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SECURITY ASSESMENT OF MEXICO

JULY 2006

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Executive Summary

Incidents of random crime and kidnapping for ransom in Mexico as a whole and Mexico City and the U.S. / Mexico border in particular is extremely high. This assessment focuses on identifying the risks, providing guidance on how **not** to become a victim as well as setting forth recommendations on how to react should you become a target or victim of criminal activity.

Overview

Crime in Mexico continues at high levels, and it is often violent, especially in Mexico City, Tijuana, Ciudad Juarez, Nuevo Laredo, and the state of Sinaloa (literally the entire U.S./Mexico border area). Other metropolitan areas have lower, but still serious, levels of crime. The purpose of this security assessment is not to regurgitate statistical data or provide a historical laundry list of incidents. The fact is that the crime level in Mexico, particularly in Mexico City and the entire border area is extremely high. Although this report provides some examples, to accentuate the potential levels of violence involved, the primary purpose of the report is to focus on prevention, how to avoid becoming a victim and what actions should be taken in the event an incident does occur.

Crime Reporting & Statistical Data

Reliable statistical information regarding actual levels of crime is generally unavailable and is extremely unreliable. One of the primary reasons for the unavailability/unreliability of this data is the fact that most crimes in Mexico go unreported. A recent survey showed that only an estimated 23% of all crimes are reported to the police and 73% of all crimes that are reported involve armed robbery.

Estimates of the percentage of victims reporting kidnappings for ransom varies between 15% and 20% of the total number of incidents suspected of happening. One of the main reasons for this low percentage of reporting is the general feeling or suspicion that many if not most kidnapping cases involve, to some degree, law enforcement officials. A survey found that 90% of the people in Mexico believe that the number of kidnappings is much higher than the authorities and statistics report.

Low apprehension and conviction rates of criminals also contribute to the high crime rate. According to one report, only 7% of the cases reported to the police, which may reflect less than one fourth of the total crime committed, result in an arrest. Of those arrested, very few actually are convicted. Experts believe that in Mexico, over 95% of crime and criminals go unpunished.

Targeting of Foreigners

Foreigners are generally not targeted as victims of violent crime and/or kidnappings for ransom in Mexico. The exception to this statement is when foreign tourists frequent high crime areas, which are high crime areas due to the high number of tourists. Criminals essentially are targeting areas where their probability of success is high as are the numbers of potential targets who have what the criminals want. Another exception to the statement that foreigners are not generally targeted is when foreigners establish predictable routines in Mexico and become targets, because of their predictable routines, which put them into a similar category of vulnerability as Mexican citizens and/or residents. However, since the total number of foreigners fitting this category is miniscule, compared to the entire population of Mexico, it is often espoused by authorities that foreigners are not often victims of crime in Mexico; while in fact it does happen. Among the category of foreigners targeted are business persons who routinely travel to Mexico on business and their presence becomes relatively routine and predictable.

One example of this is the highly publicized kidnapping of the San Diego based president of Sanyo Video Components (USA) Corporation, Mamoru Konno. According to US, press reporting he was kidnapped after a company baseball game in Tijuana. Mr. Konno along with two Mexican sisters were abducted by six gunmen, allegedly members of a professional kidnapping ring that operates in several Mexican states along Mexico's northern border and the Mexican interior. Other reporting indicates he was taken from a local rent-by-the-hour motel, typically used to entertain lady friends. One relatively recent study showed that 14% of kidnappings, both for ransom as well as “express” kidnappings originate at this type of establishment. The case generated media interest throughout Latin America and highlighted the fact that the Japanese government allegedly got involved in paying the entire ransom demand in a relative very short period of time. As a result, Japanese businessmen were targeted throughout Latin America. One subsequent kidnapping of a Japanese businessmen in Colombia ended in the death of the victim when the outlandish ransom remands were not met, several months after the kidnapping.

