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Panama: Is Restructuring the Razor to Cut Out Corruption?

by Anthony Scheidel

In August 2008, Panama's National Assembly passed laws reorganizing the service groups within the country. One law created the National Aeronaval Service (Servicio Nacional Aeronaval; SENAN), effectively merging the National Maritime Service (Servicio Marítimo Nacional; SMN) and National Air Service (Servicio Aéreo Nacional; SAN) into one service group, while at the other end of the spectrum, the National Borders Service (Servicio Nacional de Fronteras; SENAFRONT) emerged as its own entity, rising up from under the control of the Panamanian National Police (Policía Nacional de Panamá; PNP). On February 2, 2010, the Panamanian Government's Cabinet Council approved the creation of the Ministry of Public Security and the Ministry of the Interior with Panama's National Assembly officially accepting the proposal on March 11, 2010.¹ With this authorization, Panama finally had all of its service groups logically organized under one roof: the Ministry of Public Security. This restructuring of the service groups and ministries is designed to reduce corruption and provide the country better security capability to counter rising crime levels.

Changes in Defense Organization

Following the defeat of General Manuel Noriega's Defense Forces by the U.S.-led invasion codenamed *Operation Just Cause*, the Panamanian security force structure underwent numerous grand changes in order to prevent a military leader to ever be able to rise to that level of power again. After the 1989 overthrow of Noriega, elected Panamanian President Guillermo Endara took control of the country and began implementing significant transformations. In February 1990, the Panamanian government eliminated the Panamanian Defense Forces, and a standing military as we knew it, and replaced it with a softer-sounding national security device: the Panamanian Public Forces.

In October 1994, Panama's Legislative Assembly approved a constitutional amendment prohibiting the creation of a standing military force, but allowing the temporary establishment of special police units to counter acts of "external aggression".² The newly-formed Panamanian Public Forces included the PNP, SMN, SAN, and the Institutional Protection Service (Servicio de Protección Institucional; SPI). While the PNP, SMN, and SAN carried out traditional national security roles, the SPI was utilized for the protection of public buildings and officials. The Public Forces, in comparison with the defunct Defense Forces, were further separated from

¹ "Gabinete de Panamá aprueba la creación del Ministerio de Seguridad Pública," EFE, accessed May 7, 2010, <http://noticias.latino.msn.com/politica/articulos.aspx?cp-documentid=23384945>.

² "Panamanian Military Statistics," last modified February 17, 2011, <http://www.nationmaster.com/country/pm-panama/mil-military>.

military power in the fact that they were placed under the executive branch of the civilian government, instead of operating as a military government, as they had previously.

Along these same lines, there were statutes put in place that preclude public force members from heading any branch of the Public Forces, which still hold today. The general directors of these organizations are presidentially appointed civilians, with a public force officer normally serving as the deputy director, or second-in-command. There have been exceptions to the rule that lead us to the controversial case involving the PNP and Jaime Ruiz becoming their directing official.

On May 7, 2008, National Police Director Rolando Mirones resigned as Director of the Panamanian National Police, citing the acceptance of a private job offer as the grounds for the resignation.³ Speculation arose from this testament, hinting at other underlying factors.

Mirones emphasized his administration was based on a process of reconstruction of the institution, as well as the proper and correct handling of money and resources destined for its operation. In addition, he said he had made the decision to resign months before he actually did, denying that it was due to recent pressure from groups, such as the National Transportation Board (CANATRA), who have been calling for his resignation. According to Mirones, he had not resigned earlier because he wanted to complete a process of restructuring internal to the organization, as requested by President Martin Torrijos. With regards to the problems of crime, the former director of the National Police said the problem is multifaceted and it is not caused by the police not doing their jobs, especially when there are other organizations and institutions linked to dealing with the same issue and charged with contributing to the betterment of Panamanian society.⁴

