

KIDNAP BRIEFING

MONTHLY



ISSUE 100 | June 2014

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This is the one-hundredth issue in a series of kidnap-focused reports prepared by **Control Risks** on behalf of Hiscox. The Monthly Kidnap Briefing is distributed to select clients in order to keep you informed of the trends in kidnapping worldwide and assess the risk of kidnapping to your business.

This issue includes an overview of kidnapping-for-ransom trends in May 2014, a brief on extortion in Mexico and a focus on kidnapping in Iraq.

Prepared by **Control Risks**

for
HISCOX

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Americas



In **Venezuela**, the head of the Police Corporation for Scientific, Penal and Criminal Investigations (CICPC) José Gregorio Sierralta on 15 May claimed that the number of kidnapping cases reported in the country had declined by 54% over the past year. However, he did not indicate to which specific period the 54% decline referred. Sierralta declared that the decline in the number of reported kidnaps reflected the work of 26 dedicated search and arrest teams working across the country. He added that 93 gangs dedicated to kidnapping and extortion were operating in the country. The CICPC figures are unlikely to reflect the full extent of Venezuela's kidnapping-for-ransom problem. Most cases in the country are not reported to the police, while the government's crime statistics are widely considered unreliable. Venezuela remains a high-risk country for kidnapping-for-ransom. In 2013, the country was second only to Mexico in the list of Latin America's top countries for kidnapping-for-ransom, with 13% of recorded kidnaps in Latin America occurring there.

In **Mexico**, Senator Francisco Javier García Cabeza de Vaca on 29 April claimed that he had been the target of an attempted kidnap near Reynosa (Tamaulipas state). According to the senator, the incident occurred at 05.30 (local time) as he was driving to Reynosa airport to return to the capital Mexico City. Heavily armed men travelling in a van reportedly attempted to detain him, though he managed to escape. The incident reflects the latest wave of violence in the cities of Reynosa, Tampico and Matamoros (all Tamaulipas), which emerged at the beginning of April. The violence is believed to be the result of a struggle for control of the Gulf Cartel following the loss of key leaders as well as long-running infighting. The incident also highlights the HIGH kidnapping risk rating for Mexico. According to Control Risks' figures, Tamaulipas has experienced the most kidnapping incidents of any state in 2014 outside the central states of Mexico, Morelos and the Federal District, which together host the majority of incidents. While in 2009, Tamaulipas accounted for 2% of kidnaps in Mexico, since the start of the year, it has experienced 7% of kidnaps.

In **Haiti**, a 62-year-old Dominican national was kidnapped on 1 May in the commune of Cerca-Cavajal (Centre department). The victim was abducted when he arrived to consult a voodoo priest in the area. The kidnappers demanded a ransom of DOP 1.5m (US\$39,000). The victim's family went to the police station in Hinche (Centre department) to conduct negotiations, allowing police to discover where the victim was being held. The victim was rescued on 3 April following a police operation, during which the kidnappers were arrested. The development follows the kidnap of a US-Syrian businessman in the capital Port-au-Prince (Ouest department) on 17 February. However, given the unusual nature of this incident and the isolated location in which it took place, there is no evidence to suggest that it points to a higher risk of kidnapping for foreign nationals. The kidnapping risk rating for Haiti is HIGH. The majority of incidents take place in Port-au-Prince and the Cap-Haitien area (Nord department). Small gangs motivated by financial gain are responsible for most kidnaps.

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Africa



The threat of kidnapping from Islamist militants operating in northern **Cameroon** was highlighted once again this month when suspected Boko Haram operatives late on 16 May attacked a project site near Waza (Extreme North region) and kidnapped ten Chinese road workers following a five-hour gun battle. According to media reports, one soldier was killed and a Chinese national was injured in the attack.

This incident is likely to reflect Boko Haram's continued high intent and capability to stage abductions in Extreme North region. The few foreign nationals that remain in the area face a particularly high risk of kidnapping because they offer the greatest political and financial leverage. Islamist groups have been known to make financial and political demands simultaneously, often relating to the release of operatives detained in Nigerian or Cameroonian prisons.

