

Date: Sun, 20 Dec 2009 19:42:08 -0500
To: "Dr. Baruch Fischhoff - Chair, National Academy of Sciences Study on Social & Behavioral Science and Improving Intelligence for National Security" <baruch@cmu.edu>
From: Lloyd Etheredge <lloyd.etheredge@policyscience.net>

**Subject: Two Tests: Admiral Blair's system v. professional journalists;
Mirror neuron activation and empathy**

Dear Dr. Fischhoff & Colleagues:

If Admiral Blair will allow you to do a parallel comparison, the Study Group might find it useful to compare two recent investigative stories by professional journalists re the US-Mexico Drug War (below) with what US intelligence services told President Obama and other senior government officials about these unexpected problems in their forecasts and in the Daily Intelligence Brief.

The comparison might help the National Academy of Sciences to suggest ideas to improve government data, analysis, and forecasting [i.e., including strategy and implementation problems of US agencies] and communication to decision makers.

There also are quotations and other human dimensions, included in the investigative stories that may help US political leaders to think about the problem: I hope that you include empathy within your purview: Alongside analysis tools, political leaders need resources that help them to create empathy. This probably requires social science/behavioral science advice to the DNI re activation of mirror neurons, not merely supporting analytical activity in the neo-cortex.

With best wishes for the holidays,
Lloyd E.

Mexico's drug cartels siphon liquid gold:

Bold theft of \$1 billion in oil, resold in U.S., has dealt a major blow to the treasury - by Steve Fainaru and William Booth, Washington Post. Sunday, December 13, 2009.

MALTRATA, MEXICO -- Drug traffickers employing high-tech drills, miles of rubber hose and a fleet of stolen tanker trucks have siphoned more than \$1 billion worth of oil from Mexico's pipelines over the past two years, in a vast and audacious conspiracy that is bleeding the national treasury, according to U.S. and Mexican law enforcement officials and the state-run oil company.

Using sophisticated smuggling networks, the traffickers have transported a portion of the pilfered petroleum across the border to sell to U.S. companies, some of which knew that it was stolen, according to court documents and interviews with American officials involved in an expanding investigation of oil services firms in Texas.

The widespread theft of Mexico's most vital national resource by criminal organizations represents a costly new front in President Felipe Calderón's war against the drug cartels, and it shows how the traffickers are rapidly evolving from traditional narcotics smuggling to activities as diverse as oil theft, transport and sales.

Oil theft has been a persistent problem for the state-run Petroleos Mexicanos, or Pemex, but the robbery increased sharply after Calderón launched his war against the cartels shortly after taking office in December 2006. The drug war has claimed more than 16,000 lives and has led the cartels, which rely on drug trafficking for most of their revenue, to branch out into other illegal activities.

Authorities said they have traced much of the oil rustling to the Zetas, a criminal organization founded by former military commandos. Although the Zetas initially served as a protection arm of the powerful Gulf cartel, they now call their own shots and dominate criminal enterprise in the oil-rich states of Veracruz and Tamaulipas.

"The Zetas are a parallel government," said Eduardo Mendoza Arellano, a federal lawmaker who heads a national committee on energy. "They practically own vast

stretches of the pipelines, from the highway to the very door of the oil companies."

The Zetas earn millions of dollars by "taxing" the oil pipelines -- organizing the theft themselves or taking a cut from anyone who does the stealing, according to Mexican authorities. The U.S. Treasury Department this summer designated two Zeta commanders as narcotics "kingpins," which allows authorities to seize assets.

The Zetas often work with former Pemex employees, according to Ramón Pequeño García, chief of anti-drug operations at Mexico's Public Security Ministry. The former employees "are highly skilled people who have the technical knowledge to extract oil from the pipelines. They are now under the control of the Zetas," Pequeño said.

Across the border

This year, executives of four Texas companies pleaded guilty to felony charges of conspiring to receive and sell millions of dollars worth of stolen petroleum condensate. U.S. law enforcement officials said in interviews that they have no evidence showing that the men were connected to drug traffickers.

During his September arraignment in Houston, Arnoldo Maldonado, president of Y Gas & Oil, pleaded guilty to receiving about \$327,000 to coordinate at least three deliveries of tankers filled with stolen condensate to another Texas company, Continental Fuels, according to a court transcript of the hearing.