Kidnapping for Ransom

Appendix 1 lists the kidnappings for ransom reported in Mexico during 2005. Although estimates are that the total number is likely to be more than 3 times as high as reported, based on the *reported* cases, just over 60% of the total occurred in the capital and the state of Mexico. The *reported* cases in the U.S./Mexico border states total 52 cases (9.8% of total) and together constitute 69.9% of all the *reported* cases in Mexico during 2005. The only northern border state not reporting any kidnappings during 2005 is the state of Coahuila. Estimates from residents in Tijuana, Baja California are that although there were only 13 incidents reported in the entire state of Baja California, there were at least 50 and possibly as many as 100 kidnappings in Tijuana alone during 2005.

Clayton Consultants Inc. review of local press articles and involvement with the resolution and recovery of kidnapping victims in the area estimate the total number of

kidnappings during 2005 could reach as high as 200 and may reach 300 in 2006. Many of the kidnappings along the border area are in fact drug war related assassinations made to look like a kidnapping or reported as a kidnapping when the victim disappeared. At the time of the preparation of this report, there were 18 ongoing *reported* kidnapping cases being investigated by the police in the Tijuana area alone. This does not take into consideration the number of cases not reported. For additional current information regarding kidnappings worldwide, to include Mexico, please visit the Clayton Consultants' website www.claytonconsultants.com and select the monthly K&R Monitor newsletter.

Random Crime

Random street crime remains an issue of concern throughout the world and Mexico is by far no exception. While incidents are most frequent in downtown areas, muggings take place in affluent suburbs as well. There are a significant number of pick-pocketing incidents, purse snatchings and hotel-room thefts. Public transportation is a particularly popular place for pickpockets.

Law Enforcement Corruption

Foreigners have become victims of harassment, mistreatment and extortion by Mexican law enforcement and other officials. Mexican authorities have cooperated in investigating such cases, but one must have the officer's name, badge number, and patrol car number to pursue a complaint effectively. You will need to provide this information if you ever have a problem with police or other officials. In addition, tourists should be wary of persons representing themselves as police officers or other officials. When in doubt, ask for identification. Be aware that offering a bribe to a public official to avoid a ticket or other penalty is a crime in Mexico.

Many of the more recent kidnappings for ransom in the Tijuana area have used a common *modus operandi*. The victim is accosted by individuals in police uniforms, often driving vehicles of the type used by the police. In several cases, it is believed that these individuals were actually police officers. In an interview, the Secretary of Municipal Public Security in Tijuana stated that municipal, state preventive and ministerial police are known to provide logistical support to kidnappers. The state prosecutor's office alleges that state anti-kidnapping officers protect and provide information to the organized kidnapping gangs.

Examples

a. One kidnapping incident involved the taking of a Tijuana businessman as he arrived at work, witnessed by many of his employees. As he routinely arrived at his place of business at 8:00 AM, a municipal police patrol car, with emergency lights on, along with several other SUV type vehicles, all with polarized windows, blocked off their target vehicle in the company parking lot. The victim was pulled out of his vehicle by 10 individuals, claiming to be federal agents, armed with

assault type rifles, and put into one of the kidnappers' vehicles and driven away, with the municipal patrol car clearing the escape path.

b. In another incident, the victim said he was heading home at approximately 1330 hours, to have lunch with his family; a routine he said he followed several times a week. Approximately two miles from home, he was stopped by two pick-up trucks (double cab) with flashing police emergency lights. He stopped, thinking it was a routine police check for vehicle registration. However, four civilian attired men approached his vehicle and identified themselves as policemen telling him to step outside the car. They immediately pushed him inside one of their vehicles and pushed him down on the seat. The victim said there were 6-9 men involved in the abduction, some armed with revolvers.

c. In a recent case, the victim reported that while he was being held in a "safe house" his captors communicated frequently via police type radios, often using police radio codes when transmitting and although he was blindfolded during the entire time of his captivity, he is sure his captors were at least lead by police entities.