Later that month, President Martin Torrijos named then Deputy Director Jaime Ruiz as the interim director in charge of the National Police.⁵ A huge outcry ensued from the general populous in Panama City, citing the appointment as “unconstitutional” as current laws stated that the director had to be a civilian. This was further heated by the fact that not only was Ruiz a member of the Public Forces, but a former officer that served in the Panamanian military. This was exacerbated more so by the fact that he served not only under officer-turned-dictator General Manuel Noriega, but under the president’s father, the late General Omar Torrijos. The public outcry continued, but the President kept Ruiz in office, indicating that it was not a breach of constitution, as he was only acting in an interim fashion. The controversy subsided in November 2008 when President Torrijos appointed Commissioner Francisco Troya as the permanent Director of the National Police.⁶

Recent Reorganization As Directed By Law

Law Decree No. 7 of 20 August 2008 (Decreto Ley No. 7 de 20 de agosto 2008) officially created the National Aeronaval Service (SENAN), as approved by the Executive

3 “Mirones presenta su renuncia,” La Prensa, last modified February 17, 2011, http://mensual.prensa.com/mensual/contenido/2008/05/07/uhora/local_2008050716420543.shtml.

4 “Rolando Mirones anunció, a periodistas de diferentes medios de comunicación, su renuncia al cargo de director de la Policía Nacional,” last modified February 17, 2011, <http://www.panamanewsbriefs.com/?p=5987>.

5 “Historia de la Policía,” Policía Nacional de Panamá, last modified February 17, 2011, <http://www.policia.gob.pa/institucion/histori.html>.

6 Ibid.

Branch of the Republic of Panama, effectively merging the SMN and SAN into one. Their primary mission, as indicated in Article 3 of Law Decree No. 7 is as follows:

The primary mission of the National Aeronaval Service is to protect life, honor, property and other rights and freedoms of those who are under the jurisdiction of the nation, to maintain public order, prevent, suppress and investigate crimes and misdemeanors, as well as to protect the air and maritime space, navigable waters, the underwater continental shelf, and the rivers and lakes of the Republic of Panama.⁷

Law Decree No. 8 of 20 August 2008 (Decreto Ley No. 8 de 20 de agosto 2008) officially created the National Borders Service (SENAFRONT), as approved by the Executive Branch of the Republic of Panama, effectively separating SENAFRONT from under control of the National Police, as its own entity. Their primary mission, as indicated in Article 3 of Law Decree No. 8 is as follows:

The primary mission of the National Borders Service is to protect life, honor, property and other rights and freedoms of those who are under the jurisdiction of the nation, to maintain public order, prevent, suppress and investigate crimes and misdemeanors, on the land and rivers borders of the Republic of Panama.⁸

Although SENAFRONT emerged and split from the National Police as its own entity, it kept the same rank structure as the PNP, as they were created and fostered under PNP regulation. Then SENAN Director Rigoberto Gordon decided that with the merger of the air and naval services, that he would consult the directors of the other service groups regarding rank markings and structure.⁹ What came out of the meetings was the decision to adopt the rank markings and structure currently used by the other Public Forces.¹⁰ Although the rank markings and structure are standardized, the colors of the rank markings and types of uniforms worn still differ between them. Listed below is the current rank structure breakdown, shared by all the divisions, and approximate U.S. grade equivalent.

Basic Level:

Agent/E-1 (Agente)

Lance Corporal/E-3 (Cabo Segundo)

Corporal/E-4 (Cabo Primero);

Noncommissioned officers:

Sergeant Second Class/E-5 (Sargento Segundo)



Sargento Primero



Sargento Segundo



Cabo Primero



Cabo Segundo

7 "DECRETO LEY No. 7 (de 20 de agosto de 2008)," República de Panamá Órgano Ejecutivo, accessed April 30, 2010, <http://www.gacetaoficial.gob.pa/pdfTemp/26109/12798.pdf>.

8 "DECRETO LEY No. 8 (de 20 de agosto de 2008)," República de Panamá Órgano Ejecutivo, accessed April 30, 2010, <http://www.gacetaoficial.gob.pa/pdfTemp/26109/12799.pdf>.

