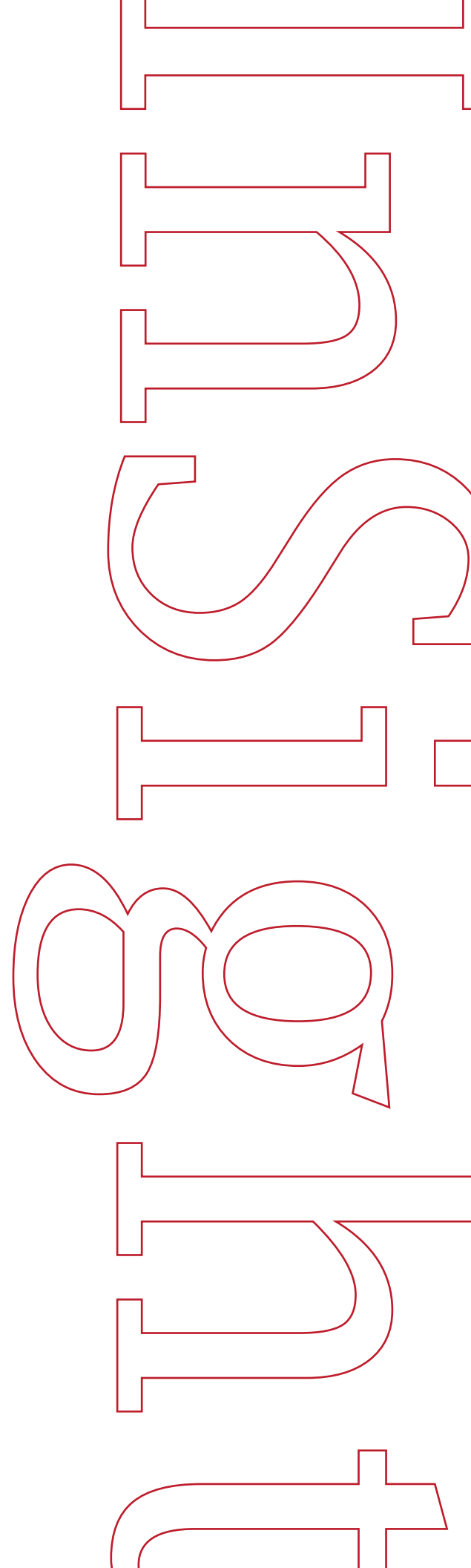




The Zetas in Guatemala

Steven Dudley
September 8, 2011





Introduction

The Zetas, Mexico's most feared and violent criminal organization, has moved operations to Guatemala. In the process, they have shifted the balance of power in the region, undermining and overwhelming Guatemala's government and putting its neighbors in El Salvador and Honduras on high alert. The Zetas have penetrated local police forces and the military. They have made alliances with locals that permit them to launder their proceeds through agribusiness and public works contracts. They have also introduced a new way of operating. More than controlling the distribution chains and infrastructure needed to run the day-to-day operations, the Zetas are focused on controlling territory. In this they are the experts, creating a ruthless and intimidating force that is willing to take the fight to a new, often macabre level. Whoever becomes Guatemala's new president will face this challenge with little resources and government institutions that have a history of working for criminal organizations of all types. In sum, the Zetas are a test for Guatemala and the rest of the region: fail this test, and Central America sinks deeper into the abyss.ⁱ

Part I: The Incursion

On Tuesday, May 12, 2011, some ten SUVs and pickups with tinted windows pulled up to a local gasoline station in Coban, the capital of Alta Verapaz state. The men were heavily armed but hardly hiding and flaunting the fact. The gasoline station is about a half block from the national police headquarters in Coban. They filled their four-by-fours with close to 150 gallons of gasoline, then drove about 100 km north along a major highway to start a week-long criminal spree that has shaken the foundations of this country of fourteen million people.

It began like it would end: with a mutilation. The first three victims were relatives of Raul Otto Salguero, a prominent landholder in the area.ⁱⁱ Two of their bodies were found on the side of a road, cut to pieces alongside a note: "Otto Salguero, I'm coming for your head. Att Z 200."ⁱⁱⁱ On Saturday date May 15, the men intercepted Haroldo Leon, a member of a prominent Guatemalan crime family, as he drove down a road, killing him and two of his bodyguards.^{iv}

In the wee hours of Sunday morning, the men entered Los Cocos farm, an area about 30 km northwest of the tourist city of Flores, where they found 27 farmhands. They spent the next few hours torturing and killing them. Authorities found 26 decapitated bodies. At the end of the slaughter, prosecutors said the suspects took the leg of one of the victims and scrawled a message for Salguero on the wall: "What's up Otto Salguero. I'm going to find you and this is how I'm going to leave you."^v

The men then returned to Alta Verapaz where, on May 25, they kidnapped Allan Stowlinsky Vidaurre, a local prosecutor from Coban, as he drove to pick up his son



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from a local sports complex.^{vi} Stowlinsky's body was found the next day, cut to pieces and placed in black plastic bags on the steps of his office. In the days that followed, the government, acting with unprecedented swiftness, captured over 40 suspects, including two suspected commanders of the group and an accountant. But the damage had been done. The Zetas had notified the world: Guatemala would be theirs.

Origins and Expansion

How the Zetas, a criminal group with Mexican roots, has come to operate so thoroughly in Guatemala—the most important transit, depot, and staging point for drugs in Central America—has as much to do with the Zetas' modus operandi as it does with the local dynamics of this Central American nation.