Virtual Kidnapping & Extortion

It is increasingly common for extortionists to call prospective victims on the telephone, often posing as police officers, and demand payments in return for the release of an arrested family member, or to forestall a kidnapping. Prison inmates using smuggled cellular phones often place similar calls. Persons receiving such calls should be extremely skeptical since most demands or threats are baseless.

General Crime in Mexico City

The most frequently reported crimes involving foreigners in Mexico City are taxi robbery, armed robbery, pick-pocketing and purse-snatching. In several cases, foreigners have reported that men in uniform perpetrated the crime, stopping vehicles and seeking money, or assaulting and robbing tourists walking late at night. As in any large city, individuals should exercise caution and be aware of their surroundings, especially when walking anywhere in the city. Walking alone, particularly at night should be strictly avoided.

Business travelers should be aware that thefts occur even in what appear to be secure locations. Thefts of such items as briefcases and laptop computers occur frequently at the Benito Juarez International Airport and at business-class hotels. Arriving travelers who need to obtain pesos at the airport should use the exchange counters or ATMs inside the arrival/departure gate area, where access is restricted, rather than changing money after passing through customs, where they can be observed by criminals.

Metro (subway) robberies are frequent in Mexico City. If riding the Metro or the city bus system, travelers should take extreme care with valuables and belongings. Avoid using

Metro during busy commuting hours in the morning or afternoon. Tourists and residents alike should avoid driving alone at night anywhere in Mexico City.

Robbery and assaults on passengers in taxis are frequent and violent in Mexico City, with passengers subjected to beatings, shootings and sexual assault. *Anyone* visiting Mexico City should avoid taking *any* taxi not summoned by telephone or contacted in advance. When in need of a taxi, telephone a radio taxi or "sitio" (regulated taxi stand – pronounced "C-T-O"), and ask the dispatcher for the driver's name and the cab's license plate number. Ask the hotel concierge or other responsible individual calling on your behalf to write down the license plate number of the cab that you entered. Make this process obvious to the taxi driver. Sitio taxis may be distinguished from other taxis in Mexico City by the letter "S" that precedes the identification numbers on the side of the car and on the license plate.

Passengers arriving at Mexico City's Benito Juarez International Airport should take only airport taxis (which are white with a yellow stripe and a black airplane symbol) after pre-paying the fare at one of the special booths inside the airport.

General Crime in U.S. - Mexico Border Cities

Visitors to the U.S. – Mexico border region, including cities such as Tijuana, Mexicali, Ciudad Juarez, Nuevo Laredo, Nogales, Reynosa and Matamoros, should remain alert and be aware of their surroundings at all times.

Most border posts have seen an increase in violence over the past year and some of it has been directed against U.S. citizens. Local police forces have been ineffective in maintaining security in some regions along the border. Drug-related violence also has increased dramatically in recent months, and shows no sign of abating. Innocent U.S.

citizens are generally not targeted but can be at risk of random crime due to the increase of violence within Mexican border cities.

In Ciudad Juarez, Nuevo Laredo and Tijuana, shootings have taken place at busy intersections and at popular restaurants during daylight hours. The wave of violence has been aimed primarily at members of drug trafficking organizations, criminal justice officials and journalists. However, foreign visitors and residents, including Americans, have been among the victims of homicides and kidnappings in the border region. In recent months, the worst violence has been centered in the city of Nuevo Laredo in the Mexican state of Tamaulipas, where numerous citizens were kidnapped and/or murdered. U.S. citizens are urged to be aware of safety and security concerns when visiting the border region and exercise common-sense precautions such as visiting only legitimate business and tourist areas of border towns during daylight hours.

Mexican authorities have failed to prosecute numerous crimes committed against American citizens, including murder and kidnapping. Local police forces suffer from a lack of funds and training, and the judicial system is weak, overworked, and inefficient. Criminals, armed with an impressive array of weapons, know there is little chance they will be caught and punished. In some cases, assailants have been wearing full or partial police uniforms and have used vehicles that resemble police vehicles, indicating some elements of the police might be involved.

