

# REGULATING MEXICO'S PRIVATE SECURITY SECTOR

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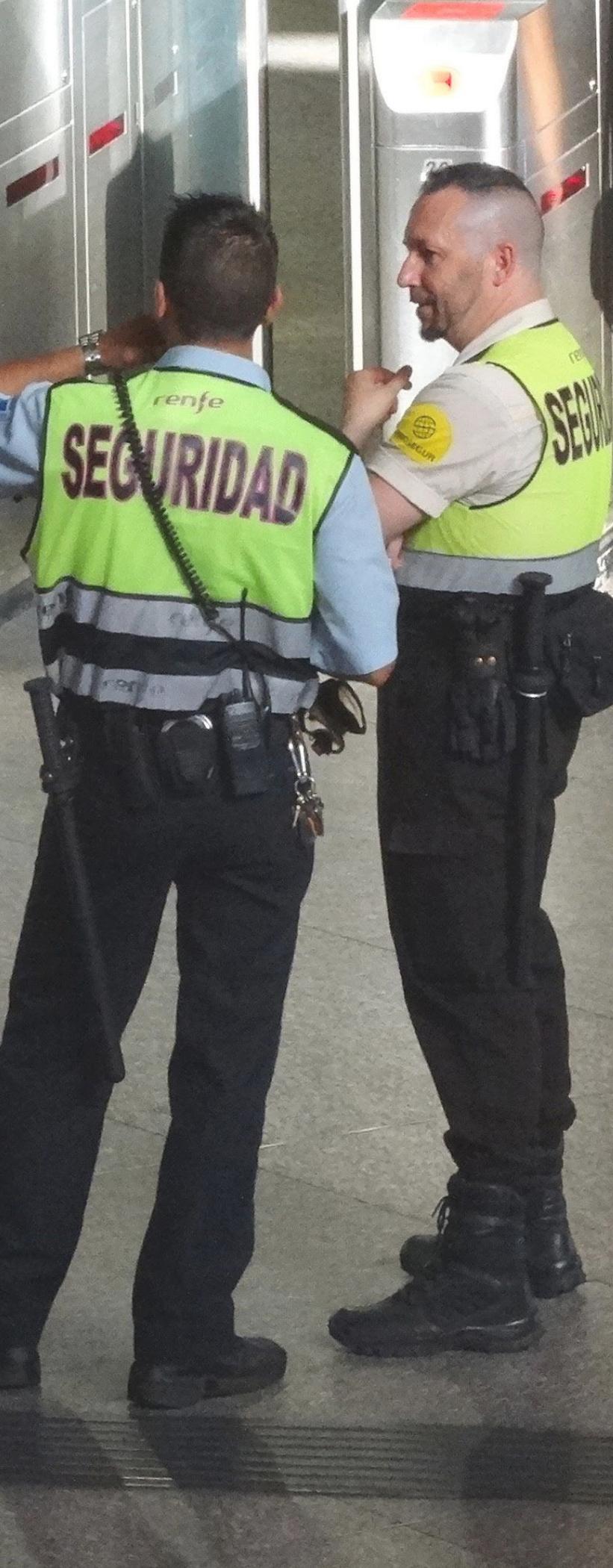
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## INTRODUCTION

Throughout the past decade, Mexico's increasing violence and insecurity levels have transformed the security force landscape. The country's public security forces have expanded and professionalized, while a growing private security sector has stepped in to fill the remaining gaps. Today there are more than 4,000 registered private security companies and hundreds of thousands of private security personnel operating across the country.<sup>1</sup> These companies' services aim to deter crime, but they also simultaneously create a series of regulatory challenges.

The growth in Mexico's private security sector takes place amid a larger regional trend. Across Latin America, private security companies employ nearly 4 million people, corner a total market value of US\$30 billion, and are expanding at a 9 percent annual rate.<sup>2</sup> In fact, in Mexico and throughout Latin America there are estimated to be more private security employees than police officers.<sup>3</sup> This public-private divide raises questions for federal and state governments' monopoly on the use of force and shines a light on the types of regulations and auditing necessary to effectively monitor companies that contribute to public safety.

The following report is a joint research effort by the Robert Strauss Center for International Security and Law at the University of Texas at Austin and the Unit of Planning, Forecasting, and Private Security (Unidad de Planeación, Prospectiva y Seguridad Privada) within Mexico's National Security Commission (Comisión Nacional de Seguridad, CNS) to map out Mexico's private security sector and federal and state regulatory frameworks. The report uses legislative and data analysis to highlight where private security companies operate, the federal and state regulatory structures, and the challenge of informality. It concludes by highlighting areas where policy changes may improve upon existing regulations.

## FEDERAL PRIVATE SECURITY SECTOR REGULATION

Mexico first attempted to regulate private security more than 70 years ago, with the 1948 passage of the

Implementing Legislation on Detectives and Private Police (el Reglamento para los Investigadores, Detectives y Policías Privados o Pertenecientes a Organismos de Servicio Público Descentralizado o Concesionado). Prior to the guiding legislation's passage, numerous law firms and detectives' unions were conducting criminal investigations in potential violation of the Mexican Constitution, which at that time charged the Public Ministry and judicial police with all public security investigations.<sup>4</sup> To ensure compliance with the new 1948 legislation, it required that private security companies register with their state Attorney General's Office (Procuraduría General de Justicia) and receive official permission to carry out their activities.

For the next 40 years, the 1948 implementing legislation remained the country's sole legal framework for regulating private security. In 1985, during a decade of economic stagnation and increasing insecurity in Mexico, President Enrique de la Madrid repealed the 1948 legislation, arguing that the law allowed private security operators to perform public security functions.<sup>5</sup> Yet, Mexico's Congress at the time did not pass other legislation to regulate the sector, nor did it ban the private security companies that were already in operation. The result was a shift of regulatory responsibility from the federal government to Mexico's 32 states, which soon thereafter established their own private security guidelines as insecurity increased throughout the country.

In 1995, the federal government once again set out to explicitly regulate private security. The General Law that Establishes the Coordination Bases of the National Public Security System (Ley General que Establece las Bases de Coordinación del Sistema Nacional de Seguridad Pública) included language that set the foundation for the current regulatory framework.<sup>6</sup> Article 52 established that private security companies operating in two or more states must register with the Secretary of Public Security (Secretaría de Seguridad Pública, SSP), the federal body in charge of public security at the time.<sup>7</sup> Additionally, Articles 53 and 54 specified that private security companies are required to support public security operators, to not engage in public security functions, and to follow all other requirements laid out for public security personnel and institutions.<sup>8</sup>

This framework led to Mexico's 2006 Federal Private Security Law (*Ley de Seguridad Privada*), which was the country's first piece of federal legislation to specifically regulate the private security sector. The law outlined the regulatory roles for relevant government bodies, the guidelines for the National Registry of Private Security Companies, Personnel, and Equipment (*Registro Nacional de Empresas, Personal y Equipo de Seguridad Privada*), and individual companies' obligations. It also charged the General Directorate of Private Security (*Dirección General de Seguridad Privada, DGSP*)—which is now located within Mexico's National Security Commission—to be the regulatory body responsible for collecting information for the federal private security company registry.<sup>9</sup> The law carved out specific guidelines on how private security firms should distinguish themselves from public security forces, banning the adoption of names, uniforms, logos, stationary, vehicles, and color schemes similar to those of public security institutions.<sup>10</sup> Additionally, it also forbid private security companies from hiring individuals who were previously dismissed from Mexico's public security forces for reasons related to a lack of personal honesty or for divulging government information.<sup>11</sup>

The 2006 Federal Private Security Law also outlined the requirements for private security companies registering with the DGSP. As will be discussed in greater detail

later in the report, private security companies must always register in the state(s) where they are operating as well as with the federal government when operating in multiple states. For those registering federally, there are at least 20 specific administrative steps that companies must complete, such as submitting photographs of the company offices, providing employee training manuals, and bringing in sample uniforms that fit within the law's parameters. Moreover, if the companies will be using weapons, canines, or engaging in specific activities (such as the transfer of valuables), they must fulfill additional requirements. The DGSP's federal operating permits are valid for one year and must be renewed upon expiration for as long as the company is in operation.