The Zetas are different from most other criminal organizations. They began in the late 1990s as the armed wing of the Gulf Cartel. Their core was former members of the Airborne Special Forces Group (Grupo Aeromovil de Fuerzas Especiales - GAFES). They take their name from their radio call signs. Zeta is the GAFES' high commander on the airwaves. Their superior training, tactics, and ruthlessness helped the Gulf Cartel become a national force and its leader, Osiel Cardenas, become the most feared cartel leader in the country.

But more than tactics, it was their strategy that changed the criminal game. At the heart of this strategy is the notion that the most important part of running the underworld is controlling territory. It was a decidedly military outlook that has had a profound impact on how both the regional governments and its rivals have reacted to them.

For the Zetas, controlling territory is the way they control what in Mexican underworld parlance is called "piso." "Piso" is simply a quota or a toll that the controlling group collects for any illegal activity in their territory. Collecting "piso" was not a new strategy. Criminal organizations, especially those controlling border areas where illegal drugs passed into the United States, had done it for years. The Zetas simply mastered it, then expanded it.

At first, this was at the service of the Gulf's leader, Cardenas. Cardenas' focus was drug trafficking, thus the Zetas had a limited leash. With some exceptions, their role was to secure territory for moving cocaine north into the United States. But after Cardenas was jailed in 2003, the Zetas got a longer leash. This meant collecting "piso" on almost every criminal activity outside of drug trafficking: kidnapping, piracy, small-time prostitution and gambling. This allowed them to pay for their own growth and expansion where they simply repeated the process.



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Inevitably, the Zetas sought more than just what is considered the crumbs of the underworld and began looking to control the drug trafficking business. From jail, Cardenas acquiesced and soon the leadership began buying into Gulf Cartel cocaine shipments moving north. Increased revenue accelerated a process already in motion: More money meant more troops and more territory, and the southward expansion continued until Guatemala entered the picture.

The Gulf Cartel was already operating in Guatemala. The country has a strategic importance that those in the underworld perhaps only come to realize with time. With its corrupt and bankrupt government, it is a nearly perfect setting to operate with impunity. Over the years, Guatemala has grown to be one of the region's most important transit countries for illegal drugs. By U.S. estimates, more than a ton of cocaine passes through Guatemala per day. But it is more than just a fertile area from which to land and move drugs. It is the crux of the distribution chain, the place where the price for a pure kilo of cocaine is still a relative bargain. Gain control of the product in Guatemala and the margins can almost double relative to what one makes by taking possession in Mexico.

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By 2007, the Zetas had done the math and realized they should move further down the narcotics chain. Zeta operatives began appearing in Coban, making deals with local Guatemalan operatives to purchase into loads they were moving from Colombia. The group's purview and appetite had expanded further after Cardenas, who had still retained some control of the Gulf Cartel from his Mexican jail cell, was extradited to the United States in January of that year. The remaining Gulf leaders tried to keep the Zetas close, but the alliance was fraying. By the end of 2007, one of the Gulf leaders reportedly refused to meet with Zetas' commanders in person. In the meantime, the Zetas kept working with the Guatemalan traffickers. One of them, Horst Walther Overdick, has been a critical ally from the beginning because of his local background, rearing, and business acumen.

Overdick grew up in Alta Verapaz. The mountainous state is the heart of Guatemala. It has a small airport and roads connecting it to the four corners of the country that facilitate its important agricultural industry. Alta Verapaz is Guatemala's largest producer of cardamom, as well as a rising producer of palm oils, corn, and coffee. Overdick studied in Coban and after finishing at university started working as a local buyer of cardamom. Known as "coyotes," these buyers trek to the remote spaces of the region during the harvest season, buy cardamom in bulk, then sell it in the Coban market.

Guatemala exports more cardamom than anywhere else in the world, but it is not an easy business. Locals say the producers and buyers were frustrated with the wide fluctuations in cardamom prices.^{vii} To smoothen the rough periods, the locals say,



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these businessmen “diversified,” i.e., began to move other, sometimes illegal products. It was a natural fit for a person like Overdick. Through his time as a “coyote,” he’d obtained the infrastructure, know-how and contacts needed to move any product. And Overdick used this knowledge to enter the drug distribution game.

By the middle of the 2000s, local businessmen like Overdick had successfully diversified, taking his share of contacts with him. Overdick took on a nickname: “El Tigre” or “The Tiger.” When the Zetas arrived in 2007, Overdick’s network ranged from Congress to the local police and military. A U.S. diplomatic cable released by WikiLeaks said that during a search of Overdick’s house, Guatemalan authorities found three checks to Army Colonel Carlos Adolfo Mancilla.^{viii} Mancilla was later promoted to Brigadier General and Deputy Chief of Staff.

Overdick had also maintained his agribusiness cover and contacts in cardamom as well as other products. He’d allied with one of the largest importers of drugs and one of the largest purveyors of weapons in the area. What Overdick lacked was firepower, which is what the Zetas initially brought to the table. The Zetas also came with cash in hand and offered traffickers like Overdick a chance to expand their businesses.

But while men like Overdick had infrastructure, contacts, and direct channels to local political and judicial authorities that gave the Zetas a measure of protection, he was still beholden to other, larger players. At the time, the Guatemalan drug world, especially the eastern and northern portion of the country, was run by three clans: the Leon, Lorenzana, and Mendoza families.

Of these three families, the Leon family was the most belligerent, as well as the most ambitious. Juan Leon, or “Juancho” as he was popularly known, the group’s nominal head, had started as an operative for a local trafficker.^{ix} He later married Marta Lorenzana, the daughter of the head of the powerful Lorenzana clan. By 2007, Leon had -- via a combination of smuggling, theft, and intimidation -- worked his way to the top of the food chain. He’d then spread into Alta Verapaz and Peten, buying land, and making contact with political and security forces, so he could impose his will on large and small distributors such as those in Coban. These locals in Alta Verapaz, especially Overdick, did not like Juancho Leon. They especially did not like having to pay him “piso” for using his territory near the border.