9 "La Transición Hacia El Servicio Nacional Aeronaval," La Prensa, last modified February 17, 2011, <http://mensual.prensa.com/mensual/contenido/2008/12/04/hoy/panorama/1614567.html>.

10 Ibid.

Sergeant First Class/E-6 (Sargento Primero)¹¹

Junior Level Officers:

Second Lieutenant/O-1 (Subteniente)

Lieutenant/O-2 (Teniente)

Captain/O-3 (Capitán);

Senior Level Officers:

Major/O-4 (Mayor)

Subcommissioner/O-5
(Subcomisionado)

Commissioner/O-6
(Comisionado)



Comisionado



Subcomisionado



Mayor



Capitán



Teniente



Subteniente

Executive Level:

Deputy Director/O-6 (Subdirector; also a Comisionado)¹²

Director/Civilian (Director General)

The former rank titles were as depicted in the associated table below.

| LOS RANGOS EQUIVALENTES | | |
|-------------------------|---|--------------------------------------|
| MARINOS | = | AVIADORES = POLICÍAS |
| > MARINO | = | AGENTE |
| > CABO | = | CABO |
| > CABO I | = | CABO I |
| > SARGENTO II | = | SARGENTO II |
| > ALFÉREZ DE NAVÍO | = | SUBTENIENTE |
| > TENIENTE DE CORBETA | = | TENIENTE |
| > TENIENTE DE NAVÍO | = | CAPITÁN |
| > CAPITÁN DE CORBETA | = | MAYOR |
| > CAPITÁN DE NAVÍO | = | COMANDANTE DE GRUPO = SUBCOMISIONADO |
| > CAPITÁN DE FRAGATA | = | COMANDANTE DE AVIACIÓN = COMISIONADO |

•infografía La Prensa-Daniel Gómez
•fuente Datos propios

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11 “Policía Panamá Rangos Clases,” last modified February 17, 2011, http://commons.wikimedia.org/wiki/File:Policia_Panama_Rangos_clases.PNG.

“Policía Panamá Rangos Oficiales,” last modified February 17, 2011, http://commons.wikimedia.org/wiki/File:Policia_Panama_Rangos_oficiales.PNG.

13 “La Transición Hacia El Servicio Nacional Aeronaval,” La Prensa, last modified February 17, 2011, <http://mensual.prensa.com/mensual/contenido/2008/12/04/hoy/panorama/1614567.html>.

Rationale for Restructuring

Why all the restructuring, one might ask. Some feel that it was due to changing threats, security issues, or changing roles of the Public Forces. This may well have been the case, but a highly influential factor in the restructuring of the SMN and SAN into the SENAN, was not only the perception of corruption within the SMN, but a viable case involving the SMN Director who plead guilty to illicit acts in a court of law. The particular case involves a drug seizure aboard the Panamanian-flagged vessel, *Perseus V*. The following are the reported facts regarding the case:

- The Panamanian-flagged vessel, *Perseus V*, was captured by the U.S Coast Guard in January 2006 in international waters off of Jamaica¹⁴
- Seized from the craft were 1,000 kilograms of cocaine that had been hidden in a secret compartment, concealed by the façade that the craft was a merchant cargo ship transporting around 1 metric ton of scrap metal¹⁵
- The captain and crew, seven of which are Panamanian nationals, were all taken to the U.S. and have been convicted on drug charges
- In May 2007, the following individuals were arrested on charges of drug trafficking and money laundering.¹⁶
 - SMN Director Ricardo Traad
 - SMN Chief of Operations Edilberto Luna
 - SMN Chief of Logistics Roberto Fierro
 - SMN Head Property Custodian Eduardo Morales
 - Five other unnamed SMN officials
 - An unnamed attorney who organized corporations for Traad
- Traad was convicted of illegally selling the scrap metal and keeping some the profits¹⁷
 - It is reported that the officials shared between \$100,000 and \$200,000 in profits