Visitors are very vulnerable when visiting the local "red light districts," particularly if they are departing alone in the early hours of the morning. In Ciudad Juarez and Tijuana, there has also been a rise in deliberate automobile accidents in which municipal police extort money from U.S. citizen victims.

Recent Violence in Tijuana

On April 25, 2006, an armed group attempts to assassinate the Baja California Secretary of Public Security shooting 600 shots at his armored vehicle.

On May 2, 2006, two armed assailant enter the AFI offices in Otay, Tijuana and assassinate an agent.

On June 20, 2006, a group of apparent federal agents ambushed three municipal police officers from Rosarito and a civilian with them later assassinated and decapitated them. Their heads were found in Tijuana. To date, no arrests have been made in any of these cases.

Drug Cartel War along the Border

Mexican drug cartels are battling each other for control of the country's drug-trafficking industry estimated by some as Mexico's largest source of foreign exchange after oil exports. The kingpins are Osiel Cardenas Guillen of the Gulf cartel and Joaquin "El Chapo" Guzman, who is allied with Ismael "El Mayo" Zambada, the Sinaloa cartel. The Tijuana cartel was headed by the Arellano Felix family but is said to be under the control of Cardenas and the Gulf cartel.

Although Cardenas is imprisoned in Mexico's maximum security El Palma prison, he continues to run the Gulf cartel; he has enhanced his power with the help of a group of former police officials called "Los Zetas." These renegades are spearheading the fight against Guzman and Zambada, who also control the Juarez cartel. Cardenas also has absorbed the remnants of the Tijuana cartel, which lost power after Ramon Arellano Felix was killed and his brother Benjamin was arrested in March 2002

The cartel war has left close to 200 corpses scattered across Mexico from Tijuana and Ciudad Juarez in the north, to Cancun in the south. Mexican army and federal counter narcotics forces have been unable to halt or even slow the killings over the past year. In fact, a private security source in Mexico City says it is possible the Mexican government is deliberately doing little to stop the war because dozens of dangerous criminals are being eliminated, which makes life slightly easier for Mexican law enforcement officials.

On the Sinaloa cartel side, gunmen battling to control the drug trade on the Texas-Mexico border get their orders from notorious cartel leader Joaquin "El Chapo" Guzman Loera. He is a short, middle-aged fugitive hiding in his native mountains, where people love and fear him as a ruthless Robin Hood. Joaquin Guzman Loera has been Mexico's most-wanted man since he escaped from a high-security prison in 2001 and began fighting rival gangs for control of lucrative smuggling routes.

Authorities say Guzman's push to cut down competitors on the Texas-Mexico border is populating morgues and creating the chaos that led Mexican President Vicente Fox to deploy soldiers and federal police last week to the streets of Nuevo Laredo, Reynosa and Matamoros, all border cities. Both sides are said to be using enforcers from inside and outside of Mexico. The killings are attributed of members of the Mara Salvatrucha gang or the Kaibiles of Guatemala. The Mara Salvatrucha gang is reportedly used as enforcers by the Sinaloa cartel, while the Kaibiles are on the Gulf cartel's payroll. The Gulf cartel also is known to use the muscle of Los Zetas, a group of former Mexican airborne troops.

Cananea/Sonora , Mexico

Cananea (from the Apache term for "horse meat") is where The Cananea Consolidated Copper Company was founded in 1899 and was the protagonist of a strike in 1906 that resulted in the death of 23 people in a fight between the strikers and American rangers.

The first non-native inhabitants of the land where Cananea is now located arrived in 1760. It was a group of Jesuit priests who discovered and extracted gold and silver. General Ignacio Pesqueira, native of the nearby Arizpe, retired to this area. He continually fought off Apache Indians who would attack the area, and while chasing

them in the mountains, he discovered the abandoned mines and by 1868, he had resurrected the extraction of minerals in the Cananea mines. In 1889, William Cornell Greene purchased the mines from General Pesqueira and founded the Cananea Consolidated Copper Company.