In August 2011, Mexico's Congress further expanded the federal government's regulatory scope through a series of reforms to the Federal Private Security Law. The original 2006 law had categorized private security services into six groups: 1) protections for persons, 2) protections for goods, and 3) protections for the transfer of valuables, 4) information security, 5) prevention and responsibility systems, and 6) activities linked with private security services. The 2011 reforms added a seventh category—alarms and electronic monitoring systems—and clarified the definitions for three of the original categories. The seven categories for private security firms are outlined in Table 1.

**Table 1: Mexico's Private Security Categories**

	Category	Definition <sup>12</sup>
1	Persons	Protection, custody, safeguard, and defense of human life and bodily integrity
2	Goods	Care and protection of goods and property
3	Transfer of Goods and Valuables	Custody, surveillance, care, and protection of goods and valuables during their physical transfer
4	Alarm and Electronic Monitoring Services	Installation of alarm systems in vehicles, houses, offices, and/or companies
5	Information Security	Preservation of information's integrity through security administration systems; databases; local, corporate, or global networks; or electronic transactions
6	Prevention and Responsibility Systems	Reports regarding previous incidents, financial soundness, or people's locations or activities
7	Activities Linked with Private Security Services	Installation or sale of armor for vehicles or of specialized technical equipment, systems, or procedures

*Author elaboration*

There are additional laws that reinforce the 2006 Federal Private Security Law's guidelines. These include the 2009 General Law of the National Public Security System (Ley General del Sistema Nacional de Seguridad Pública), which reaffirms that private security operators must play a supporting role in federal, state, and local public security efforts. The 2009 law also requires that private security employees follow similar guidelines as public security forces and submit to evaluation and training measures.<sup>13</sup> Similarly, private security operators must also follow the 1972 Federal Law of Firearms and Explosives (Ley Federal de Armas de Fuego y Explosivos) if they plan to carry or use firearms.<sup>14</sup> Furthermore, this law requires private security employees who would like to use a weapon to register with the Federal Registry of Weapons and Explosives (Registro Federal de Armas de Fuego y Control de Explosivos) and obtain a license from the Secretary of Defense (Secretaría de la Defensa, SEDENA) that must be renewed every two years. In order to register and receive a license, each armed officer must “meet the legal qualifications to perform private security functions, demonstrate the need to carry a weapon, and have an honest or moral character.”<sup>15</sup>

To ensure that firms are complying with federal regulations, the 2006 Federal Private Security Law charges the DGSP with auditing federally registered private security companies. Each year, the DGSP creates a plan to audit 8 to 10 percent of all federally registered private security firms over the following 12 months. To select which companies to audit, the DGSP classifies each registered company as “ordinary” or “extraordinary” and splits verification visits between the two groups. “Ordinary” companies have federal permission to operate and these verification visits prioritize companies that have not been previously audited, that provide private security services for protecting individuals, or that are considered strategically important (such as those providing services in airports or along borders), among other criteria. “Extraordinary” companies are those that are identified to be operating in two or more states but that never registered with the DGSP. These visits aim to bring companies in line with federal regulatory requirements. As will be discussed in the following

section, Mexico's federal government does not carry out verification visits for companies operating in only one state, as that is each state's legal obligation.

## STATE-LEVEL PRIVATE SECURITY SECTOR REGULATION

While Mexico's federal government provides the overarching legal structure for regulating the country's private security sector, each state is required to regulate the companies operating within its territory. As such, each private security company is required to comply with the state requirements where their operations are based, regardless of whether they are operating in more than one state (in which case they would also need to register with the federal government). Yet, private security legislation varies significantly across Mexico's 32 states, particularly for registration requirements, the classification of private security services, and auditing practices.

As of February 2018, only 18 states had passed specific legislation aimed at regulating private security companies. Another 13 states had passed implementing legislation for private security companies (Reglamentos) to their state public security laws. The remaining state, Veracruz, continues to address private security under its state public security law, with no implementing legislation.<sup>16</sup>

In addition to various state legislative frameworks for private security companies, there is even greater variation within states' laws. For example, there is no standard definition across every state legislation for what constitutes a “private security” company. Every Mexican state law, with the exception of Campeche, includes the three first definitions: 1) the protection of persons, 2) the protection of goods, and 3) the transfer of goods and valuables. However, the additional four categories—4) alarms and monitoring services, 5) information security, 6) prevention and responsibility systems, and 7) activities linked with private security services—are not included as consistently in state laws. (A full list of private security categories by state is published in Appendix 1.)

**Table 2: States with Specific Laws to Regulate Private Security**

Aguascalientes (2003)	Ciudad de México (2014)	San Luis Potosí (2012)
Baja California Sur (2002)	Estado de México (2010)	Sonora (2017)
Campeche (1998)	Hidalgo (2013)	Sinaloa (2016)
Chiapas (2013)	Michoacán (2011)	Tamaulipas (2007)
Chihuahua (2012)	Nuevo León (2007)	Tlaxcala (2004)
Durango (2009)	Puebla (2014)	Yucatán (2004)

*Author elaboration***Table 3: States with Implementing Legislation to Public Security Laws <sup>17</sup>**

Baja California (2010)	Jalisco (2004)	Quintana Roo (2005)
Coahuila (1999)	Morelos (2011)	Tabasco (2008)
Colima (2010)	Nayarit (2003)	Zacatecas (2013)
Guanajuato (2010)	Oaxaca (2001)	
Guerrero (2011)	Querétaro (2005)	

*Author elaboration***Table 4: Private Security Categories in State Laws**

Private Security Categories		# of Mexican State Laws that Include Category
1	Persons	31
2	Goods	31
3	Transfer of Goods and Valuables	31
4	Alarms and Electronic Monitoring	21
5	Information Security	13
6	Prevention and Responsibility Systems.	20
7	Other Private Security Activities	25

*Author elaboration*

State legislation varies broadly regarding the requirements for registering or renewing the registration for a private security company. Almost all states require standard documents such as proof of the company's address or the company's personnel registry. Yet some states require more specific items, such as tax returns, photos of the personnel, evidence that the company's employees are registered for social security benefits, or approval from the municipal government where the company will be operating. This report identified approximately 80 different general requirements that

are outlined in Mexico's state legislation for registering private security companies.<sup>18</sup> A 2012 study by Mexico's Chamber of Deputies also identified 114 differences between federal and state authorization requirements for private security companies.<sup>19</sup>

To better understand the scope of Mexico's state-level private security regulation, this report ranked each state's authorization requirements—as outlined in the state legislation—with a self-designed methodology (published in Appendix 2). The methodology was

developed through consultations with private security company owners in Mexico City and applies a weight from one to ten for each requirement, with higher numbers reflecting greater compliance difficulties. The results (published in Appendix 5) do not include more specific authorization requirements, such as the documents needed to register canines or weapons.