In 2007, just as the Zetas were making their first appearance in Coban, this disgust with Leon’s “piso” was boiling over. Local sources told InSight Crime that allies of the Leon family stole Overdick’s drug cargoes. Overdick responded by killing several members of the group. The Leon family then sent several assassins to Overdick’s house near Coban and killed several of his bodyguards. He narrowly escaped by hiding with his family in a hidden compartment of the house.



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None of this is on the public record. What is on the record is a Guatemalan government version during a later trial of several Zetas' operatives stating that the Mexican group and Overdick wanted control of the Zacapa corridor, a border state long known as a reception and staging area for drug traffickers.^x To be sure, for Overdick, allying with the Zetas represented an opportunity to rid himself of a malicious overlord. For the Zetas, it represented a chance to get a firmer foothold in Guatemala. It still can be argued to this day that both sides won in this deal.

The Zetas and Overdick groups called a meeting with Leon in his territory. In a prelude to future means of cooperation, the two each provided troops for this "meeting." This included some Mexican specialists and possibly even the participation of Miguel Treviño, alias "Z-40." Treviño is the Zetas' second in command and was eyeing Guatemala as a potential "plaza," or drug corridor, where he could strengthen his position in his group and the underworld.

The multi-car caravan, like every one after it, left from Coban, and in a few hours made the rendezvous with the Leon group at a restaurant in Rio Hondo, Zacapa. The battle, which has been immortalized in song as a heroic struggle, was more of a massacre. With a combination of assault rifles and rocket propelled grenades, the Zetas and Overdick crews overwhelmed the Leon group. The first to fall was Juancho Leon. Ten Leon bodyguards followed. Scorched cars and corpses littered the scene. It was March 25, 2008. The Zetas had arrived.

Part II: The Modus Operandi

It is not a fancy video production. It begins, "Horse Races...Coban, Guatemala...September 15, 2010." Two men -- one wearing a jockey's uniform, the other in street clothes -- ready their horses behind a metal starting gate on a dirt track. Norteña music plays in the background. The camera scans the crowd: spectators wearing cowboy hats, sun glasses and jeans are smiling, taking in the scene from their pickup trucks. The gate pops up, and the horses sprint down the track to the joy of the audience.

The race would be an innocuous manifestation of local sport if it were not for the identities of those in attendance. It was one of many horse races chronicled that day in the 47-minute home video. But the footage provides a veritable who's who of the Zetas-Overdick alliance, including top leaders, hitmen, and bagmen. There are several Zetas' commanders and lieutenants; Horst Walther Overdick and Overdick's son, Walther Jr.; two suspected assassins and members of the groups' money laundering operations; and finally, a Guatemalan military officer who, surprisingly, is dressed in full uniform as he watches.

Beyond personalities, the video illustrates just how many layers deep the Zetas-Overdick drug trafficking, money laundering and contraband network reaches in



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Coban and provides a starting point for understanding how it works. The network has evolved over time, but the functions of its players has remained largely the same: the Zetas are focused on security and providing large cash flow for illegal product; the locals provide the illegal drugs, and the infrastructure and contacts to receive, store and move them through Guatemala's treacherous and duplicitous underworld corridors. Both launder proceeds through the local economy, although it's mostly the locals who provide the contacts and channels through which this is done.

For their part, the Zetas have about 30 operatives in Guatemala who are divided into two factions: the operational wing, which is the security apparatus, and the administrative wing, which deals with the money. The operational wing has recruited locals and trained them in Mexico and Guatemala in security detail, reconnaissance, and assassination. Their main recruits are former Guatemala military. Contrary to many reports surfacing that the Zetas seek street gang members for hire, two former government officials told InSight Crime that the Zetas prefer ex-soldiers precisely because they come with some training, skills with weapons, and an understanding of hierarchical management.

Some of these ex-soldiers are former Special Forces known as Kaibiles. The Kaibiles are the Guatemalan military's version of the U.S. Marines, although much fewer in number. The military has trained just over 1,100, a process that is rumored to include having them raise a puppy, then kill it at the end of basic training, just to prove their ability to put orders above all else.^{xi}

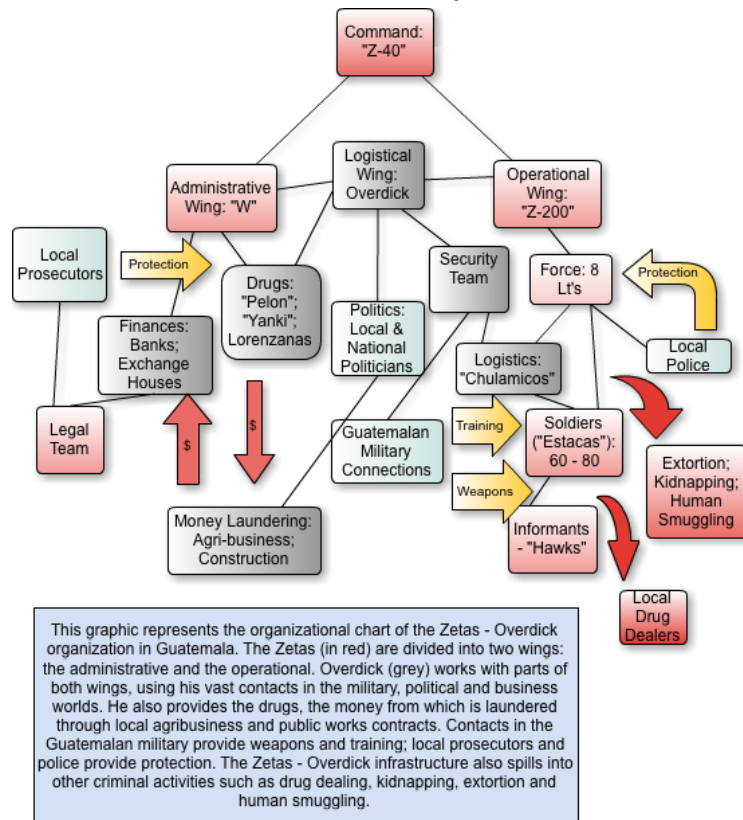
The Zetas operational wing in Guatemala has grown to include ten lieutenants, most of them Mexicans, who each have between eight and ten soldiers. This gives them about 80 soldiers total. They call these soldiers "estacas," a homage to their military mentality. The Zetas, although more than 10 years removed from their beginnings, still borrow heavily from their army background in language, modus operandi, and strategy. They establish territorial dominance via superior numbers, weapons, tactics, intelligence gathering, and usually psychological terror. In this way, they can quickly corral the local criminal market and begin collecting their all-important "piso."