Boko Haram-linked factions have kidnapped tourists and expatriate workers in three cross-border raids in Extreme North region since the beginning of 2013. Despite the deployment of an elite Cameroonian army unit – the Rapid Intervention Brigade (BIR) – to the region, significant improvements in the security environment are unlikely in the short-to-medium term because of the porous borders with Nigeria's restive north-east and Boko Haram's increased intent to engage in kidnapping-for-ransom.

In **Libya** the Jordanian ambassador to Libya, Fawaz al-Aitan – who was kidnapped on 15 April in Tripoli – was freed and returned to Jordan on 13 May after his government agreed to release Mohamed Dersi, a Libyan Islamist militant serving a life sentence in Jordan on terrorism charges. According to Jordan's foreign minister, al-Aitan's release was agreed after discussions with the Libyan authorities and did not result from negotiation with the kidnapers; however, this could not be confirmed. The diplomatic community in Tripoli and Benghazi already constitutes a prominent target group for militant groups. The perceived willingness of Libyan and Jordanian authorities to engage with the demands of a kidnapping group is likely to increase the incentives for militants seeking political leverage to kidnap foreign diplomats and other expatriate staff in the short-to-medium term.

Although militant groups are responsible for a significant proportion of kidnapping-for-ransom in Libya, criminal kidnapping groups with purely financial motivations have also become more prevalent since the 2011 revolution. These groups – which benefit from the lack of effective law enforcement and easy access to weapons – have targeted both locals and expatriates and issued substantial financial demands for their release. Wealthy local businesspeople are most commonly targeted, though expatriate employees – including three Italians, a South Korean, and the British head of the Benghazi International School – were also kidnapped in the first four months of 2014.

In **Mali** Tuareg separatists in Kidal (Kidal region) kidnapped around 30 government officials during violent clashes that coincided with the visit of Prime Minister Moussa Mara to the town on 17 May. The men were released unharmed two days later in unclear circumstances. Kidnapping-for-ransom has not been a key strategy of Tuareg groups. The principal kidnapping threat emanates instead from Islamist networks in northern Mali which have a stated intent and known capability to target local and foreign nationals with a view to securing political and financial concessions.

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Middle East



An Iraqi national was kidnapped in **Lebanon** after arriving to pay the ransom of a relative. The initial victim, Iraqi contractor Wael al-Jabouri was abducted in Douhat Aramoun (Mount Lebanon governorate) in early May after kidnappers lured him to a meeting by pretending to be interested in purchasing a flat from him. Al-Jabouri was released in mid-May after the payment of US\$50,000, but Majid al-Nashi was detained in his place as the kidnappers claimed he had not brought the full ransom amount with him. The kidnappers then demanded an additional US\$200,000 but al-Nashi was rescued on 19 May.

Two aid workers who were kidnapped in north-western **Syria** in early January were released on 14 May. There were initially five victims but three were reportedly released in early April. The circumstances surrounding the two releases were not clear. Also on 14 May, Anthony Loyd and Jack Hill of The Times were kidnapped with their fixer as they tried to leave Syria through Aleppo governorate. The kidnappers were thought to be members of the rebel group that was supposed to be protecting them. Following an escape attempt, both men were beaten and Loyd was shot twice in the leg. Their fixer managed to get away during the escape and raise the alarm. They were released when members of the rebel group Islamic Front confronted the kidnappers over the incident.

A German student kidnapped in the **Yemen** capital, Sanaa, in early February was released on 13 May. The negotiation was reportedly led by the governor of al-Jawf, who allegedly promised that the kidnappers' relatives would be freed in exchange for the release of the victim. It was unclear whether the kidnappers' earlier demand for US\$5m was met in full or in part. Subsequently, on 28 April, a German diplomat was injured in an apparent kidnap attempt close to the German embassy in the Hadda district of Sanaa. Gunmen tried to intercept the diplomat's vehicle but the driver refused to stop. The gunmen fired their weapons, injuring the diplomat in the leg.

