

# Security Risks Report - Mexico

Fourth Quarter 2022

# Executive summary

- An organisation of activists known as Guacamaya hacked the servers of Mexico's defence ministry. The leaked documents brought to light investigations into endemic collusion between organised crime and local authorities.
- One investigation of note regarded the events surrounding the arrest and immediate release of Ovidio Guzmán, son of Joaquín Guzmán ("*el Chapo*"). The leaked documents pertaining to this case are not comprehensive and the outcome of the investigation is unclear. Nevertheless, it has strengthened suspicions that the botched arrest was the result of an inside job.
- The president, Andrés Manuel López Obrador, has dismissed the leaks as irrelevant, claiming that they do not contain new or sensitive information. He is unlikely to suffer any significant loss of support owing to this issue.
- Although there was a rise in recorded cases of kidnap, the total for 2022 is set to be lower than in 2021. Both official and unofficial statistics – which are higher in absolute terms – show a gradual decline in kidnapping since 2019.
- Cases of extortion, by contrast, are set to exceed their 2021 levels this year, despite falling in the second half of 2022 compared with record-high monthly total cases in May and June.





# Quarterly Review

- In October an activist organisation calling itself Guacamaya hacked the servers of the Secretariat of National Defence (SEDENA, the defence ministry) and stole six terabytes of information. Guacamaya has also hacked the defence ministries of Peru and Chile. Three main threads pertaining to the fight against organised crime in Mexico can be drawn from media coverage of the leaks.
  - Potential or actual collusion between local politicians, local law enforcement and organised crime, as well as sales of weapons by the army to criminal groups.
  - Potential collusion between a group of army officials and Ovidio Guzmán, son of Joaquín Guzmán (“el Chapo”), during the former’s arrest and subsequent release in October 2019 (see **Main groups in the news this quarter**).
  - An expansion in the role of the military not only in terms of national security but also in terms of its involvement in the economy through ownership of key infrastructure projects. This reflects the president’s belief that the military is more efficient and less corrupt than Mexico’s traditional bureaucracy.
- The SEDENA leaks suggest that the security situation in Mexico is unlikely to improve, as law enforcement itself is often part of the problem. Given that the president, Andrés Manuel López Obrador, relies heavily on the armed forces, a significant reduction in the country’s insecurity is unlikely in the immediate term.
- Nonetheless, the incidence of several violent crimes has experienced a gradual descent since López Obrador took office. In all, the leaks are unlikely to have an adverse impact on support for the president and his party, the National Regeneration Movement (Morena), ahead of the July 2024 presidential election.
- Official reported crime statistics from the Secretary General of the National Public Security System (SESNSP), show a rise in kidnapping in October 2022 (the most recent official data available) to 46 from under 40 a month in July-September. Historical data show no consistent patterns in the official monthly data for reported kidnapping but – barring any unprecedented surges – recorded kidnappings are set to end 2022 below the total of 627 seen in 2021.
- Official statistics have shown a steady decrease in the annual number of kidnappings since 2019, (bearing in mind the data cover the March-May COVID-19 quarantine in 2020). Moreover, although the official data significantly under-report the number of kidnap cases, leading unofficial estimates also show a decline over the period.
  - Specialised NGO *Alto al Secuestro* estimates that official figures understate the real figures by at least half, but even so their figures show a decline in cases of 40% since López Obrador became president in December 2018 compared with total cases during his predecessor’s term in office.
- Despite this, kidnap continues to be a daily problem for ordinary citizens in Mexico. *Alto al Secuestro* estimates that there are an average of 26 kidnappings a week, or around 4 a day.
  - Most of the victims are usually small and medium local entrepreneurs, followed by immigrants from neighbouring states to the South, rather than prominent individuals or foreign nationals from outside Latin America.
  - Kidnap reports usually include abductions of women and girls, which are part of a general social problem of violence against women and not undertaken for financial gain.
  - There are exceptions to the general trends, as local white-collar professionals and tourists can also be targets; in these cases, the aim is almost always financial. The higher level of difficulty and potential attention from law enforcement makes them less frequent targets, but caution should nonetheless be exercised.
- According to the SESNSP, reported instances of extortion eased in July-October, averaging 815 cases per month compared to the record-highs of over 1,000 seen in both May and June. Nonetheless, 2022 is set to exceed the total of 8,827 cases of extortion recorded in 2021.