Besides these basic facts, there are numerous other allegations and theories regarding the case. The first alleges that the whole incident was a U.S. DEA sting operation, in which there was another compartment containing another metric ton of cocaine when the vessel was turned over to the SMN.¹⁸ According to investigations, the scrap metal was taken to Mexico aboard another ship for which the SMN officials received a payment of \$100,000.¹⁹ It is speculated that this second load of cocaine was hidden in the shipment of scrap metal, and that the officials received exorbitantly more money than reported, as they all appeared to live well beyond the

14 Jackson, Eric, "Panama's National Maritime Service loses much of its leadership in big drug bust," last modified February 17, 2011, http://www.thepanamanews.com/pn/v_13/issue_11/news_01.html.

15 Ibid.

16 Ibid.

17 Ibid.

18 Ibid.

19 Otero, José, "Prosecutor Asks for Trials Against Ricardo Traad and other SMN Functionaries," La Prensa, accessed April 23, 2010, <http://www.panama-guide.com/article.php/20071216075144861>.

reasonable means that their positions could sustain. A witness in the case testified that Traad also alerted traffickers to impending raids and tipped them off about the location of anti-narcotics patrols.²⁰ Authorities also indicated that Traad had earned the nickname “Teflon Traad” because many people suspected he was taking money from drug traffickers, but no one could either find evidence or make something stick.²¹²²

Not only did Traad sell the scrap metal and allegedly sell off the second load of cocaine, a source reported that he purged off the remaining fuel from the *Perseus V*, while fuel prices were near their peak, and profited even more from that venture. This case preceded the SMN and SAN merger, making it easier for government officials to use the premise of the merger as a means to displace certain officials, as no one knew the true depth of the corruption within the hierarchy of the SMN. While two other service groups were merged into one, another service group was preparing for the exact opposite.

The National Borders Service (Servicio Nacional de Fronteras; SENAFRONT) emerged as an extension of the PNP, but still operated under them and fell within their administrative chain of command. As SENAFRONT developed, due to the growing security need of personnel along the borders, they also became a more independent entity because of the nature of the job with respect to differing security roles and responsibilities. The Border Service was also displaced physically from the PNP, headquartered at the facilities previously housing Fort Clayton. Along with the roles and responsibilities being different, came a different culture, which was the foundation of some growing animosity between the two organizations. Unlike the PNP, many SENAFRONT personnel worked 30 days on and then had 30 days off, much to the chagrin of PNP personnel. Many PNP personnel were also upset with the fact that SENAFRONT was not making many traffic stops in the city proper, suggesting that they were not doing their job, although the PNP carried jurisdictional prominence in this area. This was further aggravated by the fact that SENAFRONT was allegedly receiving more money than the PNP’s traffic police, and appeared to have both better equipment, as well as vehicles. It was not surprising when the decree that divided them into separate entities became official, that either service group lost any sleep over the decision.

Division of the Ministry of Government and Justice

On November 30, 2009, the U.S. State Department released a new Country Specific Information report on Panama indicating that “crime in Panama City is increasing and the Department of State recently increased its evaluation to ‘High’ for purposes of providing increased resources to protect Embassy employees housed in Panama City. The increase in violent crime is primarily related to narco-trafficking related violence.”²³ Minister of the Presidency Jimmy Papadimitriou passed the buck regarding Panama taking responsibility for its own security issues, stating that the “insecurity is attributed to the quantity of drugs passing through the country, due to the drug demand of the United States and Europe, as well as due to

20 Kraul, June 27, 2007 (1:20 p.m.), comment on Ricardo Traad, “Teflon Traad no longer slick in Panama,” The Los Angeles Times Blog, April 23, 2010, <http://latimesblogs.latimes.com/laplaza/2007/06/teflon-traad-no.html>.

21 Ibid.

22 Otero, José, “Prosecutor Asks for Trials Against Ricardo Traad and other SMN Functionaries,” La Prensa, accessed April 23, 2010, <http://www.panama-guide.com/article.php/20071216075144861>.