This ranking system's results demonstrate significant differences among state requirements, with the numbers of total requirements ranging from 9 steps (Querétaro) to 26 steps (Guerrero) and the overall regulatory burden spanning from a difficulty of 32 (Querétaro and Yucatán) to 99 (Baja California). However, while navigating state regulatory requirements is time consuming for companies, there does not appear to be a significant link between the difficulty of a state's regulatory requirements and the percent of private security companies that are formally registered within that state. This suggests that regulatory requirements alone may not deter a company from registering. Other factors, such as state regulatory enforcement or auditing practices, may also impact a company's decision to register.

Each state is also in charge of auditing the private security firms operating within its borders. Audits are generally conducted by a specialized department within the state's Secretary of Public Security (Secretaría de Seguridad

Pública, SSP). Through state-level transparency requests, this report collected information on states' verification visits, including the total violations encountered during the visits and the number of sanctions imposed upon non-compliant firms. The numbers of reported verification visits over the previous five years ranged from 35 (Jalisco) to 286 (Aguascalientes), and the percent of reported companies found to be in violation of state laws spanned from 0 percent (Jalisco and Nayarit) to 34 percent (Sonora). Sanctions for non-compliant companies also ranged from 17 percent of identified companies (Aguascalientes) to 100 percent (Campeche, San Luis Potosí, Sonora, and Zacatecas).

These transparency requests also solicited each state's methodology for selecting which companies to audit every year. Some states reported that they only provide verification visits to each newly registered firm and others reported that they only visit companies identified through citizen complaints. However, the differences in these methodologies raise questions regarding consistent oversight. For example, Jalisco noted that it conducts verification visits to all new companies operating within the state and reported 35 verification visits from December 2012 through October 2017. However, Jalisco listed 285 active private security companies in its state registry in September 2017, meaning that it only audits approximately 3 percent of registered private security companies each year.

**Table 5: Verification Visits by State Regulators**

State	Years Received	Total Visits	Violations	Sanctions	Violation (%)
Aguascalientes	2012 - 2018	286	6	1	2%
Campeche	2012 - 2018	234	2	2	1%
Jalisco	2012 - 2017	35	0	0	0%
Michoacán	2014 - 2018	208	4	---	2%
Morelos	2016 - 2017	84	---	---	---
Nayarit	2012 - 2017	140	0	0	0%
Quintana Roo	2017	267	68	---	25%
San Luis Potosí	2012 - 2017	87	28	28	32%
Sonora	2015 - 2017	237	81	81	34%
Zacatecas	2012 - 2015	15	1	1	7%

*Author elaboration. "---" indicates that states did not provide the information*

### Case Study 1: Public-Private Security Cooperation

In 1941, Mexico City created the Bank and Industrial Police (Policía Bancaria e Industrial, PBI) to support the state's Preventive Police in protecting banks and specific industries. Currently, the PBI specializes in protecting goods, people, and the transfer of goods. Any company can contract the PBI and the force also supports Mexico City's police during emergencies. This hybrid framework could serve as a potential model for public-private security partnerships.

There are other examples of hybrid public-private security cooperation across Mexico. For example, Guanajuato's state police and Chihuahua City's municipal police have sought to incorporate private business' security cameras into their surveillance rounds to improve their crime response times.

## REGISTERED PRIVATE SECURITY FIRMS

There are significant limitations to any rigorous analysis of Mexico's private security sector. Structural issues—such as a lack of standardized state registries, a significant informal market for private security services, and high turnover rates for companies and personnel—all complicate this report's ability to rely too heavily on any single database. In an attempt to mitigate these issues, this report draws from various databases and outlines the limitations of each source.

This report most frequently uses Mexico's state registries for private security companies, as collected by the DGSP. Each month, every state is required to submit to the DGSP a list of all active private security companies operating within its territory. The DGSP

then publishes an aggregated list of all the registries on its website.<sup>20</sup> As of October 2017, the DGSP listed 4,587 private security companies registered at the state level across the country.<sup>21</sup> Of this total, approximately 40 percent were based in four states: Mexico City (814), Nuevo Leon (464), State of Mexico (294), and Jalisco (285). These numbers, however, overstate the number of individual private security companies operating in the country, since various branches of a single private security company are counted as separate companies. When removing branches, the number of individual companies listed in the dataset is closer to 3,000.

While the aggregate state registries published by DGSP should provide the most accurate count of private security firms operating in Mexico, states' inconsistent reporting and the lack of historical data complicates any robust analysis. From November 2016 to October 2017,

**Table 6: Comparisons of Private Security Sector Size by Data Source**

Data	Year	Total firms
State private security company registries, DGSP	October 2017	4,587
National Statistical Directory of Economic Units, INEGI	November 2017	5,193
National Census on Government, Public Security, and State Penitentiary Systems, INEGI	December 2016	4,102

*Author elaboration*

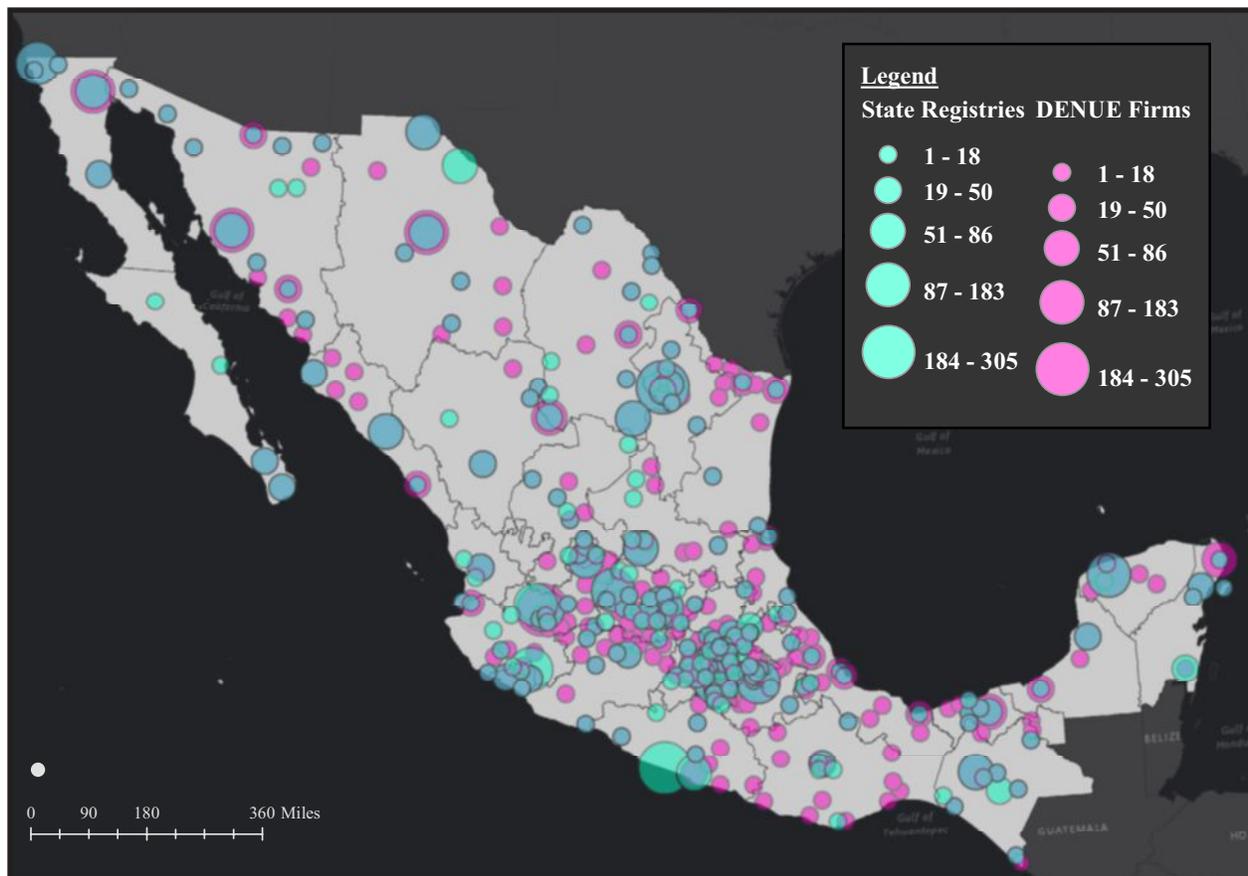
three quarters of states failed to submit their registries to the DGSP at least once, with several states submitting their registries only once or twice throughout the entire year. Overall, the average compliance rate for state private security registry submissions was 64 percent. This lack of consistency means that there is no single database available to access up-to-date information for every registered private security firm across Mexico.