## In focus: child abductions in Mexico

In October there were a series of child abductions in Mexico State (Edomex), among which three generated extensive media coverage.

- Two boys were abducted within 48 hours in Nezahualcóyotl and Huehuetoca. They were grabbed from their mothers’ arms in broad daylight by gangs of masked assailants operating from vans. Both incidents were filmed by security cameras, and in the event both children were recovered unharmed. The rescue of the child in Huehuetoca resulted in the arrest of seven individuals, who had demanded a ransom of MXN4m (USD207,000).
- One girl in Ecatepec was rescued from a hotel, after she had been taken from her mother by several men in a vehicle.

These three cases are only a small sample of minors being kidnapped in Mexico and serve to illustrate the range of motives behind such abductions. In the case of the boy in Huehuetoca, this appears to have been a straightforward kidnap for ransom. By contrast, media reports suggest the kidnapping of the boy in Nezahualcóyotl may have been orchestrated by his father – presumably in an attempt to use the child as leverage in a marital dispute.

Finally, the fact that the girl in Ecatepec was found in a motel suggests the possibility that this may have been an abduction connected with sex trafficking; the day before the girl was kidnapped, four other minors – the eldest being 17 years old – were found being held captive together in the same locality.

# US State Department advice

The US State Department has made no further amendments to its travel advisory with regards to kidnapping in Mexico since its August review.

**As of 1 December 2022, kidnapping was listed as a concern in the following states:**



# Organised crime in Mexico

The SEDENA leaks have made public documents compiled by the National Intelligence Centre (CNI) relating to investigations into organised crime in Mexico. The documents released thus far confirm that the authorities consider the **Jalisco New Generation Cartel (Cartel de Jalisco Nueva Generación, CJNG)** and the **Sinaloa Cartel** (also known as the Pacific Cartel) to be the dominant groups in Mexico's drug trade.

Operating alongside and within them there are an estimated 150 drug cartels of varying sizes in the country. The sub-groups allied to each large cartel can range in nature from significant paramilitary forces to small criminal street gangs.

Periodically, one of these subgroups will gather enough strength to splinter off and eventually become a rival cartel, resulting in increasing levels of violence as the newcomer seeks to establish itself. At other times, fragmentation has been the result of successful government operations to capture a cartel's top leadership, making the war against drugs akin to fighting a hydra.

Further complicating the fight against crime, the SEDENA leaks have shown that collusion between organised crime and the authorities is endemic, especially at local level.