23 “Panama: Country Specific Information,” U.S. Department of State, last modified February 17, 2011, http://travel.state.gov/travel/cis_pa_tw/cis/cis_994.html.

the production that exists in South America.”²⁴ He explained that the increasing lack of security was further exacerbated by the “Ministry of Government and Justice having too much responsibility.”²⁵

Papadimitriu maintained that the ministry was overloaded given the fact that it was “in charge of institutions such as the National Police, Fire Department, National Aeronaval Service, General Directorate of Mail and Telegraphs, National Immigration Service, as well as others.”²⁶ Adding to the detriment is that many of these organizations were dissimilar, making it difficult for the general governmental structure to support each branch with the appropriate and necessary level of attention. Following the U.S. State Department’s report in November 2009, it was clear and open that there was an increasing issue regarding security in Panama. It was then that the Panamanian government began exploring options in order to get a handle on the problem.

On January 4, 2010, Papadimitriu appeared on the morning edition of *Telemetro Reports*, confirming that the government is evaluating the creation of a new organization: the Ministry of Security.²⁷ Less than a month later on February 2, 2010, the Panamanian Government’s Cabinet Council approved the creation of both the Ministry of Public Security and the Ministry of the Interior, with the aim of improving security in the country.²⁸ What this move would do is effectively dissolve the Ministry of Government and Justice, and reorganize its numerous organizations more logically under the Ministry of Public Security and the Ministry of the Interior. On March 11, 2010, Panama’s National Assembly officially approved the reorganization of the MoGJ in its first debate on the issue.²⁹ Arranged under the new Ministry of Public Security are the National Police, National Borders Service, National Aeronaval Service, and the National Migration Service. Under the new Ministry of the Interior are the Fire Department, National System of Civil Protection (SINAPROC), National Office for the Attention of Refugees, General Directorate of Mail and Telegraphs, General Directorate of Indigenous Policy, National Directorate of Local Governments, National Directorate of Passports, Transit and Land Transport Authority (AT&TT), the Civil Aviation Authority (AAC), and the General Directorate of the Penitentiary System.³⁰

In early April 2010, President Ricardo Martinelli named Jose Raul Mulino as the new Minister of Public Security, adding that he had not made a decision yet on who would occupy the throne of the Ministry of the Interior.³¹ Up until the split, Mulino was serving his appointment as the Minister of Government and Justice, therefore the announcement of the appointment to his new role as Minister of Public Security did not come as a surprise. This was looked at by some not as a new appointment, but simply a minor shift in the duties and responsibilities as one of the

24 “Buscan crear Ministerio de Seguridad,” *Telemetro.com*, last modified February 17, 2011, <http://www.telemetro.com/noticias/2010/01/04/nota45127.html>.

25 *Ibid.*

26 *Ibid.*

27 *Ibid.*

28 “Gabinete de Panamá aprueba la creación del Ministerio de Seguridad Pública,” *EFE*, accessed May 7, 2010, <http://noticias.latino.msn.com/politica/articulos.aspx?cp-documentid=23384945>.

29 Marthe, Jaime, “Aprueban reorganizar el Ministerio de Gobierno y Justicia,” *Asamblea Nacional de Panamá*, last modified February 17, 2011,

<http://www.asamblea.gob.pa/main/ComunicacionesyPrensa/tabid/84/articleType/ArticleView/articleId/89/Aprueban-reorganizar-el-Ministerio-de-Gobierno-y-Justicia.aspx>.

30 “Gabinete de Panamá aprueba la creación del Ministerio de Seguridad Pública,” *EFE*, accessed May 7, 2010, <http://noticias.latino.msn.com/politica/articulos.aspx?cp-documentid=23384945>.