Asked by U.S. District Judge Ewing Werlein Jr. how the condensate had been stolen from Pemex, Maldonado replied: "I have no idea on that, sir."

Donald Schroeder, a former president of Houston-based Trammo Petroleum, pleaded guilty in May to buying \$2 million worth of stolen Mexican condensate, according to a transcript of the hearing. Schroeder re-sold the condensate to another company, BASF, for a \$150,000 profit, prosecutors told the court.

A spokesman for BASF, which has not been implicated in the case, said the company was unaware that the material was stolen and is cooperating with the investigation.

In August, U.S. authorities presented the Mexican government with an oversize check for \$2.4 million as a repayment.

A sophisticated operation

Pemex reported losing \$715 million worth of oil to theft last year. The company said it discovered 396 clandestine taps. This year, Pemex projects it will lose at least \$350 million to oil pilfering. Nearly half of the thefts occur in the rugged hills around Veracruz, a largely rural state situated in a region with 2,136 miles of pipeline running from the Gulf of Mexico to refineries in other parts of the country. To steal the oil, Mexican authorities said, thieves sometimes use safe houses from where they build extensive tunnel networks leading to the pipelines. They fabricate powerful drills that enable them to puncture the highly pressurized steel pipes and extract the oil without causing spills or suspicious drops in pressure. Pemex officials said they have found clandestine taps with as many as five spigots.

In Maltrata, in central Veracruz, Pemex officials showed a reporter a four-foot-deep, six-foot-wide trench ringed by yellow police tape that they said had been dug by thieves to reach an underground pipeline in a clearing near a federal highway last month.

After perforating the exposed two-foot pipeline using a hand-tooled drill and connecting valves to regulate the pressure, the officials said, the traffickers ran a 300-yard hose through the brush to a tanker and filled it with about 200 barrels of crude oil.

"They are very sophisticated -- in some cases, it's three kilometers from the pipeline to the tanker where they deposit the oil," said Mauro Cáceres, who oversees the pipeline network in the region. "It is just constant. They take, and they take, and they take, and they take."

Pemex lost 140,141 barrels of oil to theft last month in the Veracruz region alone, the company reported. At \$75 a barrel, the current market price for Mexican oil, the loss comes to \$10 million. The company reports that oil rustlers are stealing from the pipelines in all 31 Mexican states.

Defending the pipelines

"When they steal this oil, it's not just a regular crime," said Mendoza, the federal deputy. "It becomes a crime against society, because the people who steal this oil the next day are using it to kidnap us. Tomorrow, with that oil money, they are shipping drugs."

The theft is both a symbolic and financial blow to the Mexican government. Taxes paid by Pemex account for 40 percent of the federal budget. Pemex still owns and operates almost every gas station in Mexico. Juan José Suárez, Pemex's chief executive officer, said in an interview at the company's headquarters in Mexico City that the oil theft is a crime against all Mexican citizens: "This is not taking from Pemex; it's taking from the owners of Pemex. This is the net worth of everybody."

Mexico has launched an all-out campaign to defend the pipelines, drawing in the army, the attorney general's office, the Interior Ministry and the customs service. During the past two years, the government has conducted helicopter overflights, installed electronic detection devices inside the pipelines and beefed up Pemex's private security force.

Suárez estimates that Pemex will spend hundreds of millions of dollars over the next three years defending its pipelines. With the company's maintenance staff overwhelmed, Pemex assembled 20-man teams this year to repair breaches caused by theft.

"The teams are working day and night," Cáceres said.

Pemex sent out a call for help to the federal government in 2007. In June that year, Mexican customs officials informed U.S. Immigration and Customs Enforcement (ICE) that they had discovered dozens of Mexican companies that appeared to be conspiring with U.S. firms to export stolen petroleum products across the border.

Working closely with the Mexican customs service, ICE investigators said, they soon uncovered a network of Mexican and American companies that shipped stolen oil to the United States in tankers, stored it in aboveground containers in Texas and then shipped it in barges to end users in the United States.

With oil prices then at record highs, the scheme allowed U.S. companies to buy petroleum products at below-market value. The scam involved hundreds of people, according to Jerry Robinette, special agent in charge of the ICE office of investigations in San Antonio, which is overseeing the probe.