Asia



The kidnap of a Chinese tourist in Khyber Pakhtunkhwa on 19 May was a reminder of the risks that foreign nationals face when travelling through remote areas of **Pakistan**. The victim was reportedly on a cycling tour of the country, starting in Lahore (Sindh province), then travelling to Quetta (Baluchistan province) via Peshawar (Khyber Pakhtunkhwa province). A senior Taliban commander reportedly claimed responsibility for the kidnap and said that they would use the victim to demand the release of Taliban fighters in Pakistan government custody. Reported incidents of kidnaps affecting foreign nationals in Pakistan are few compared to those of Pakistani nationals. However, foreign nationals remain at serious risk of abduction. Kidnappers in Pakistan, particularly militant groups, have demonstrated significant capability; a Spanish cyclist, who was being escorted by members of the Levies Force, was injured in an attempted kidnap in Dalbandin (Baluchistan province) on 22 January. Six members of the Levies Force were killed in the attack and at least nine others were injured.

The Philippines-based Abu Sayyaf Group (ASG) appears to have increased its activity on the eastern coast of **Malaysia** and surrounding sea. The 2 April abduction of a Chinese tourist and a Filipina employee from an east coast resort was followed on 6 May by the kidnap of a Chinese manager of a cage fish breeding company. Local security forces engaged the kidnappers in a shoot-out following the abduction, but they were able to escape into international waters. Additionally, two German nationals who were reported missing from a yacht in the waters between Palawan (Philippines) and Sabah (Malaysia) in the last week of April are suspected to be in ASG captivity.

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Police in **Singapore** reportedly received 91 complaints of virtual kidnapping in the first quarter of 2014. Twelve of the attempts by extortionists were successful, leading to a cumulative loss of SG\$60,000 (US\$48,000). During the same period in 2013, the police received just 49 complaints, suggesting that virtual kidnapping scams are increasing. Police have indicated that all of the victims' phone numbers began with 6363. They believe that the extortionists may begin to target victims with phone numbers beginning with 6364. Traditional kidnapping-for-ransom is rare in Singapore, where perpetrators can face the death penalty if convicted. Virtual kidnapping is more common because there are fewer operational risks associated with the crime, given that the kidnappers are never co-located with the victims and cannot therefore be easily identified.

Two Chinese nationals were kidnapped in a rare incident involving foreign nationals in **Myanmar**. A local national was also taken but released shortly afterwards. The Chinese victims were surveying a southern area of a controversial copper mine in Sagaing division when activists kidnapped them. The group, named as the Student Network of Mandalay, reportedly issued several demands including the immediate cessation of work on the project. Both victims were released the following day but it was not clear whether any concessions were made. This incident is unlikely to reflect an increase in the overall kidnap risk to foreign nationals in Myanmar. The project had met with substantial local opposition on account of concerns about land-grabbing and the environmental impact of the mine and this incident was an escalation of the dispute.

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BRIEF ON LATIN AMERICA



EXTORTIVE CRIME IN MEXICO: TACTICS AND TRENDS IN LIGHT OF THE NATIONAL CITIZEN OBSERVATORY'S LATEST REPORT

On 27 February, Mexico's National Citizen Observatory (Observatorio Nacional Ciudadano - ONC) released its latest report entitled *Extortion in Mexico: Challenges and Opportunities*, in which the organisation claimed that incidents of extortion in Mexico have risen by 818% over the past 16 years. The study details that in 2013, there were 8,042 cases of extortion reported to the authorities – the equivalent of 22 cases each day – which represents a rise of 10.6% compared with 2012, a rise of 158% compared with 2007, and 501% compared with 2001.

The publication of this report is significant given the pervasiveness of the crime; reported cases of kidnap are dwarfed by incidents of extortion. While the government is making moves to show that it is attempting to deal with higher-impact crime, such as kidnapping, at least in a nominal sense, this is not the case with regard to extortion. As the study comments, government initiatives to tackle the problem have been limited to a public awareness campaign on television. As such, the crime goes largely unabated and affects all sectors of society.