The Zetas also use contacts they have developed, with the help of their local allies, in the Guatemalan military to obtain weapons and training. Current and ex-officers facilitate weapons purchases. A 2009 U.S. diplomatic cable released by WikiLeaks said the government had "sent home" twelve junior level military officers on suspicion of selling weapons to traffickers.^{xii} When they cannot buy the weapons, the Zetas steal them. One highly publicized investigation into the death of five police officers, who were allegedly ransacking Zetas' drug and weapons depot, revealed that the weapons the Zetas used to kill the police were stolen from a military weapons cache.^{xiii}

Current and ex officers also provide training. A current high-ranking military officer who is not authorized to speak on the record told InSight Crime that the Zetas have camps in various parts of Guatemala and Mexico where they train mostly Guatemalan ex-military personnel.

The potential reach of the Zetas into the military hierarchy is evident in a video obtained by InSight Crime in which a Kaibil officer appears to be cavorting with the Zetas and Overdick groups during a horse race the two held next to the Coban airport. A source identified the man as Colonel Edgar Ernesto Muralles Solorzano. Guatemalan military spokesman Colonel Ron Urizar could not confirm that Muralles is the officer at the horse races. But he told InSight Crime that Muralles is a former Kaibil and, at the time, Muralles was stationed at the military school Adolfo V. Hall del Norte, in San Pedro Carcha, just outside of Coban. Muralles, who is still active but not currently assigned to a post, was not available for comment, Urizar said, as Muralles is not authorized to speak to the press about personal matters.

A close relative of Overdick's top security team is also an active military officer, according to Guatemalan and foreign security officials consulted for this report, and is connected to the group's activities. Another former Kaibil, who is alleged to have participated in the massacre of the 27 farm hands in Peten in May, was captured following the massacre.



Once their operational wing take control of the territory, the Zetas monopolize the "piso." In Coban, this was relatively easy compared to the battles the group faces in Mexico. When they found a local vender selling pirated DVDs that they did not make, they reportedly killed him. A marijuana dealer was also found dead. A man bringing in contraband gasoline from Mexico was beaten and robbed of his recent earnings.



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Coban is now flush with Mexican products, from eggs to gasoline and to toilet paper to Mexican tortillas that are available on street corners.

All of the money collected goes through the Zetas' administrative wing. This wing is completely focused on money in and payments out, including the massive bribery scheme necessary for any organized criminal business to thrive. For this, the local Zeta operators and allies approached the police. The Zetas started paying them \$300 a month in \$20 notes; the police radio dispatcher got \$500 per month. Police commanders in the area received substantially more—reportedly a \$10,000 advance to start relations and regular monthly envelopes full of \$20 dollar bills.

The precision is classic Zetas. The group is known for its scrupulous bookkeeping. In return, the police provide the Zetas with turn-by-turn directions when moving product or to evade any military roadblocks. The police also give cover during assassinations, and information about who was saying what about them in the legal, political, and civilian population.

The Zetas also established an elaborate network of eyes and ears to gather intelligence. These “halcones,” or hawks, range from beggars to prostitutes, shoeshine boys to taxi drivers, politicians to prosecutors. They number in the hundreds, according to one military official who worked in the area. As it was once with the Gulf Cartel in Mexico, the locals refer to Zetas as “the company.”

In addition to their eyes on the street and in the police, they penetrated the local judicial system. Their lawyer reportedly approached the District Attorney's office offering bribes, and they were able to buy off some lower level prosecutors through an ex-policeman who works for them and dates a female prosecutor.

The Zetas have consolidated their hold on the area in other ways as well. Their administrative wing bought or forced locals from their farms for safe houses. In order to avoid suspicion, they reportedly leave the titles in the names of the original owners (they do the same when they “borrow” cars from locals). These are critical points of storage and transit that the group uses to receive and move illicit product.

Most of the drugs appear to come via Honduras these days, where political turmoil and corruption has made that country the easiest place to land an airplane or dock a go-fast boat. Honduras is also attractive because with relatively little fuel, a small aircraft can move tons of illicit product. Guatemala's hidden airfields require more fuel and thus give less room for product.

For the Zetas, this has not been as important as it has been for other organizations. As opposed to other criminal networks that move in bulk, the Zetas move smaller loads, possibly because they lack the infrastructure and reach their rivals have. Their preferred method is via hidden compartments, cargo trucks and containers.