## Current developments

- The Sinaloa Cartel broadly controls the North-West while CJNG is based in central Mexico. These two cartels are fighting a war for control of the states of Zacatecas and Baja California; the latter is also being contested by the **Tijuana Cartel**.
- The two leading cartels are also involved in other wars. CJNG is fighting **La Nueva Familia Michoacana** for control of Edomex and other central states, as well as seeking to take over Guanajuato state from smaller local groups. Meanwhile, the Sinaloa Cartel is fighting the **Juárez Cartel** for control over Ciudad Juárez, a key transit point to the US.
- The Sinaloa Cartel is experiencing an internal power struggle between **la Chapiza** – led by the sons of *el Chapo*, the cartel's former head – and **la Mayiza** – led by former Chapo lieutenant Ismael Zambada ("*el Mayo*"). With *el Mayo* on the threshold of retiring (he is said to be 74 years old), the struggle between the two factions will intensify over the coming years. Some local analysts believe that *el Chapo*'s sons – collectively most often known as "*los Chapitos*" – want to pursue a more violent strategy than *el Mayo*, with less consideration for the civilian population. Consequently, if they prevail there is a risk that the incidence of kidnap, extortion and other violence may rise in the territories under the Sinaloa Cartel's control.
- The **CJNG** is also at risk of internal strife because its leader, Nemesio Oseguera ("*el Mencho*"), is said to be 56 years old and in poor health. A summit disrupted by the authorities in August 2022 was reportedly a meeting between leading candidates to discuss the succession.
  - According to a leaked SEDENA organigram, two brothers of *el Mencho* are thought to be currently running the cartel: Antonio ("*Tony Montana*") and Abraham. Antonio is thought to oversee arms purchases for the CJNG.
  - Another potential source of challenges for the leadership is the grouping within CNJG known as "**Los Cuinis**". These are the siblings of *el Mencho*'s wife, Rosalinda González, reportedly numbering either 12 or 18: seven sisters and five or more brothers. The US DEA considers los Cuinis to be the CNJG's financing arm, but in the leaked organigram they are described as the CNJG's armed branch.
- Increasing fragmentation among the cartels is in fact sparking many other rivalries and fuelling competition for control over territory. For example, the CJNG is waging wars with several other cartels seeking to establish control in Mexico State, and some 15 groups reportedly operate in Mexico City.



## Main groups in the news this quarter

The SEDENA leaks have revived interest in the so-called "*Culiacanazo*", a battle in Culiacan, Sinaloa state, between the army and the **Sinaloa Cartel** on 17 October 2019. The trigger was the arrest of Ovidio Guzmán, son of *el Chapo*. The arrest triggered widespread violence, leaving eight dead and 16 injured; in the evening of the same day Ovidio was unexpectedly released – reportedly to prevent endangering any more lives.

- According to the leaks, in May 2021 the Prosecutor General's Office opened an investigation into a group of nine army personnel involved in the conflict. The documents made public so far are not comprehensive, and it is not clear whether the Prosecutor shelved the case or whether it was ongoing at the time of the leaks. Regardless, the leaks have triggered speculation that the botched operation was victim to an inside job.

Over the course of three months the authorities seized 11 real estate assets owned by **La Nueva Familia Michoacana** in the southern districts of Edomex. The assets included ranches, night clubs and a range of commercial businesses. According to the Edomex Procurator's Office on 24 November, these seizures have broken the cartel's financial structure. This announcement followed the arrest on 21 November of six presumed members of the cartel in Naucalpan.

Prior to these reversals, **La Nueva Familia Michoacana** was in the news in October when one of its two leaders, Alfredo Hurtado ("*el Fresa*") was present at the massacre of 20 people in San Miguel Totolapan (in the state of Guerrero), including the town mayor. *El Fresa* claimed on social media that the attack was perpetrated by a group called **Los Tequileros**, and that he was the intended target. The authorities responded that there was no evidence to support that conclusion, and *el Fresa* was later accused of orchestrating the massacre in vengeance for the earlier killing of Nazario Domínguez, who had been tipped as the next mayor of the town.





# Kidnapping and extortion: overview



## Perpetrators

- Drug cartels often perpetrate abductions of public officials, usually ending with the death of the victim. The intention is to challenge the authorities and demonstrate control over territory.
- Among the sub-groups within each cartel, kidnap for ransom is an established practice, together with extortion. The perpetrators are usually street gangs low down in the hierarchy of the cartel.



## Targets

- Victims of kidnapping can be random individuals, but most often the targets are local small and medium entrepreneurs known to have the resources necessary to pay the ransom.
- Foreign individuals from developed countries are rarely deliberate targets of kidnapping, owing to the media attention these cases attract. An exception to this is express kidnapping (mainly in major urban centres), which involves forcing an individual to extract cash from an automated cash machine and affects victims more randomly.
- A separate social issue is specific kidnapping of women, linked to sexual assault or human trafficking. The targets are local women or immigrants from other Latin American states.