"The folks that made the most amount of money are the people who are going to harm us the most, and that was the organized crime in Mexico," Robinette said.

Staff researcher Julie Tate in Washington contributed to this report.

The New York Times. December 18, 2009

War Without Borders: Hired by Customs, but Working for Mexican Cartels

By RANDAL C. ARCHIBOLD

SAN DIEGO _ At first, Luis F. Alarid seemed well on his way to becoming a customs agency success story. He had risen from a childhood of poverty and foster homes, some of them abusive, earned praise and commendations while serving in the Army and the Marines, including two tours in Iraq, and returned to Southern California to fulfill a goal of serving in law enforcement.

But, early last year, after just a few months as a customs inspector, he was waving in trucks from Mexico carrying loads of marijuana and illegal immigrants. He pocketed some \$200,000 in cash that paid for, as far as the government could tell, a \$15,000 motorcycle, flat-screen televisions, a laptop computer and more.

Some investigators believe that Mr. Alarid, 32, who was paid off by a Mexican smuggling crew that included several members of his family, intended to work for smugglers all along. At one point, Mr. Alarid, who was sentenced to seven years in federal prison in February, told investigators that he had researched just how much prison time he might get for his crimes and believed, as investigators later reported, that he could do it "standing on his head."

Mr. Alarid's case is not the only one that has law enforcement officials worried that Mexican traffickers _ facing beefed-up security on the border that now includes miles of new fencing, floodlights, drones, motion sensors and cameras _ have stepped up their efforts to corrupt the border police.

They research potential targets, anticorruption investigators said, exploiting the cross-border clans and relationships that define the region, offering money, sex, whatever it takes. But, with the border police in the midst of a hiring boom, law enforcement officers believe that traffickers are pulling out the stops, even soliciting some of their own operatives to apply for jobs.

"In some ways," said Keith Slotter, the agent in charge of the F.B.I.'s San Diego office, "it's like the old spy game between the old Soviet Union and the U.S. _ trying to compromise each other's spies."

James Tomsheck, the assistant commissioner for internal affairs at Customs and Border Protection, and other investigators said they had seen many signs that the drug organizations were making a concerted effort to infiltrate the ranks.

"We are very concerned," Mr. Tomsheck said. "There have been verifiable instances where people were directed to C.B.P. to apply for positions only for the purpose of enhancing the goals of criminal organizations. They had been selected because they had no criminal record; a background investigation would not develop derogatory information."

During a federal trial of a recently hired Border Patrol agent this year, one drug trafficker with ties to organized crime in Mexico described how he had enticed the agent, a close friend from high school in Del Rio, Tex., who was entering the training academy, to join his crew smuggling tons of marijuana into Texas.

The agent, Raquel Esquivel, 25, was sentenced to 15 years in prison last week for tipping smugglers on where border guards were and suggesting how they could avoid getting caught.

The smuggler, Diego Esquivel, who is not related to the agent, said he told her that her decision to enter the academy was a good career move and, he said, "I

thought it was good for me, too."

Under the Bush administration, the United States has spent billions of dollars _ \$11 billion this year alone for Customs and Border Protection _ to tighten the border between the United States and Mexico, building up physical barriers and going on a hiring spree to develop the nation's largest law enforcement agency to patrol the area.

But the battle for survival among cartels in Mexico, in which thousands of people, mostly in the drug trade or fighting it, have been killed, has only led drug traffickers to redouble their efforts to get their drugs to market in the United States.

Along the border, many residents have family members on both sides. Generations of residents have been accustomed to passing back and forth relatively freely, often daily, and exchanging goods, legal or not.

Federal officials believe that drug traffickers are seeking to exploit those ties more than ever, urging family and friends on the American side to take advantage of the hiring rush for customs agents. The majority of agents and officers stay out of crime. But smuggling can be appealing. The average officer makes \$70,000 a year, a sum that can be dwarfed by what smugglers pay to get just a few trucks full of drugs into the United States.

Right now, only a fraction _ 10 percent or so _ of Customs and Border Protection recruits are given a polygraph screening that federal investigators say has proved effective in weeding out people with drug ties and other troublesome backgrounds. Officials say they do not have the money to test more recruits.