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Their larger loads are escorted by the operational wing. One car in front gives notice of any unplanned security checkpoints; one car behind is prepared for any unplanned confrontations. As in the heyday of Juancho Leon, Guatemala is still famous for its “tumbes,” or thefts. Some entrepreneurial police operate their own “tumbe” gangs, often reselling to the exact criminal group they just robbed, so the Zetas make sure they know who is manning the police posts when they move large cargoes.

The group has also started laundering money through local businesses. In part, this has been brokered by Overdick and his contacts. He is related by marriage to a local congressman who has some oversight of the public works contracts in the state. These contracts are channeled through various congressional committees, government agencies, and then through what are referred to as non-governmental organizations (NGOs) in Guatemala. These government agencies and NGOs serve as brokers and often hand out contracts to companies based on the kickbacks they will receive. The projects serve two purposes for the criminals: They can launder drug proceeds; and money channeled through construction gets kicked back to the company owners, NGOs, politicians and the underworld figures involved.

Alta Verapaz is not immune to this scheme. The daughter of one of Overdick’s drug trafficking partners was the head of one of these NGOs, the Verapaz Rural Development Program (Programa de Desarrollo Rural de las Verapaces - PRODEVER). For its part, PRODEVER got its money from the National Fund for Peace (Fondo Nacional para la Paz – FONEPAZ), a government agency that has focused on administrating projects since the peace settlement in 1996. In 2010, the government investigated several contracts FONEPAZ administered, some to Alta Verapaz, claiming that as much \$58 million was misappropriated by NGOs.^{xiv}

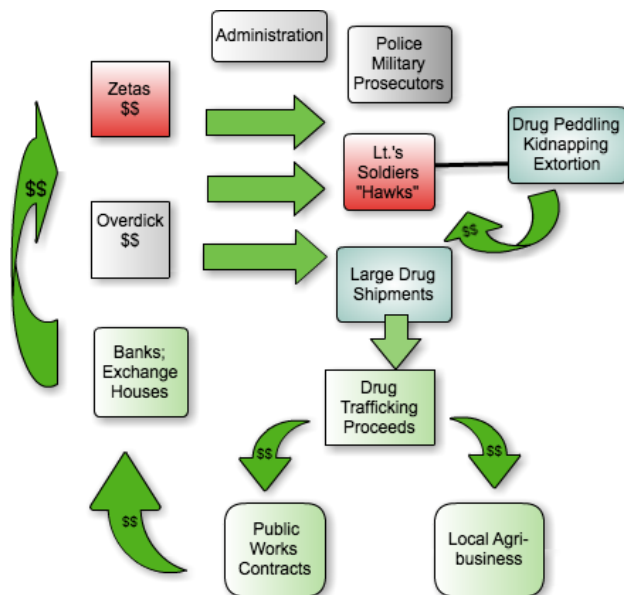
These schemes may have reached to the top of the food chain. The man monitoring the FONEPAZ projects at that time was Obdulio Solorzano, a former congressman for the National Unity for Hope (Unidad Nacional de la Esperanza - UNE), the coalition party of Alvaro Colom, Guatemala’s president. Solorzano was assassinated in 2010 in Guatemala City, possibly due to his knowledge of these and other schemes, including the financing of Colom’s presidential campaign in 2007.^{xv} In December, the Zetas issued a communiqué via the local Coban station La Buena in which they alleged that Colom took \$11.5 million in campaign contributions from them, and then the president “betrayed” them.^{xvi} In the communiqué, the group mentions the arrest of an associate and the assassination of alias “Bigote” (“mustache”), an apparent reference to Solorzano.

In the construction and agricultural sector, both the Zetas and Overdick launder proceeds via the region’s traditional products and services. On the construction side, Overdick operates with a local company that is allegedly fronted by a prominent Coban family. Public works money that his congressional relative may help broker is

channeled through that company. On the agribusiness side, both Overdick and the Zetas have numerous cardamom buyers who continue to use that and other markets to launder proceeds. Cross them on the accounting and the consequences are clear: in February, the day the state of siege ended in Alta Verapaz, assassins in Coban killed Boris Pinot, an alleged bagman and cardamom buyer for Overdick.^{xvii}

American dollars have flowed into Coban, as well as remote areas of Alta Verapaz, to the point where indigenous producers stopped accepting the “green” money, complaining that this forced them to make an extra trip to Coban to exchange it. Price distortions have followed. Some local buyers have said privately they cannot compete with those who make deals with the traffickers. Most have kept quiet.

The local high school kids did not complain about the dollars. The Zetas paid them small fees to change the money in the local banks until the banks started asking too many questions. The money-changers were also happy. They regularly swapped dollars from the police, “hawks” and other Zeta operatives at six quetzals a dollar, instead of the going rate, which is above seven.



The Zetas - Overdick organizations channel money to their infrastructure and drug deals. Some of the proceeds from local criminal industries are recycled to help pay for soldiers and other infrastructure. Money from drug proceeds is channeled through public works contracts and local agribusiness. Part of that money helps start the chain anew.

The Zetas also brought with them new tactics and a new attitude. They drove around in large, ostentatious cars, such as Hummers, often letting their automatic weapons hang from open windows. When two policemen challenged a Zeta commander in the central plaza, he held a gun to one of their heads while he stripped the other policeman of his gun, then pointed it at the officer’s temple. When another policeman refused to take payments, they stopped his patrol car, took him from the vehicle and put him in theirs. Then they drove around the city beating him, before leaving him on the side of the road.

Locals challenged the newcomers at their own risk. Two college students who stared too long at one of the Zeta’s girlfriends during a horse show were gunned down later at a gas station. Another Mexican Zeta killed his Guatemalan girlfriend, then left her at the base of a bridge, allegedly because he did not want her to cheat on him after he’d returned to Mexico the next day. Like many other crimes, these were not reported in the news, a former



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high-ranking Alta Verapaz official told InSight Crime on condition his name not be published.