It is important to bear in mind that the data used in the ONC's report come from official statistics taken from the National Public Security System and the National Institute of Statistics and Geography, and, as such, are subject to the usual caveats. As the report itself admits, the absolute numbers cited in the study do not reflect the reality; as with many other crimes in Mexico, incidents of extortion largely go unreported, either due to a lack of trust in law enforcement agencies or fear of reprisals from extortionists. However, the study is instructive in providing an important insight into national trends regarding extortion.

In light of the report, this article aims to outline the main forms that extortive crime takes in Mexico as well as to identify the main actors behind extortion and their victims.

TACTICS INVOLVING EXTORTION

The ONC's report identifies three broad categories of extortion prevalent in Mexico: telephone extortion (including virtual kidnaps), cyber extortion, and what is known in Spanish as *cobro de derecho de piso*, which can be loosely translated as forced protection payments. However, for the purposes of this report, extortions will be addressed under two categories: extortions carried out remotely and extortions carried out in person.

EXTORTIONS CARRIED OUT REMOTELY

These are staged either over the telephone or via the Internet. They frequently take the form of scams. The most common form of scams over the telephone is that of virtual kidnaps, in which an anonymous caller leads their victim to believe that a loved one has been kidnapped and that they will only be released on payment of a ransom. The criminal will have also contacted the family member of the victim in question and persuaded them to move to an isolated location known only to the kidnapper where their family cannot contact them, such as a hotel.

Other scams that have become prevalent more recently involve calls or emails that lead victims to believe that they have won a prize that can only be claimed through some form of payment or by providing those who are contacting them with credit card or bank account details. Control Risks has recorded various cases recently where children are targeted for these types of scams, as they are evidently more likely to believe the caller's claims.

One of the most common forms of remotely perpetrated extortion is the use of threatening telephone calls or emails, in which criminals threaten the victim or a family member with violence if a payment is not made. Criminals will often claim membership of a notorious criminal organisation, such as Los Zetas or La Familia Michoacana, to increase the credibility of their claims and to further intimidate the victim.

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Cyber extortion is another form of the crime carried out remotely which has become more common in recent years; in many cases it results in theft via the Internet. One example is the use of so-called 'ransom-ware', which involves an attack on a victim's computer often set off by accessing a particular website, or the theft of email or social network accounts. These tactics allow hackers to steal personal information or documents, or to demand ransoms against a threat to leak sensitive information or pass it to third parties.

In most forms of extortion carried out remotely, criminals will attempt to increase the credibility of the threat by claiming knowledge about the victim, such as the car they drive, their address or other details about their routines, or by providing information about their family, such as the number of children they have or where their children go to school. Such information can be obtained through public sources, such as social media sites, but in some cases extortionists obtain personal information about targets from corrupt officials or employees.

The perpetrators of extortions carried out remotely are most likely to be members of criminal gangs or prisoners who have access to mobile telephones or act as ring leaders. Extortions carried out remotely have become prevalent given the lack of infrastructure and effort needed to carry them out and the low likelihood of being identified. Criminals only need a telephone to perpetrate this form of extortion and in many cases extortionists are not in the same city, state or even in the same country as their victims. In one recent case, it was reported that extortionists operating in northern Mexico used telemarketing tactics to cold call people living in the US in order to extort money from them.

While the majority of extortion victims in Mexico are local nationals, the ease with which extortions can be carried out remotely means that foreign nationals and personnel of all companies can also be targeted; indeed, they are more likely to fall victim to these tactics than to traditional kidnaps-for-ransom.

EXTORTIONS CARRIED OUT IN PERSON

While a majority of extortion attempts are made remotely and do not involve direct contact between the perpetrator and the target, a significant number of extortion attempts do involve an individual or group approaching their target and communicating their demand verbally. The form of extortion which most commonly involves direct contact is known as cobro de derecho de piso, or forced protection payments. In this form of extortion, criminals may physically approach companies or employees and make demands for regular payment, or quotas, in exchange for guarantees not to physically harm their employees, their assets or their operations. This form of extortion is part and parcel of the tactics employed by Mexican organised criminal groups, such as Los Zetas or Los Caballeros Templarios and is most common in territories under the control or influence of such groups. In addition to using extortion to exert their influence and control over an area, these groups have adopted extortion as a central tool in their criminal operations. As such, an extortion can involve forcing victims to collaborate in criminal activities such as storing contraband.