31 “Martinelli anuncia nombre del nuevo Ministro de Seguridad,” *Televisora Nacional S.A.*, last modified February 17, 2011, http://www.tvn-2.com/noticias/noticias_detalle.asp?id_news=30441.

key figures in charge of the nation's overall security. On April 15, 2010, the president appointed Roxana Mendez, who was serving as the Deputy Mayor of the District of Panama, as the new Minister of the Interior.³² According to official communications by the president, Mendez was given sixty days to structure her ministerial portfolio and recruit a staff to accompany this new governmental mission before assuming her official duties.³³

The Government and Justice Commission of the National Assembly welcomed the changes, with regards to the overall reorganization, continuing that these initiatives will provide for better action in the fight against organized crime. In one hand, you will have the Ministry of the Interior with the tasks of assisting the President of the Republic on matters related to internal governmental politics, internal security, and full exercise of constitutional principles and guarantees. In the other hand, you will have the Ministry of Public Security promoting objectives such as the formulation of governmental policy in matters related to domestic public policy and citizen participation in life and socio-political organization of the Republic of Panama. Through the initiative, they propose a seven-level organizational structure, headed by a Political-Level Director, who will preside over the Minister of Public Security who will be in charge of the following echelon of support: Coordinator Level, Advisory Level, Inspector Level, Support Level, Technical Level, and Operational Level. This operational level will consist of the National Police, National Aeronaval Service, National Borders Service, the Directorate of Judicial Investigation, and the National Migration Service. This development and implementation of initiatives at all the Ministry's security levels will help to provide effective mechanisms in the fight against crime.³⁴

Conclusion

Although specifically detailed governmental initiatives have not been publicly released, the reorganization of the service group structure and the ministry should provide Panama with the foundation to thwart the efforts of the countless trans-national criminal organizations (TCOs) and gangs operating throughout the country. Historically, the region has been plagued by corruption at all levels. In order for these initiatives and mechanisms to move unimpeded, all efforts must be made to prevent corruption, but also deny certain bits of critical information to those who are deemed implicitly corrupt. With growing regional instability attributed to illicit trafficking operations, further exacerbated by unstable economic and political conditions, Panama must act quickly in developing and implementing initiatives to counter the actions of the TCOs and their collaborators.

Panama must also act in coordination with their regional partners, more specifically Costa Rica and Colombia, to eliminate these threats and avoid just temporarily displacing them. As seen with the Taliban along the Afghanistan-Pakistan border, criminal groups can simply cross back and forth across loosely patrolled border areas, returning recharged and better equipped to strike against at will against national security assets. For this to be 100 percent effective, all the regional partners must act together with swift, decisive, and coordinated efforts

32 "Méndez asumirá el Ministerio del Interior," La Estrella Online, last modified February 17, 2011, <http://www.laestrella.com.pa/mensual/2010/04/16/contenido/224774.asp>.

33 Ibid.

34 Marthe, Jaime, "Aprueban reorganizar el Ministerio de Gobierno y Justicia," Asamblea Nacional de Panamá, last modified February 17, 2011, <http://www.asamblea.gob.pa/main/ComunicacionesyPrensa/tabid/84/articleType/ArticleView/articleId/89/Aprueban-reorganizar-el-Ministerio-de-Gobierno-y-Justicia.aspx>.

in order to completely neutralize these threats in the near term. Panama's coordinated efforts with Colombia have displayed great progress against the FARC and other paramilitary groups operating in the Darien Jungle, but this is only the first step of many in a long, uphill battle of regional security cooperation agreements.

Anthony Scheidel is a research analyst on Latin America related issues at the Foreign Military Studies Office (FMSO), an open source research organization that focuses on the foreign perspective of understudied aspects of the Operational Environment. He is the assistant editor of and contributing writer to FMSO's Latin America Military and Security Watch newsbriefs journal. Additionally, he provides foreign area and military analysis, as is responsible for writing and publishing on Latin America security issues from open sources and foreign language media, including Spanish. He has vast experience as a linguist and Latin America intelligence analyst as a contractor to the U.S. government and Intelligence Community (IC), with experience working with Panamanian government security organizations. He earned a BA in Spanish from the University of Central Missouri.

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