The increase in drug trafficking through the region has also led to a spike in consumption as the Zetas and local operators increasingly pay their operatives in drugs rather than cash. The large groups that move bulk shipments cut their costs significantly this way. The locals like it as well. These operatives, including both soldiers and “hawks,” sell a diluted version of the powder in small bags for 50 or 100 quetzals. Some more industrious sellers cook the powder into a hardened form of local crack that goes for between 25 and 100 quetzals, depending on the size of the rock. There are no hard numbers for how much consumption has increased, just anecdotal evidence and the increasing violence surrounding the local trade.

These operators, a combination of the soldiers and the “hawks,” are also involved in other criminal activities, especially extortion. There are both occasional and regular extortion schemes in the area. The regular requires local shop owners, vendors and other businesses to pay monthly quotas. The occasional could come via a telephone call or a visit and can be hefty, between \$3,000 and \$6,000, according to the relative of one victim. The victims come from all social classes, and the elites’ reaction to this activity may determine if the Zetas are a long-term resident or just a short-term nightmare.

Part III: A Guatemalan Response?

On December 18, 2010, a local soccer league in Coban held its championship match. One team featured Alta Verapaz’s governor at the time, Jose Adrian Lopez. The other team featured Overdick. Overdick’s team won, but as a local newspaper said, the governor got his “revenge” when the government sent in troops and extra police as part of a state of siege in Alta Verapaz the next day.^{xviii} The siege lasted two months during which time military personnel arrested 22 suspects, and seized small amounts of cash, as well as 41 vehicles, 39 mostly Kalashnikov assault rifles and 23 German-made machine guns.

It was hailed by the government as a success. However, former government officials from Alta Verapaz said those captured were not big players. Indeed, many said they saw large caravans departing Alta Verapaz both before and after the soccer match. The tip about the pending state of siege, they said, came from the local police. The Zetas reportedly relocated to San Miguel Chicaj, a small town in the neighboring Baja Verapaz province where the group also recruits heavily from the many unemployed ex-soldiers who come from that area. For his part, Overdick may have briefly vacated the area, but he did not hide. He is not facing criminal charges in Guatemala, and he has appeared at public events with high-level public officials.

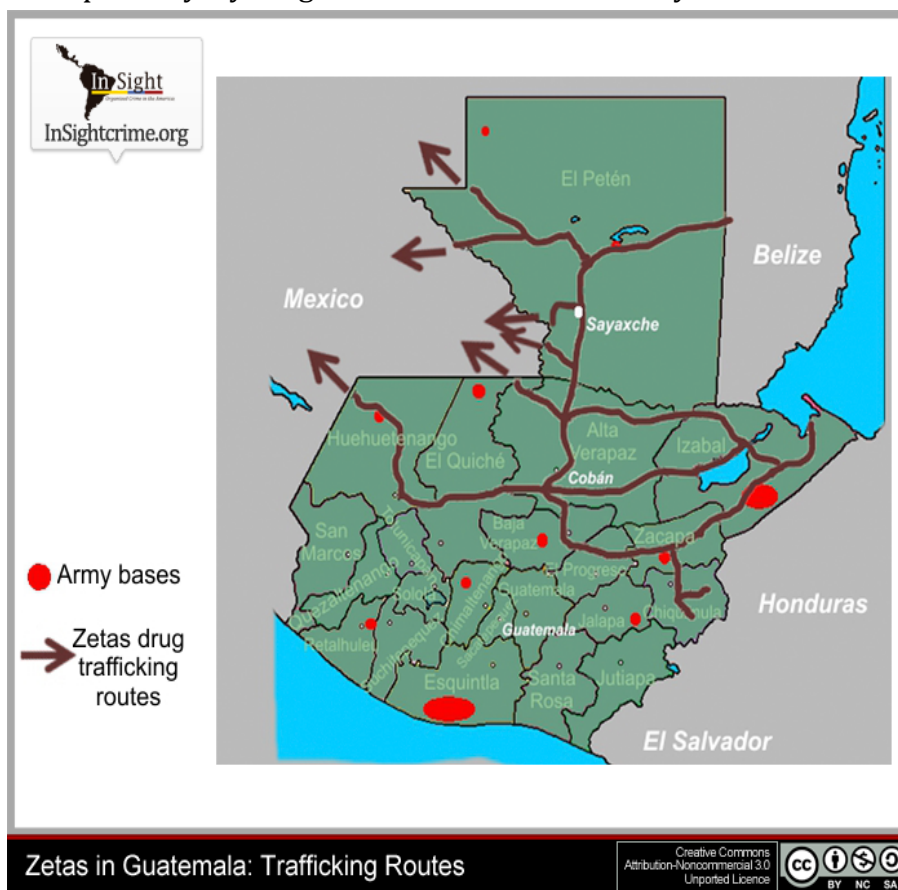
The state of siege was, in part, a response to the Zetas' expansion during 2010. After consolidating their hold on Coban, the Zetas went on the offensive. Part of this may be related to the fact that they severed relations with their progenitors the Gulf Cartel. In January 2010, following the murder of one of their commanders at the hands of the Gulf, the Zetas demanded the shooters. When the Gulf Cartel leaders refused their request, the two split definitively. Tamaulipas and Nuevo Leon states in northern Mexico have since then become battle zones.

The end of Zetas–Gulf Cartel relations has made Guatemala that much more important for the Zetas. They sent a brash new commander to the area in early 2010. Alias “Z-200” is reportedly a young man in his late 20s or early 30s. The nephew of a high-ranking Zeta leader in Mexico, Z-200’s abrasive style has alienated even some of his Zeta colleagues and local allies.