All companies operating in territories controlled by large criminal organisations can be targeted for extortions carried out in person and Control Risks has recorded incidents in which multinational companies have been approached by such groups. While higher-level employees are less likely to be approached in person, there have been cases where security personnel have received threats.

Where extortionists have physically approached an employee or company site, the threat is potentially more imminent than in an extortion threat carried out remotely. However, given the propensity of Mexico's criminal organisations to use violent means to achieve their goals, any form of extortion approach should be treated seriously until the full facts are established and all businesses should maintain clear and effective procedures for their employees to follow in the event of an extortion threat.

CONTROL RISKS' PERSPECTIVES

The ONC's report represents an important record as to the pervasiveness and the upward trend regarding incidents of extortive crime in Mexico, a trend that is corroborated by Control Risks'

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findings. The threat of extortion in Mexico is widespread and has proliferated in numerous forms. The ONC's report usefully highlights the wide range of extortion tactics criminals can employ. Beyond that, it should be stressed that criminals targeting a company may well use a mixture of tactics in order to extract money. While an initial attempt to extort money may be carried out remotely, the threat can escalate to an extortion carried out in person or a violent act against the victim if the initial threat is not suitably dealt with. As such, extortion threats carried out remotely are often very real. With limited national resources being dedicated to tackling the problem of extortion, businesses operating in Mexico and indeed the families of personnel working in the country must be aware of the risk of extortion in its various guises and employers must have clear procedures in place for their employees to follow in the event that they are targeted.

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FOCUS ON



KIDNAPPING RISKS TO BUSINESSES IN FEDERAL IRAQ

Kidnapping remains a significant security issue in Iraq. In 2013, the country ranked number five in Control Risks' list of top ten countries affected by the crime. Kidnapping levels showed no sign of abating in early 2014.

The overall kidnap risk rating for Federal Iraq is HIGH but the frequency with which kidnapping occurs varies on a governorate by governorate basis. The highest risk governorates between January 2013 and May 2014 were Baghdad (accounting for 20% of kidnaps in Iraq), Kirkuk (16%), Salaheddin (15%), Anbar (12%), Basra (10%) and Nineveh (9%). The kidnap risk rating for the Kurdistan region of Iraq is LOW and the risks associated with that region will not be covered in this report.



WHAT RISK DOES KIDNAPPING POSE TO BUSINESSES IN FEDERAL IRAQ?

Control Risks' records indicate that 31% of victims kidnapped between January 2013 and May 2015 were employees, professionals or businesspeople. Kidnapping therefore continues to be a serious threat to many businesses operating in Iraq.

Kidnappers target victims from a range of sectors. Since January 2013, Control Risks has recorded victims from the construction, education, legal, logistics, manufacturing, oil and

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gas and transport sectors. Kidnappers are unlikely to target victims based solely on their employer. However, local nationals who are in employment, particularly with multinational companies, are likely to stand out among the local community as potential targets as kidnappers may perceive them to be wealthy.

KIDNAPPING SCENARIOS IN IRAQ

The most likely kidnap scenario that businesses currently face is the abduction of a local national employee by a criminal gang. Local nationals accounted for 98% of kidnap victims recorded by Control Risks in Iraq between January 2013 and May 2014. Furthermore, since 2007, the kidnapping trend has shifted towards perpetration by criminals following a number of successful security operations against militant groups that eroded their capability. Criminally motivated kidnappers who target employees, businesspeople or professionals are most likely to seek a speedy resolution through the payment of a financial concession.

Other kidnap scenarios do still exist in Iraq but occur infrequently in comparison. Although the trend of kidnapping-for-ransom by militant groups has declined since 2007, incidents do occasionally still occur. Members of the security forces and government officials are most frequently targeted but one-off kidnaps of high-profile victims cannot be discounted. Militant-related kidnaps have several differentiating characteristics: demands can be political as well as financial; durations are often long; and the risk of the victim being killed is higher. Between 2003 and 2007, when kidnapping by militant groups was at its height, 20% of incidents resulted in the deaths of the victims.