Although known historically for its mining, Cananea as well as the entire surrounding area has been, at least since the beginning of the decade, one of the numerous drug corridors used by the Guzman cartel.

Lifelong resident of Sonora, intimately familiar with Cananea and the Arizona / Mexico border area advised that private aircraft is the safest way to travel to Cananea. If travel by road is necessary, this same source recommends crossing only at the Douglas, AZ / Agua Prieta, Sonora crossing. Although the distance may appear to be relatively the same or shorter, crossing at Nogales, the road between Imuris on Mexico Highway 15 (north-south between Nogales and Hermosillo) to Cananea is dangerous because it is mountainous, narrow and more susceptible to highway robberies, while the Mexico Highway 2, southwest from Agua Prieta to Cananea is relatively speaking, safer.

General Security Recommendations

Travelers should always leave valuables and irreplaceable items in a safe place, or not bring them. All visitors are encouraged to make use of hotel safes when available, avoid wearing obviously expensive jewelry or designer clothing, and carry only the cash or credit cards that will be needed on each outing.

Individuals should be aware of their surroundings at all times, even when in upscale and tourist areas generally considered “safe”. Women traveling alone are especially vulnerable and should exercise caution, particularly at night. Female victims, who are usually unaccompanied, have been raped, robbed of personal property, or abducted and held while their credit cards were used at various businesses and Automatic Teller Machines (ATMs). Armed street crime is a serious problem in all major cities throughout Mexico.

Individuals should be very cautious in general when using ATMs in Mexico. If an ATM must be used, it should be accessed only during the business day at large, protected facilities. ATM inside commercial establishments are safer than glass-enclosed highly visible ATMs on the street. U.S. and Mexican citizens are accosted on the street and forced to withdraw money from their accounts using their ATM cards.

A number of foreign citizens have been arrested for passing counterfeit currency they had earlier received in change. If you receive what you, believe to be a counterfeit bank note, bring it to the attention of Mexican law enforcement.

“Express" kidnappings, an attempt to get quick cash from ATM’s or in exchange for the release of an individual, have occurred in almost all the large cities in Mexico and appear to target not only the wealthy, but also middle class individuals.

Criminal assaults occur on highways throughout Mexico; travelers should exercise extreme caution at all times, avoid traveling at night, and may wish to use toll (“cuota”) roads rather than the less secure “free” (“libre”) roads whenever possible. In addition,

you should not hitchhike or accept rides from, or offer rides to, strangers anywhere in Mexico. Tourists should not hike alone in backcountry areas, nor walk alone on lightly-frequented beaches, ruins or trails.

Attachment 1

2005 Reported Kidnapping Statistics

Number of officially reported kidnapping for ransom cases in Mexico during 2005, listed by state or Mexico City specifically. (Highlights indicate areas covered in this report.) Conservative estimates put the total number of kidnappings for ransom in Mexico between 1500 and 2000.

State or Federal District	No. Cases	Percentage
Federal District	185	34.8
México	135	25.4
Guerrero	32	6
Michoacán	28	5.3
Chihuahua	19	3.6
Veracruz	17	3.2
Baja California	13	2.4
Chiapas	12	2.3
Morelos	11	2.1
Sinaloa	11	2.1
Puebla	10	1.9
Durango	7	1.3
Sonora	7	1.3
Hidalgo	7	1.3
Oaxaca	7	1.3
Tamaulipas	6	1.1
Jalisco	6	1.1
Tlaxcala	5	0.9
Guanajuato	5	0.9
Campeche	2	0.4
Nuevo León	2	0.4
Colima	1	0.2
Nayarit	1	0.2
Zacatecas	1	0.2
Querétaro	1	0.2
San Luis Potosí	1	0.2
Aguascalientes	0	0
Baja California Sur	0	0
Coahuila	0	0
Quintana Roo	0	0
Tabasco	0	0
Yucatán	0	0
TOTAL	**532**	**100**