The DGSP also publishes the National Registry of Private Security Companies, Personnel, and Equipment, which consists only of registered firms that are operating in two or more states. This report does not rely on the federal registry—which accounts for 1,327 companies—since, by design, it does not include firms operating in only one state. Moreover, even though this federal registry is supposed to include companies operating in two or more states, around 40 percent of the companies on the list do not appear in any state registry. This inconsistency

could reflect regulatory confusion among companies regarding registration procedures or a federal auditing process that does not prioritize companies listed in the federal registry that are not registered in any state. This report only uses the federal registry for the section on private security personnel demographics, given that it is the only standardized and consistent data source for employee demographics.

This report also reviews data from Mexico’s National Institute of Statistics and Geography (Instituto Nacional de Estadística y Geografía, INEGI), which publishes the National Statistical Directory of Economic Units (Directorio Estadístico Nacional de Unidades Económicas, DENUE).<sup>22</sup> This directory collects its information from open source data and citizen collaboration to input every business operating in Mexico, regardless of formality.<sup>23</sup> As of November 2017, DENUE counted 5,193 private security companies

**Figure 1: Comparison of DENUE Data and State Private Security Registries**



*Author elaboration*

across Mexico. However, this count differs from state registry data, signaling the difficulties of relying too heavily on any one data source. (See Figure 1 for a comparison of DENUÉ and state-level registry data). This paper will compare the DENUÉ data to states' private security company registries to obtain a rough estimate of informality.

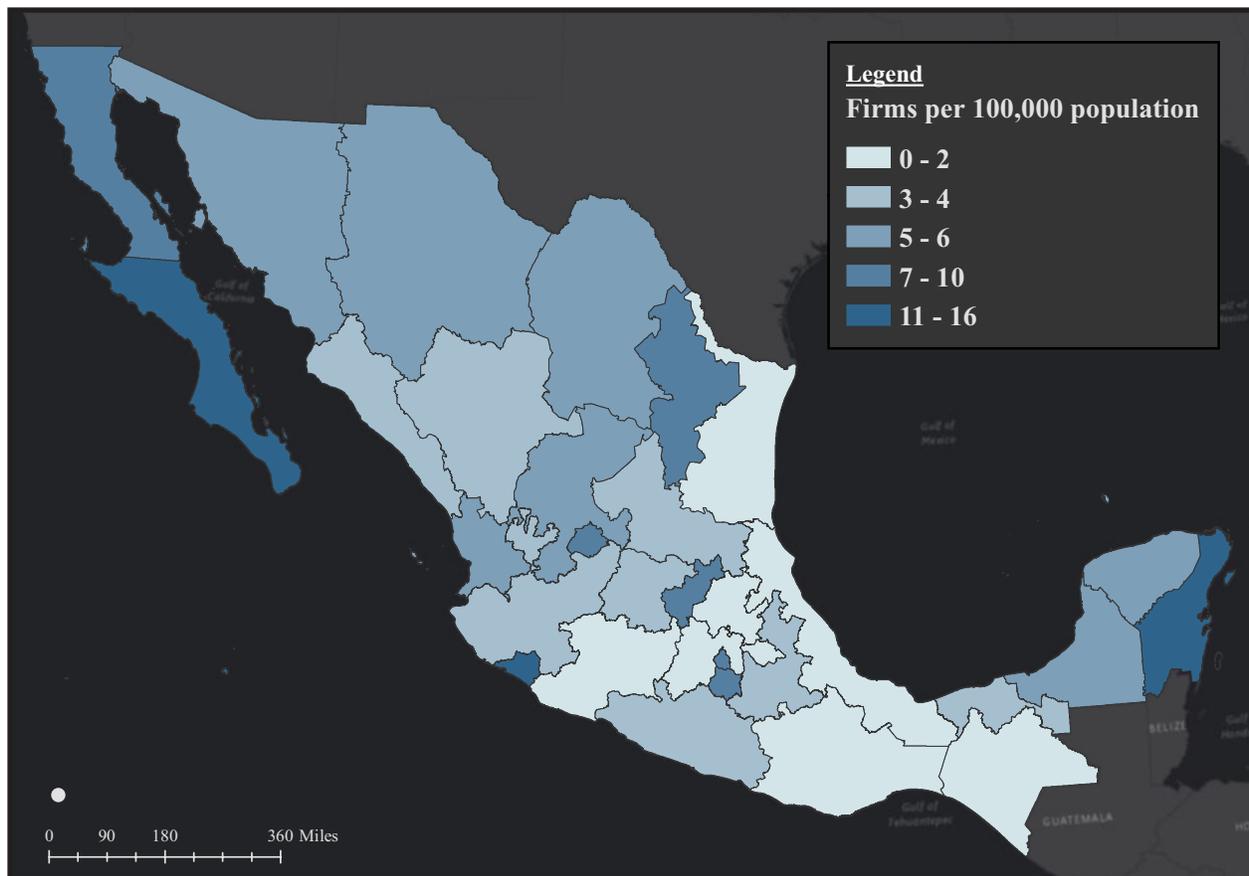
Lastly, this report uses data from INEGI's National Census on Government, Public Security, and State Penitentiary Systems (Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estadales).<sup>24</sup> This data was collected by INEGI through a broad-based questionnaire directed at state government officials. This data provides historical data from 2009 through 2016 using a consistent methodology. However, given that it only contains state-level data, this report only relied on this census for an analysis of private security sector changes over time.

To further counter the lack of consistency in private security company data, this report supplemented the database analysis with transparency requests directed to each state's Secretary of Public Security or the equivalent agency. This data was also not comprehensive, with some states withholding information, providing information only for specific time periods, or failing to properly upload their documents.

## THE CURRENT STATE OF MEXICO'S PRIVATE SECURITY SECTOR

Using the available data, it is possible to provide general information regarding the current state of Mexico's private security sector. Registered private security firms operate in every Mexican state, with the highest concentration of companies (per 100,000 residents) located in the northern and central areas of the country

**Figure 2: Registered Private Security Firms Per 100,000 Residents**



*Author elaboration*

and within the Yucatán peninsula. The states with the highest rates of registered private security companies relative to the population are Colima, Quintana Roo, and Baja California Sur, while Tamaulipas and Veracruz report the lowest rates. (Figure 2 shows the rate of private security firms per 100,000 residents by state and a full list of private security rates by state is published in Appendix 3.) When using absolute numbers, the majority of private security companies are located in Mexico City, Nuevo León, and the State of Mexico.

