1. (C) Summary: Cartel related violence continues to stress the Monterrey public and local civil society. After the arrest of a drug peddler, gunmen attacked Santa Catarina law enforcement officials, severely injuring the city's police chief. One suspect in the attack, delivered into military custody, was found dead (and bearing signs of torture) shortly thereafter. State officials admitted misidentifying as gangsters two students who were killed during a gunfight between army troops and cartel members. Assailants tossed an explosive device at a local PGR branch office, 81 state police were fired for helping cartels establish over 31 narco-roadblocks on March 19, troops seized a record stash of armaments in a rural area, and violence continued in towns near the Tamaulipas border. Finally, in a recent press interview embattled San Pedro Mayor (and former federal Senator) Mauricio Fernandez admitted that an arrested Beltran-Leyva plaza boss was part of the Mayor's squad. End summary.

Police Chief Ambushed, Assailant Found Dead After Arrest
2. (SBU) On March 21, gunmen ambushed a convoy carrying the Santa Catarina municipal Secretary of Public Safety and municipal Police Chief Rene Castillo, killing a bodyguard and one civilian as they sought to transport a suspect who had just been arrested for drug-peddling. (Santa Catarina is a Monterrey suburb where the new Consulate will be located.) Media reported that the police chief sustained several injuries. Several bystanders were injured in the fusillade.

3. (C) The Santa Catarina Police arrested one attacker and transferred him into the custody of Mexican Marines. Authorities found the suspect's body in the early morning of March 22 in San Nicolas, another Monterrey suburb located near the city's international airport. His body was handcuffed and reportedly bore signs of torture. He was last photographed alive as he climbed into a Marine helicopter on March 21. After the press broke the story on March 22,

Who Was Killed at Monterrey Tec?

4. (SBU) On March 21, visibly shaken Monterrey Tec Rector Rafael Rangel told media that the two persons killed during a March 19 shootout between the Mexican army and cartel members (ref A), were engineering graduate students on scholarships and not cartel members. The students were killed near the university library, but army troops did not allow Tec security personnel access to the bodies. Both bodies reportedly had no student identification badges, but were studying at the university library at the time.

5. (C) In his statement, Rangel was highly critical of state Attorney General Alejandro Garza y Garza (as well as USG and GoM policies in countering organized crime in Mexico), who initially identified the dead students as organized criminals and claimed that no student had been killed. Garza blamed the military for the error, saying the army had mistakenly misidentified the bodies earlier.

(Comment: Prestigious Monterrey Tec wields considerable influence with state officials. A look at the impact of the violence on Tec operations will follow septel. End comment.)

Federal Police Station Bombed
6. (C) On March 22, unknown assailants lobbed at least one hand grenade at a Federal Attorney General (PGR) branch office located in the Monterrey suburb of Guadalupe. Preliminary reports indicated that no one was injured.

Military units often deposit captured criminals at PGR offices to process and transfer to federal detention.

Preliminary reports indicated that no one was injured.

7. (C) On March 21, Nuevo Leon Rodrigo Medina admitted to media that the Zeta drug trafficking organization (DTO) had co-opted some state and police officials. The next day, the state suspended 81 police for cooperating with the DTO on March 19, when organized gangsters used hijacked trucks and buses - some of which were set ablaze - to establish at least 31 roadblocks in and around Monterrey (ref A), effectively halting travel north to the border towns of Reynosa, Nuevo Laredo and Colombia. Some observers believe the cartels blocked the roads to impede troop movements. Others think the blockages were designed to send a message to state/local officials that ultimately the cartels, not the government, called the shots.

8. (C) On March 19, Marines conducting routine helicopter surveillance in the town of Fresnillo, Nuevo Leon, spotted engaged armed gunmen they spotted hiding under trees, killing one gunman. After the engagement, Marines confiscated at least three grenades, six vehicles, and three long guns.

9. (C) On March 18, in the rural town of El Carmen, Nuevo Leon, troops discovered over 270,000 cartridges (some large caliber) and 5,000 ammunition clips, and 22 grenades near a pig farm.

This follows a March 8 rural seizure of 12 long arms, 110 cases of weapons of various calibers, 3,549 cartridges, four rocket propelled grenades and one hand grenade. Recent finds have far exceeded the total number of cartridges officials reported seizing in 2009 (23,937). (Comment: Media reported 100,000 cartridges recovered.)
Violence Continues Near Tamaulipas Border

10. (C) In the northeastern Nuevo Leon town of China, near the Tamaulipas border, troops killed four presumed cartel members in a March 12 battle with the army. During the action at a local farm, troops freed several kidnap victims and confiscated a number of arms, including grenades, and vehicles from cartel members. Media reported one soldier wounded. China has been the locus of fighting between military forces and cartel members since the rift between the Zetas and Gulf Cartel escalated into full-scale warfare between the two DTOs (ref B).

11. (C) Meanwhile, it is now clear that the conflagrations have reached beyond Tamaulipas and Nuevo Leon as well. During a recent visit to the state of San Luis Potosi, [ ] told the Consul General that the state's southeastern city of Ciudad Valles, around two hours south of the Tamaulipas city of Ciudad Victoria, has become increasingly violent due to battles between the military, the Gulf Cartel, and the Zetas. We were told that citizens in Ciudad Valles, fearful for their safety, had begun to limit their movements during night-time hours and some parents were refusing to send their children to school.

San Pedro's [ ]

12. (C) Finally, in the wake of the recent arrest of "Chico Malo," the Beltran-Leyva plaza boss in the upper-class suburb of San Pedro, that city's Mayor - Mauricio Fernandez - has admitted to the press that he had paid Chico Malo to funnel intel on rival drug gangs to him.

Comment

13. (C) Monterrey continues to suffer from the latest round of violence. The presence of military forces has become commonplace
Over the past few weeks, the media has highlighted the absence of civilians in normally crowded areas, such as Monterrey's "Old Town" on a Saturday night.

14. (C) Due to the sharp increase in thefts (over 1100 percent in San Pedro), insurance companies are reportedly raising rates and increasing deductibles to up to 20 percent. U.S. citizens are becoming more concerned as the news of the conflict spreads across the border.

15. (C) The struggle between the Gulf Cartel and the Zetas has clearly shifted from the border to the outlying towns in Nuevo Leon state.

16. (C) The military, particularly the marines, has been aggressively targeting cartel figures, leading to shootouts during military attempts to arrest high-ranking cartel members and during chance encounters with cartel motorcades. Post anticipates that the violence could persist for some time, given that the Zetas, despite their recent losses in the north, still have considerable resources.

WILLIAMSON