The most prolific, experienced and capable kidnapping group, the Islamic State of Iraq and al-Sham (ISIS), is currently active in Syria, where the kidnapping of foreign nationals, particularly western journalists, has formed a major part of its strategy. Through its exposure in Syria, ISIS has gained extra weaponry and its fighters have become more experienced. However, the group is under pressure in Syria on account of infighting with other opposition forces. Should the group decide to return to Iraq, the kidnapping risk, particularly to foreign nationals, would be likely to increase.

Foreign nationals still at risk?

The fact that few successful kidnaps involving foreign nationals are now reported in Iraq would suggest that the risk to non-Iraqis has substantially decreased. The reality is, in fact, the opposite. Criminal and militant kidnappers consider foreign nationals to be high-value targets. While both believe that foreign nationals will lead to higher ransom payments, militants also place a high value on the political worth of foreign victims.

Foreign nationals can substantially mitigate their risk in Iraq by employing robust security measures at all times. In particular, appropriate journey management procedures are essential; Control Risks' records indicate that 51% of abductions between January 2013 and May 2014 occurred while the victims were in transit. Control Risks is aware of several recent cases in Iraq where the kidnap of the victim was made possible by ineffective security measures. In one such incident, gunmen kidnapped a Jordanian national as he was leaving a cement factory in Kubaisah (Anbar governorate) on the evening of 17 March 2014. The kidnappers also abducted the director of the plant and stole a vehicle from the installation. The kidnap was thought to be for ransom but the fate of the victims remained unknown.

OUTLOOK

The risk of kidnapping in Federal Iraq is unlikely to decrease in the short-to-medium term. Security forces have struggled to control criminal kidnapping-for-ransom and militant groups retain substantial operational capability. Foreign nationals will continue to be highly valued targets but appropriate security measures can substantially mitigate the risk of abduction; the majority of kidnaps are perpetrated by criminals who do not have the capability to defeat robust security measures. Kidnappers will therefore continue to view local nationals who are perceived to be wealthy as their principal targets.

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CONTROL RISKS

Control Risks is a leading international business risk consultancy. It offers a range of integrated political risk, investigative, security and crisis management services to corporate, government and private clients worldwide.

Since its foundation in 1975, Control Risks has advised clients on the resolution of 2,549 kidnap and extortion cases in 127 different countries, with 46,534 person-days aggregate duration. Cases have ranged from traditional kidnaps-for-ransom, express kidnaps, hostage takings, ship and aircraft hijacks to political detentions, product extortion and contamination and other threat extortions. Control Risks has a full-time team of Response Consultants, available for immediate deployment in response to a crisis anywhere in the world. Response Consultants will advise on negotiation strategies and on how to manage the various interests of the victim, family, employers, the media, the government and local law enforcement agencies.

The Response Division has its own dedicated team of research analysts. As well as supporting consultants deployed on cases, they maintain the International Kidnap Online Service (IKOS) which follows the trends in kidnapping worldwide and allows clients to assess the risk to their business. In addition to IKOS, Response Research produces commissioned kidnap and extortion analysis of any country or sector. If you are interested in any of these services, please write to response_research@controlrisks.com

For more information about Control Risks, please visit our website at www.controlrisks.com

HISCOX

Hiscox is the world's largest provider of specialist kidnap, detention and extortion insurance, with a market share of 60-70% by premium income. We cover companies and individuals against all forms of extortion and can protect your assets from illegal demands and the consequential associated expenses.

Our clients include multinational companies operating in high risk regions of the world, key executives working in commercially sensitive positions and individuals whose wealth or fame may attract the attention of criminals.

Hiscox kidnap and ransom underwriters are the most experienced in the field. Our knowledge of the sector enables us to make quick decisions on cover, no matter how unusual the request. We are highly skilled in handling what may be a very difficult and sensitive emergency. Our specialist policies can be tailored to suit individual needs and circumstances.

We have underwriting teams based in Guernsey, Paris, Cologne, New York, Chicago, Los Angeles and at Lloyd's of London.

For further information, please contact us at kr.guernsey@hiscox.com