Within Mexico’s states, private security companies also tend to be concentrated in large metropolitan centers

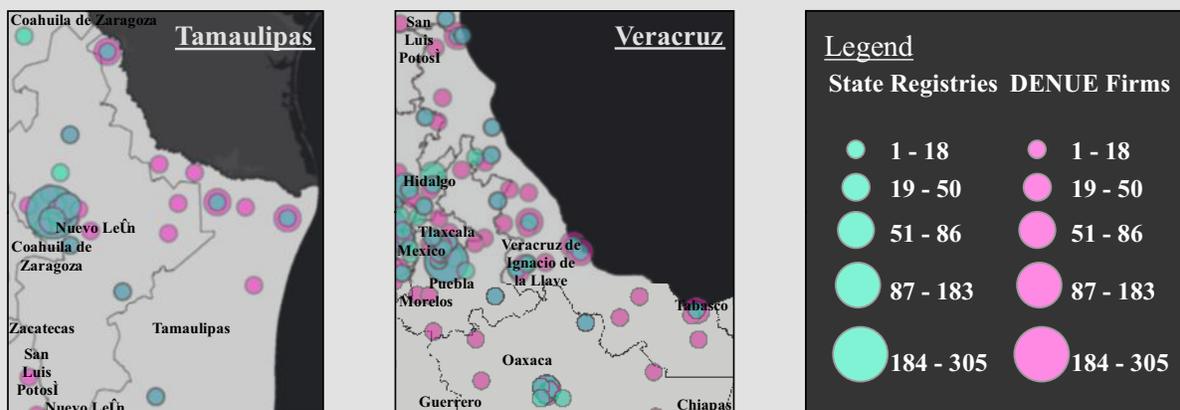
with high-levels of economic activity. According to the DGSP state-level data, 50 percent of private security companies are concentrated in just ten cities, with the majority in the northern or central parts of the country. These cities are listed in Table 7. The cities with the highest rates of private security companies per 100,000 residents are also included in Table 8 and reflect a larger geographic distribution.

Registered private security companies offer an extensive list of services, including providing personal bodyguards, protecting valuables and goods, patrolling commercial and residential properties, installing alarms, enhancing

### Case Study 2: Veracruz and Tamaulipas

The low rates of registered private security companies in Veracruz and Tamaulipas likely reflect high levels of informality rather than the actual number of operating companies. A comparison of the number of companies listed in Veracruz and Tamaulipas’ state private security company registries and those found in the DENUÉ registry offers a glimpse into this discrepancy.

In their state registries, Veracruz and Tamaulipas report 25 and 38 active private security companies, respectively. This is significantly lower than the 193 and 185 companies that were identified for the two states in the DENUÉ database. Overall, this creates an estimated informality rate of 87 percent in Veracruz and 79 percent in Tamaulipas. These percentages are likely even higher, given that not all the companies listed in the state registries were identified in the DENUÉ database. Figure 3 geo-locates the companies from the state registries and the DENUÉ database to demonstrate private sector informality in the two states.



Author elaboration

**Table 7: Total Private Security Companies by City**

Rank	State	#
1	Ciudad de México	814
2	Monterrey, Nuevo Leon	294
3	Guadalajara, Jalisco	250
4	Querétaro, Querétaro	127
5	León, Guanajuato	125
6	Tijuana, Baja California	120
7	Puebla, Puebla	102
8	Hermosillo, Sonora	86
9	Mérida, Yucatán	86
10	Mexicali, Baja California	83

**Table 8: Private Security Companies by City (Per 100,000)**

Rank	State	# Per 100,000
1	Guadalupe, Chihuahua	836
2	Cuauhtémoc, Colima	675
3	Santa Catarina, Guanajuato	293
4	Cuautla, Jalisco	276
5	Meteppec, Hidalgo	175
6	Juárez, Coahuila	125
7	Venustiano Carranza, Chiapas	62
8	Banamichi, Sonora	61
9	Colima, Colima	31
10	Monterrey, Nuevo Leon	27

*Author elaboration*

computer security, and offering technological support (such as satellite surveillance and security cameras), among others. However, as of October 2017, most companies (76 percent) in the DGSP state registries reported that they provide protections for goods. By comparison, only 16 percent of registered private security companies reported providing protections for people, and 11 percent or fewer companies reported providing any of the five remaining private security services.

There are reasons to suspect that the DGSP's state-level data for private security categories is not fully representative of the overall sector. In INEGI's 2016

National Business Victimization Survey (Encuesta Nacional de Victimización de Empresas, ENVE), 14 percent of Mexican businesses reported installing alarms or cameras as a response to insecurity, compared to just 6 percent that reported hiring security guards.<sup>26</sup> Yet, this higher demand for alarm installation does not match DGSP state registry data, which reports seven times more companies offering security guard services than alarm installation. There are several potential explanations for this variation, including a larger market share concentration among a few alarm installation firms, widespread informality in the alarm installation sector, or confusion regarding whether such services fall under the definition of private security.<sup>27</sup> However,

**Table 9: Categories of Private Security Services, October 2017<sup>25</sup>**

Category		Companies Providing Service (%)
1	Goods	76%
2	Persons	16%
3	Transfer of Goods and Valuables	11%
4	Alarms and Electronic Monitoring	10%
5	Other Private Security Activities	8%
6	Information Security	4%
7	Prevention and Responsibility Systems	4%

*Author elaboration*

the inconsistent data raises concerns about the extent to which DGSP state registries match the actual breakdown of private security services in the sector.

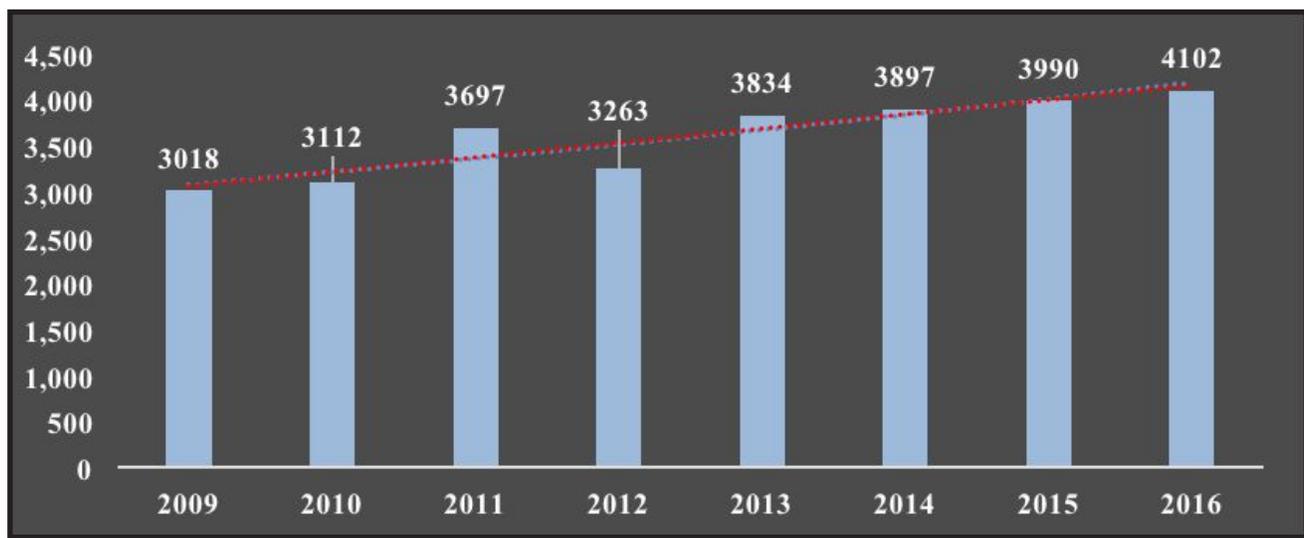
Despite these discrepancies, it appears that the overall private security sector is growing. According to INEGI's National Census on Government, Public Security, and State Penitentiary Systems, from December 2009 through December 2016, Mexico's total number of private security companies increased by approximately 36 percent.<sup>28</sup> The growth rate has varied by year—with the highest rates reported from 2010 to 2011 and again from 2012 to 2013. Since 2013, the growth rate has stabilized to roughly 2 percent per year.