In years past, new hires rarely served in the areas where they had grown up, but recently that practice has been relaxed somewhat to attract more recruits, said Thomas Frost, an assistant inspector general at the Department of Homeland Security. Mr. Frost and other internal affairs veterans say that has made it easier for traffickers.

Mr. Tomsheck said that several prospective hires had been turned away after investigators suspected that they had been directed to Customs and Border Enforce-

ment by drug trafficking organizations, and that several recent hires were under investigation as well, though he declined to provide details.

As one exasperated investigator at the border put it, “There is so much hiring; if you have a warm body and pulse, you have a job.”

The F.B.I. is planning to add three multiagency corruption squads to the 10 already on the Southwest border, and the Department of Homeland Security’s inspector general, the department’s primary investigative arm, has also added agents. But such hiring has not kept up with the growth of the agency they are entrusted to keep watch over.

Over all, arrests of Customs and Border Protection agents and officers have increased 40 percent in the last few years, outpacing the 24 percent growth in the agency itself, according to the Department of Homeland Security inspector general’s office. The office has 400 open investigations, each often spanning a few years or more.

Keith A. Byers, who supervises the F.B.I.’s border corruption units, said corruption posed a national security threat because guards seldom verify what is in the vehicles they have agreed to let pass, raising concerns “they could be letting something much more dangerous into the U.S.”

Most corrupt officers gravitate to smuggling illegal immigrants, rationalizing that is less onerous than getting involved with drugs, investigators say.

But Mr. Byers and others point to a string of drug-related cases that make them wonder if the conventional wisdom is holding.

Margarita Crispin, a former customs inspector in El Paso, pleaded guilty in April 2008 and received a 20-year prison sentence in what the F.B.I. considers one of the more egregious corruption cases.

Through a succession of boyfriends and other associates with ties to major drug trafficking organizations in Ciudad Juárez, Mexico, Ms. Crispin helped smuggle thousands of pounds of marijuana over three years, almost from the time she began

working for the agency.

She waved off drug-sniffing dogs in her lane, complaining she was afraid of them, although investigators later learned she had had dogs as pets.

“She is someone who from the beginning said this would be a good job to help the people I am associated with,” Mr. Byers said.

Just last month, Martha Garnica, a 12-year Customs and Border Protection employee near El Paso, was charged with bribery and marijuana smuggling in concert with traffickers in Ciudad Juárez.

Ms. Garnica’s 21-year-old daughter had also sought a job with the Border Patrol, in what investigators deemed a suspicious move given her mother’s alleged involvement in the drug trade.

The daughter, testifying in court last week, admitted she had lied on the application both about being a United States citizen and about owning property in Mexico. A spokesman for the United States Attorney’s Office in El Paso declined to comment.

Mr. Alarid’s history in the military probably made him seem like a good candidate for the customs job. But he had a tangled family history. According to court papers, both his parents were drug addicts.

Mr. Alarid was born in Tijuana, Mexico, but raised largely in foster homes in Southern California. He emerged from high school a track star and, over the next 10 years, did stints in the Marines and the Army, drawing praise from commanders for his dedication and service.

“I would willingly trust Luis with my life,” Sgt. Maj. Michael W. Abbey of the Army wrote in a letter to the judge before Mr. Alarid was sentenced in February.

Mr. Alarid began working at the border in San Diego in October 2007. In his guilty plea, he admitted that he had started smuggling in February 2008. He was arrested three months later.

Mr. Alarid would wave in vehicles that should have raised suspicion, either because their license plates were partly covered or because the plates did not belong to the vehicle, something he would have seen on the computer screen in his inspection booth.

Before reporting to his lane, he would go out to the employee parking lot to use his cellphone, which federal agents believe was his way of telling the smugglers which lane to approach.

At his sentencing, all involved — the prosecutors, the judge, his lawyer — expressed bewilderment at the turn in Mr. Alarid's life. But in an interview, a family member who was not part of the case said Mr. Alarid had mounting gambling debts and, despite it all, had always sought a bond with his biological mother.

Still, Judge Janis L. Sammartino accepted the government's argument that a deterrent message needed to be sent.

"I do think that the public, for a while at least, needs to be assured that who we have at the border are 100 percent individuals of integrity," she said. "I think you were at one time. I don't know what went wrong for you, sir, and I hope that you attain that again."

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