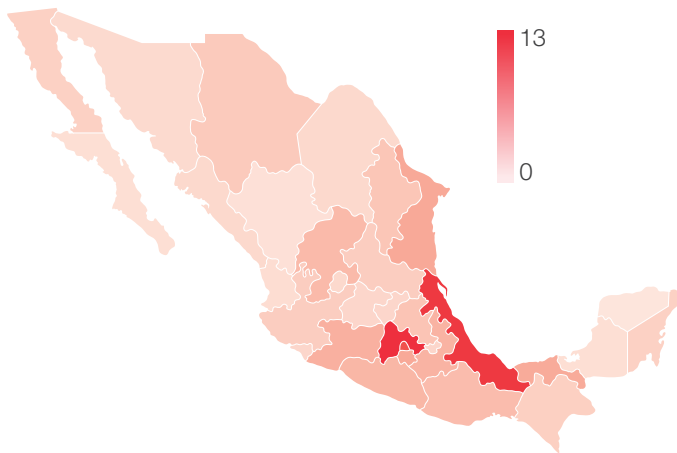


## Statistics

- Crime statistics in Mexico are highly unreliable owing to significant under-reporting; estimates suggest that only one in five kidnappings are reported to the authorities.
- We also note that there may be some definitional issues in terms of the categories used by both official and unofficial data sources. In general, it appears that the data for kidnapping include all kidnaps, not only kidnap for ransom. However, the SNSP dataset also contains a separate category for *rapto* – abduction for a sexual purpose – which almost only the state of Nuevo León appears to be using to record crimes. This suggests that other states may be including these abductions in their kidnap statistics rather than separating out the two crimes.

## Kidnap

Five-year average



October 2022



## Extortion

Five-year average



October 2022



If you would like to discuss this or how Convex Security Response can support you, contact your broker, agent or Convex Security Response on:  
**[securityresponsemanagement@convexin.com](mailto:securityresponsemanagement@convexin.com)**

Please note that this document only provides a summary of the key features and exclusions of the policy wording which is described. It is for preliminary information purposes only, and cannot be relied on as being a contractual document in any way binding on Convex. When any policy is agreed and issued, the full terms and conditions of cover will be found in the policy schedule and wording including any endorsements applicable.



## **Convex Insurance UK Limited**

52 Lime Street, London EC3M 7AF  
+44 203 886 0560

## **Convex Re Limited**

Point House, 6 Front Street, Hamilton HM 11, Bermuda  
+1441 232 0112

## **Convex Europe S.A.**

37 Boulevard Joseph II, 2ème étage,  
L-1840 Luxembourg, Grand-Duchy of Luxembourg  
+352 27 86 22 76

**convexin.com**

Convex Group is the trading name of Convex Group Limited, a company incorporated in Bermuda, and the ultimate parent company of the Convex Group of companies, as follows: Convex Re Limited, a company incorporated in Bermuda, which is a wholly-owned subsidiary of Convex Group Limited and licensed and supervised by the Bermuda Monetary Authority; Convex Insurance UK Limited, a company incorporated in England & Wales, which is a wholly-owned subsidiary of Convex Re Limited and authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); Convex Europe S.A. a company incorporated in Luxembourg, which is a wholly-owned subsidiary of Convex Insurance Limited authorised and supervised by the Commissariat aux Assurances (CAA). Convex Europe S.A. UK Branch is a branch of Convex Europe S.A. and authorised by the FCA. Convex Guernsey Limited, a company incorporated in Guernsey, which is a wholly owned subsidiary of Convex Re Limited and licensed and regulated by Guernsey Financial Services Commission; and Convex UK Services Limited, a company incorporated in England & Wales, which is a wholly owned subsidiary of Convex Group Limited.