This increase in the number of registered private security companies has not been evenly spread across Mexico's 32 states. Nine states saw more than 100 percent increases in the number of active private security companies per 100,000 residents, and four of these states (Durango, Michoacán, Tabasco, and Zacatecas) experienced increases of 500 percent or more between 2009 and 2016.<sup>29</sup> Alternatively, ten states reported reduced numbers of private security firms during this same period, with Jalisco, Tamaulipas,

and Coahuila representing the largest decreases.<sup>30</sup> It is difficult to evaluate the extent to which these state-level changes are related to overall market changes or to shifts in informality levels.

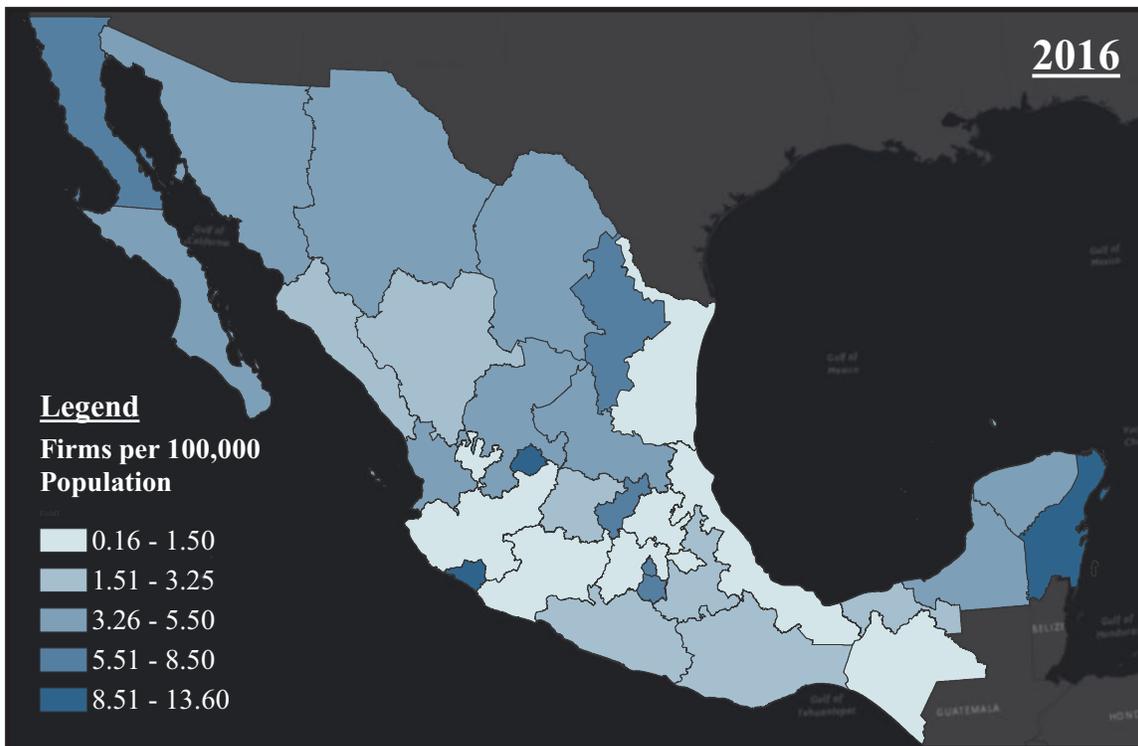
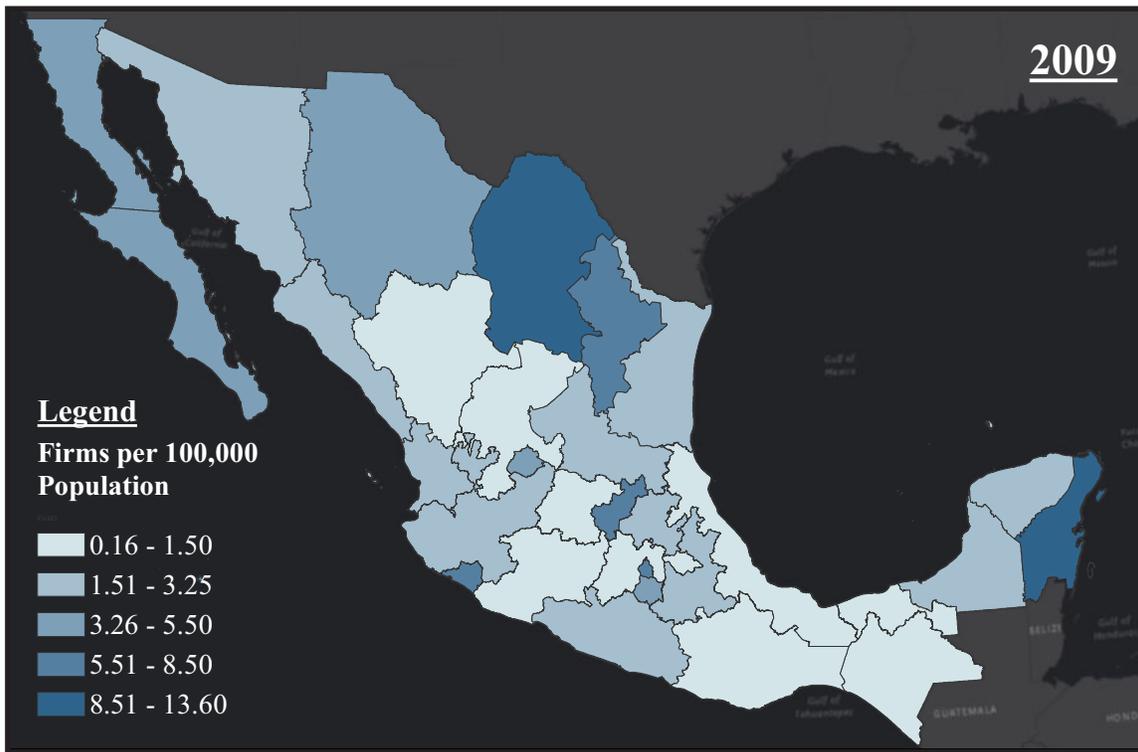
An increase in the number of private security companies roughly correlates with Mexico's persistently high levels of violence and insecurity and low institutional confidence in the country's police forces. In surveys from both 2011 and 2015, approximately 35 percent of Mexico's businesses reported being a victim of a crime, while robbery of businesses increased by 8 percent during this timeframe.<sup>31</sup> At the same time, Mexico's businesses reported little trust in public security institutions to address this insecurity. In 2016, some 65 percent of businesses across the country reported low or no confidence in their municipal police and reported only slightly higher confidence levels for state and federal police.<sup>32</sup> However, despite anecdotal evidence linking the private security sector's expansion to ongoing insecurity and low confidence in public security institutions, this report could not identify any significant statistical relationships.<sup>33</sup> This may be due to the inconsistencies in available private security company data.

