitution, gambling, money laundering; can provide services related to some links in the drug trafficking chain (laboratories, access to drug crops etc.) | An oficina will have its own group of sicarios. These will have basic weapons training and the ability to plan assassinations and armed actions. Usually have access to sophisticated weaponry, certainly assault rifles. Often have knowledge of explosives and can rig car bombs and improvised Explosive Devices (EDs). | Can penetrate police and army units at the highest levels. Some oficinas have had local police chiefs on the payroll. Also can influence local politics and get members of the judiciary and judges on their side. |
| BACRIM | This is a criminal structure capable of transnational criminal activity and able to provide a wide variety of services to drug traffickers. It consists of several different cells spread across a wide geographical area, with several armed components, personnel dedicated to paying off state functionaries. It has money laundering capabilities and the ability to carry out, or subcontract, a wide array of criminal activities. It is a criminal network rather than a hierarchical, integrated organization. | Usually has a presence in several departments. The weakest BACRIM have a regional presence; the strongest have a national reach and the ability to operate across the country. Many BACRIM also have cells in foreign countries capable of moving shipments and laundering money. | Drug trafficking, illegal gold mining, kidnapping, extortion, arms trafficking, providing services for all links of the drug chain in-country (purchase coca base, process cocaine, move shipments within country) and may also be able to engage in transnational transport of drug shipments. | Can call upon highly trained and well-armed units, often made up of former members of the security forces. These units are able to carry out conventional military actions, have specialized weaponry and explosives skills. Some BACRIM can carry out these operations internationally. | Can penetrate the state at a regional and even national level. Have the ability to corrupt high level officials in the security forces, local, regional and national government, the Attorney General's Office, the judiciary and customs. |



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