The change in tactics has also been immediate. On June 26, 2010, suspected Zetas killed Giovanni España -- the man who had taken over the Leon empire after Juancho Leon’s death --

and four of his bodyguards as they were driving along a rural highway in the Zacapa state.^{xix} In September 2010, they intercepted another presumed Leon family ally as he was driving with a caravan of seven cars filled with bodyguards in Zacapa.

In October, in a prelude to the May 2011 massacre in Los Cocos, Peten, a large caravan of SUVs and pickups traveled from Coban to that northern state. The armed men made a number of stops over the next few days, including one in which they





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killed a man, another in which they ransacked a gasoline station belonging to rival drug trafficking family the Mendoza clan, and a third in which they attacked a group of men that were protecting España's widow in Menchor de Mencos, a municipality along the Belize border. On their way back through Peten, via the road that leads to Tikal, they battled police and military. In the months leading up to the May massacre in Los Cocos, they ransacked two more gasoline stations, both properties of the España clan: one of them in Zacapa, the other in Peten.

The October rampage was a message to the Zetas' rivals that they were not content with Alta Verapaz. Indeed, the Zetas' focus is on two key states: Zacapa and Peten. Both are crucial corridors and consolidating them makes the Zetas the most formidable trafficking group in Guatemala. Zacapa is a critical crossing point for drugs entering from Honduras or coming up from El Salvador. Peten represents the top one-third of the country's territory: its vast jungle, unmanned borders with Belize and Mexico, and back roads and clandestine airstrips make it the ideal place for moving illicit product.

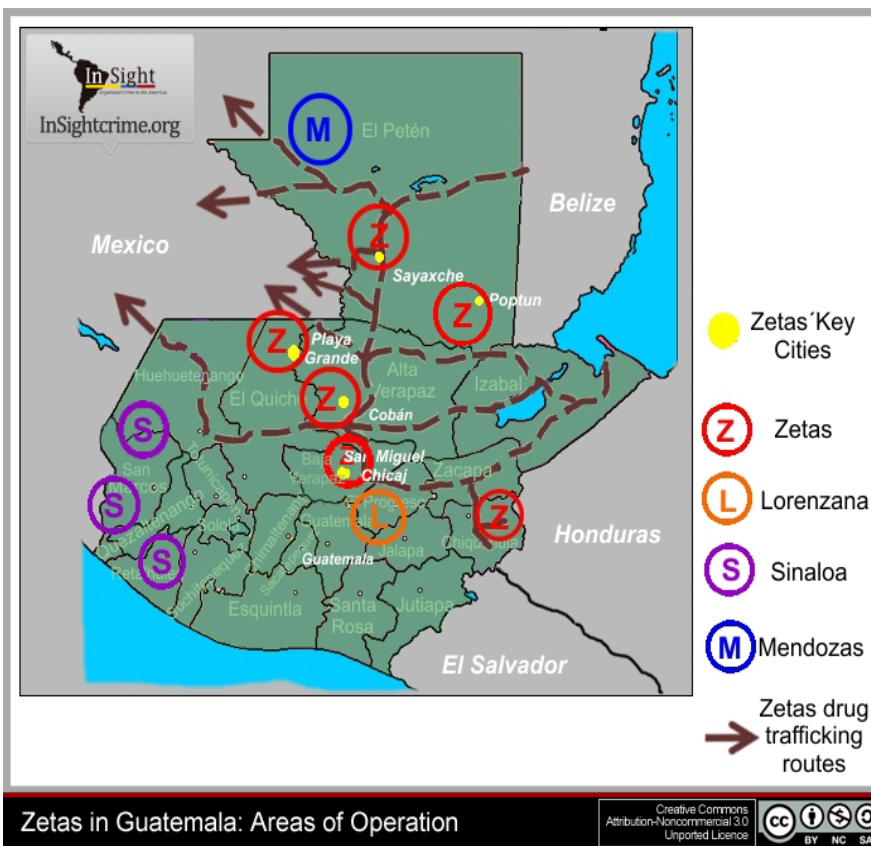
Zacapa is currently assigned to Jairo Orellana, alias "El Pelon," according to local and foreign counterdrug agents. Orellana has reportedly fathered a child with Marta Lorenzana, the widow of Juan Leon and daughter of Waldemar Lorenzana, law enforcement sources told InSight Crime. The relationship ties the Lorenzanas to the Overdick-Zetas alliance, making them the most formidable trafficking group in the country.

In Peten, the Zetas are establishing bases in the municipalities of Poptun and Sayaxche. Poptun borders Belize and offers fertile recruiting ground as it is where the Kaibiles are trained. But Sayaxche has more strategic value. Its border with Mexico has no formal checkpoints and offers myriad passageways and smuggling routes. The Pasion River and many of its tributaries that run through the municipality converge along the border with the Usumacinta River. This connects the group to another strategic stronghold, Playa Grande in the Ixcan jungle, and to a highway in Mexico that runs parallel to Guatemala's northern border and leads directly to the heart of Chiapas.

Sayaxche is also well connected to Alta Verapaz to the south where the country's primary infrastructure project, the Franja Transversal del Norte, is being built. The highway will eventually connect the country east to west creating what may become the illegal drug superhighway par excellence. Sayaxche is connected to the Laguna del Tigre area to the north where the Zetas and others receive drugs via airplane, boat and land, and move it across the Mexican border. And in La Libertad province between Laguna del Tigre and Sayaxche, there are numerous "blind" passage points large enough to accommodate trucks.^{xx}

Not surprisingly, Sayaxche has long been a strategic corridor for small and big traffickers. The Leon and Mendoza crime families bought large tracts of land in this municipality. The Leon family was particularly savvy in purchasing or stealing numerous pieces of land in strategic trafficking corridors to help them do their business. Their alliances stretch into neighboring La Libertad, the place where the Zetas focused their efforts in May of this year. It is not clear what the source of the dispute which led to the May massacre was. The public message was towards Otto Salguero, an alleged ally of the Leon clan, giving the appearance that the Zetas are determined to eliminate the last of what is left of Leon's network.