**Figure 4: Total Number of Private Security Companies (2009 - 2016)**



*Author elaboration*

Figure 5: Private Security Firms per 100,000 Residents (2009 and 2016)



Author elaboration

## THE CHALLENGE OF INFORMALITY

Up to this point, this report has relied exclusively on data from registered private security companies. However, non-registered private security companies are estimated to make up a significant portion of the sector, with informality estimates ranging from 40 to 75 percent of all providers. There are various reasons for these high levels of informality, including inadequate auditing and sanctions and confusion over regulatory requirements. Table 10 provides informality estimates from private security company associations and Mexico's Universidad Iberoamericana. Up to this point, this report has relied exclusively on data from registered private security companies. However, non-registered private security companies are estimated to make up a significant portion of the sector, with informality estimates ranging from 40 to 75 percent of all providers. There are various reasons for these high levels of informality, including inadequate auditing and sanctions and confusion over regulatory requirements. Table 10 provides informality estimates from private security company associations and Mexico's Universidad Iberoamericana.

As highlighted in Case Study 2, informality does not appear to be consistent across Mexico's 32 states. By comparing the DENUE database to each state's private security registry, it is possible to get rough informality estimates.<sup>37</sup> Using this measure, 13 states report having more companies in their registries than in the DENUE. For the remaining 19 states, the percentages of registered companies range from 13 percent in Veracruz to 95 percent in San Luis Potosí. (The full list of informality estimates by state is published in Appendix 4.) Informal companies are unlikely to follow as stringent hiring and training practices as formal companies that are subject to regulatory oversight.

Informality also makes it challenging to estimate the total number of private security employees. INEGI's National Occupation and Employment Survey reports that there are 468,850 private security employees operating in Mexico.<sup>38</sup> Yet, other estimates put the range for private security personnel at between 500,000 to 600,000 individuals.<sup>39</sup> By comparison, these estimates of private security employees surpass the estimated number of public security forces within Mexico.

**Table 10: Estimates of Informality Among Private Security Companies**

Data	Year	Estimate of total companies
Mexican Association for Private Security Companies <sup>34</sup>	2014	8,000 -10,000
Universidad Iberoamericana <sup>35</sup>	2015	8,000
National Confederation of Private Security Companies <sup>36</sup>	2017	6,500

*Author elaboration*

**Table 11: Estimates of Private Security Personnel**

Data	Year	Personal (Total)
National Union of Private Security Companies and Adherents <sup>40</sup>	2017	500,000 total personnel
National Confederation of Private Security Companies <sup>41</sup>	2017	480,000 unregistered personnel
National Occupation and Employment Survey, INEGI <sup>42</sup>	2017	468,850 total personnel

*Author elaboration*

Companies are required to register each employee with their state's Secretary of Public Security. Yet given the required paperwork and high employee turnover rates, companies may choose to register only the company owners and managers instead of their entire workforce. This illegal maneuvering creates disadvantages for non-registered employees, who may not have access to the benefits that are available in formal employment, such as health insurance or unemployment benefits. Additionally, these employees are also unlikely to have any access to legal recourse in the event that they are injured on the job or are fired without a valid reason.

## FEDERALLY REGISTERED PRIVATE SECURITY EMPLOYEES' DEMOGRAPHICS

The only available data on private security employees' demographic profiles is in the DGSP's registry for federally registered private security firms. This data contains information on more than 85,000 active private security personnel from 2017. There

are limitations to this data, as it only includes the employees from firms operating in two or more states and only those employees that these firms chose to register. These limitations create concerns of bias in the data, and at the very least makes this dataset non-representative of the overall industry. However, this data provides the only available snapshot of private security personnel in Mexico and provides insights into the demographic profiles of employees working in large, registered private security companies.

In the DGSP registry, 84 percent of the private security workforce identified as male and 16 percent as female. This sector is skewed more heavily male than the overall Mexican workforce but is in line with the gender breakdown in the country's law enforcement and armed forces. As of 2017, INEGI data reported that Mexico's police and traffic agents were 82 percent male.<sup>43</sup>

In the DGSP registry, the average age for private security personnel was 41 years for women and 42 years for men. This is slightly older than Mexico's average worker, which in 2015 was 38 years for women

**Table 12: Private Security Sector Demographics by Gender**

Gender	Private Security Workforce	Law Enforcement & Police in Mexico	Overall Mexican Workforce <sup>44</sup>
Male	84 percent	82 percent	62 percent
Female	16 percent	18 percent	37.8 percent

*Author elaboration*

**Table 13: Private Security Sector Demographics by Education**

Education Breakdown by Last Completed	Private Security Workforce	Law Enforcement & Police <sup>45</sup>
Primary and Secondary School	63 percent	37 percent
High School or Technical School	28 percent	54 percent
Bachelors, Specialization, Masters, or Post-Grad	7.7 percent	8.8 percent

*Author elaboration*

and 39 years for men. Private security personnel also reported less educational attainment on average than law enforcement personnel, self-reporting an average of 9.9 years of educational attainment. Men reported 9.7 years of education and females reported 10.6 years.

Private security personnel often enter the sector after working in public security agencies, including local, state, and federal police and the armed forces. Interviews with government officials and members of the private security industry suggested that the total percent of private security employees with public security backgrounds was at least 50 percent of the sector's workforce. Yet within the DGSP's federal registry—which only captures those formally registered employees working in large companies—only 25.4 percent of the active staff had previously held a public security position.<sup>46</sup> This discrepancy may be explained by larger firms only registering their managerial and not operational staff (as discussed earlier in the report) or due to companies' hiring

conditions, such as refusing to hire individuals who previously worked as police officers.

On average, private security personnel earn salaries that are lower than their public security counterparts, although this varies by position.<sup>47</sup> Private security personnel that protect goods earn an average monthly salary of US\$273, compared to US\$807 for protecting people, US\$345 for the transfer of valuables, and US\$363 for installing alarms. As of 2015, INEGI survey data reported that public security officials across Mexico earn an average monthly salary of US\$577. However, both private and public security officials' salaries vary by state, with public security forces' average monthly salaries ranging from US\$365 in Tamaulipas to US\$1,001 in Aguascalientes, and also varying across the urban-rural divide within states. Private security sector salaries did not vary as significantly by state or municipality. (The full table of private security personnel salaries by state is published in Appendix 6.)

### Case Study 3: Incidents from Private Security Companies

The DGSP tracks data on crimes and safety incidents that involve private security personnel from federally registered private security companies. Between 2013 and 2017, the DGSP recorded 627 incidents from 129 companies, which equals 10 percent of the total number of companies registered in the DGSP database as of October 2017. Approximately 65 percent of these incidents occurred in the past two years.

Car accidents and robberies were the two most common incidents, but the DGSP data also includes crimes such as excessive use of force, drug trafficking, and even homicide (both the murder of a private security employee and when a private security employee committed a murder). Incidents were reported in all 32 states, although 25 percent were reported in Mexico City and the State of Mexico.

While the DGSP incident data demonstrates both private security companies' personnel misconduct and the dangers associated with the profession, it only includes incidents from federally registered firms. Apart from the DGSP database, private security personnel have been implicated in other criminal activities, such as working as cartel lookouts, bodyguards, hitmen, and even laundering money. However, the full extent of criminal activities and accidents in the private security sector is unknown.