After the state of siege in Coban ended in February, the Zetas trickled back into the area with a slightly lower profile and a new structure that seems to share services



with other local organizations. The Hummers were replaced by Corollas, one local businessman told InSight Crime. The Mexican operatives stayed away from Coban, sending instead Nicaraguan and Hondurans to do their dirty work. These lower level echelons of the organization jump started the extortion and "piso" collection racket again and have made a push to control the

expanding local drug market in the area as well.

The Zetas have also teamed with another Guatemalan based group popularly known as the "chulamicos," who provide weapons, intelligence, cars, safe houses, and additional soldiers to various groups when needed. Two of the "chulamicos" top leaders are related by blood to some members of Overdick's security team. Between them they seem to share resources with? Make up? a loose hitman network whose center remains firmly under the command of Z-200. That does not mean, however,



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that the other factions of this network do not maintain their own security forces. The result is a seemingly defuse but functional network, each part with their own specialty or service that make them necessary to the whole.

The Zetas, for example, may run the core of the security team but they still seem to rely on Overdick and other local operatives for everything from illegal product to money laundering opportunities. Overdick has reportedly taken over the drug trafficking network of another powerful trafficker who was captured and extradited to the U.S. This network stretches from Colombia to Guatemala. The Zetas reportedly buy into his cocaine loads rather than the other way around. To be sure, whether the Zetas' contacts reach all the way to Colombia is still up for debate. The Zetas' recent violent spasm bolsters the theory that do not have their own suppliers; that they need to maintain control on this critical chokepoint in the distribution chain in order to keep their competitive advantage with others such as the Gulf Cartel.

What is next for this amorphous but strong network is not clear. The May rampage in Peten and Alta Verapaz set the stage for an all-out war against the remaining criminal families in Guatemala. That appeared to be gathering steam. In Peten, one alleged political ally of the Mendoza family complained of threats by the Zetas and exiled his family from the country while election season continued apace. However, there are many strong Guatemalan groups left. The Mendoza family maintains a strong network in Peten and other parts of the country. Another network headed up by the brother of recently captured trafficker is still operational in San Marcos, along the Mexican border. Other Guatemalans run the main highway through the Huehuetenango corridor, just north of San Marcos. These groups work closely with the Sinaloa Cartel, the Zetas' foremost rival in Central America.

The Zetas' attempts to muscle these local players in other Guatemalan provinces have failed. In November 2008, for instance, the Zetas launched a surprise attack against a group of local operatives in Huehuetenango. The locals repelled the attack. News reports say 17 died. When InSight Crime visited the area in early 2010, local security watchers said the number was closer to 60, most of those, they said, were Zetas. The Zetas have been fighting, unsuccessfully, to wrestle that area from those groups ever since.

What's more, the government has also shown itself more capable in recent weeks.^{xxi} Following the massacre it called a state of siege in Peten, which it has prolonged through September. Authorities also arrested several more alleged members of the Zetas, including several top commanders who were operating in the Coban area. In recent weeks, another sting netted ten more operatives, including the head of the "chulamicos" group.



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Many, possibly even some of the Zetas' erstwhile allies, might have also had some second thoughts about their attention-grabbing tactics, brutality, and reliability. Some who have had business dealings with the group have been killed, and several who survived are in jail. Violent criminal tactics, like those favored by the Zetas, served to scare rivals and citizens alike into falling in line, but they undermine business operations as well. Z-200 has made more than his share of enemies, and there was talk of discontent in the Coban underworld.

But questions remain about the locals' capacity to deal with the Zetas. Their psychological war appeared to have also taken a toll on their friends and foes alike. And while the Zetas may be weakened by an unprecedented government assault, they remain the region's most formidable military structure.

What happens next may depend on one of those unholy alliances seen in other parts of the region. Local businessmen in Coban that InSight Crime contacted are trying to figure out how to respond, perhaps with the same unsavory tactics as the Zetas use. Some are also working closely with the military in an attempt to purge the "invaders." While InSight Crime was in Coban, two Zeta operatives were reportedly found assassinated on the edge of town, perhaps in a prelude of things to come.

However, the Zetas model and structure is something that Guatemala has never experienced. Its large security team and loose alliances do not depend on blood relations and open up the criminal game for a large array of small groups. It is something that is evident in Mexico, where factions of once large criminal groups are increasingly fighting amongst each other. So even if the Zetas were eliminated, another like-minded group would probably take their place, attempting to replicate the Zetas' model of creating a large military structure in order to monopolize "piso" and buy into the international drug distribution market. Stability, therefore, may now require more than a purge of the Zetas.

ⁱ This report is the result of four months of investigation, including several trips to Guatemala this year, during which time the author spoke to local and foreign intelligence gathering services, analysts, investigators, journalists, politicians, businessmen, local residents and others in an attempt to paint the most complete picture to date of how the Zetas operate in Guatemala. For more information, visit: insightcrime.org

ⁱⁱ "Anuncian captura de supuesto involucrado en el asesinato de familiares de Otto Salguero," *elPeriodico*, May 18, 2011. Found at: <http://www.elperiodico.com.gt/es/20110518/pais/195541/>

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