## PRIVATE SECURITY SECTOR RECOMMENDATIONS

### Standardize Data

The lack of reliable data for private security companies and personnel remains among the most significant challenges for regulating or conducting research on the private security sector in Mexico. High levels of informality mean that large portions of the sector do not show up in any official database. Additionally, states' non-standardized data collection and inconsistent monthly registry submissions complicate the DGSP's regulatory efforts.

- **Company Identifiers.** Within state and federal private security company registries, a company's name (razón social) is its only unique identifier. However, spelling errors and the selective inclusion of a company's incorporation information within the official name complicate the process of combining or comparing registries. Instead, states should use each company's federal registration number as its unique identifier. This would allow for more streamlined data comparisons and allow DGSP regulators to more easily identify companies that fall under their regulatory purview.
- **Data Submission.** States are required to submit their private security company registries to the DGSP every month. While these submissions are supposed to include specific information about active private security companies, they do not follow a standardized template. The DGSP should design a submission template and request that states use it to improve data collection. This template should also request information regarding whether each private security company is headquartered in the state.
- **Retain Historical Data.** There is a lack of historical data in both federal and state private security company registries. The DGSP should prioritize retaining and publishing historical federal and state private security company data. This would allow regulators and researchers to better identify private sector industry trends by location and over time.

### Streamline Regulation

There are broad variations across states' private security legislation, particularly for registering a private security firm. This report identified approximately 80 different registration requirements across state-level private security legislation. This variation adds an unnecessary burden for private security companies, especially when operating across multiples states.

- **Streamline Registration Requirements.** The 2006 Federal Security Law should be adjusted to require that all states cannot request company registration requirements in excess of those outlined in the "Authorization, Reauthorization, and Modification" section of the federal law.
- **Extend Registration Period.** The DGSP should extend private security company operating permits from being valid for one year to three to five years. This would reduce the regulatory burden for companies and allow regulators to allocate more time and resources to auditing and other oversight activities.

### Reduce Private Security Sector Informality

To address the private security sector's high informality levels, federal and state regulators should increase their efforts to identify companies and personnel that are operating outside of the law.

- **State Level Prioritization.** Each state's private security regulators have their own auditing methodology, and these methodologies do not consistently include identifying and prioritizing companies that fail to formalize their operations through state registration. State regulators should follow federal auditing guidelines to identify "extraordinary" companies that are operating in their territory without state-level registration and prioritize these companies for audits.
- **Federal Level Prioritization.** Forty percent of the companies in the National Registry of Private Security Companies, Personnel, and Equipment are not listed in any state's private security company registry. These companies should be a priority for

DGSP regulators, since they are not fulfilling the federal regulatory requirement of simultaneous state and federal registration.

- **State-Level Verification Visit Data.** Each month, states must submit their private security company registry to the DGSP. However, the DGSP should also require that states simultaneously submit their verification visit (auditing) data and methodology. This would allow greater oversight into how states are auditing private security companies and if they are complying with their own methodologies.
- **DGSP Cooperation with State Regulators.** To address auditing inconsistencies across states, DGSP personnel should accompany state regulators during verifications visits. DGSP regulators should share best practices and support state regulators in identifying areas for improvement. The DGSP should use states' auditing data to decide which states to prioritize for these visits.

### Redesign Private Security Personnel Database

To address the high levels of informality among private security sector personnel, the DGSP should redesign the current registration system.

- **Federal Private Security Personnel Database.** The DGSP should create a private security personnel registry where individuals could independently register themselves and receive a private security personnel registration number. Private security companies would then only need to report their new employees' registration numbers to the DGSP. This would reduce companies' registration burden and likely lead to increased formality levels. The 85,000 personnel that are currently listed in the National Registry of Private Security Companies, Personnel, and Equipment could be immediately moved over to this new database.
- **State-Level Adoption.** If this new DGSP private security personnel registration database proves to be successful in reducing informality levels, it should be promoted at the state level.

### Expanding Public and Private Security Sector Integration

According to Mexico's Federal Private Security Law, private security companies must play a supporting role to public security forces "in situations of urgency, disaster or any other case, after being asked by the relevant federal, state, or municipal authorities."<sup>48</sup> However, private security companies are rarely asked to collaborate with public security officials. Mexico should follow other countries' examples to allow public security forces to better integrate private security companies' resources, personnel, and information into their operations.

- **Promote Public-Private Security Integration.** Guanajuato's state police and Chihuahua city's municipal police have both taken steps to integrate private security companies' cameras into their surveillance rounds. This type of public-private security cooperation should be expanded if it is deemed helpful in improving crime prevention and police investigations.
- **Training of Security Guards.** States should explore the possibility of requiring private security guards to receive standardized training in police academies. Currently, Jalisco requires all new private security employees to attend a police academy (Academia de Policía y Vialidad). This type of mandatory training could help ensure that private security officials operate with greater levels of professionalism and tactical skills.



## Endnotes

<sup>1</sup> “Empresas de Seguridad Privada con Permiso Estatal,” Unidad de Planeación, Prospectiva y Seguridad Privada, Comisión Nacional de Seguridad, 2017, [http://siesp.ssp.gob.mx/Reg\\_EmpEstatales/Con\\_Entidad.aspx](http://siesp.ssp.gob.mx/Reg_EmpEstatales/Con_Entidad.aspx); “Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales,” Instituto Nacional de Estadística y Geografía, 2017, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2017/>.

<sup>2</sup> Katherine Corcoran, “Security Firms Offer Hope for Latin American Businesses,” Associated Press, November 27, 2014, <https://www.detroitnews.com/story/news/world/2014/11/27/security-firms-offer-hope-latin-america/19595803/>.

<sup>3</sup> The UNDP report “Citizen Security with a Human Face: Evidence and Proposals for Latin America” notes that there are roughly 450,000 police officers and private security employees. However, INEGI’s “Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales 2017” estimated that there were 218,649 police officers across Mexico in 2016, and INEGI’s “Encuesta Nacional de Ocupación y Empleo” reported that there were 331,000 police officers around the country in 2017. These numbers are slightly less than the estimated 460,000 to 600,000 private security personnel operating around the country (discussed in greater detail later in the report). “Citizen Security with a Human Face: Evidence and Proposals for Latin America,” United Nations Development Programme, 2013, [http://hdr.undp.org/sites/default/files/citizen\\_security\\_with\\_a\\_human\\_face\\_-\\_executivesummary.pdf](http://hdr.undp.org/sites/default/files/citizen_security_with_a_human_face_-_executivesummary.pdf); Encuesta Nacional de Ocupación y Empleo, ENOE,” Instituto Nacional de Estadística y Geografía, 2017, <http://www.beta.inegi.org.mx/proyectos/enchogares/regulares/enoe/>; “Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales,” Instituto Nacional de Estadística y Geografía, 2017, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2017/>.

<sup>4</sup> Constitución de México Art. 21, 1917; Reglamento para los Investigadores, Detectives y Policías Privados o Pertenecientes a Organismos de Servicio Público Descentralizado o Concesionado, 1948.

<sup>5</sup> Decreto por el que se abroga el Reglamento de los Investigadores, Detectives y Policías Privadas o Pertenecientes a Organismos de Servicio Público Descentralizado o Concesionado, 1985.

<sup>6</sup> The General Law that Establishes the Coordination Bases of the National Public Security System was repealed in 2009 and transformed into the General Law of the National System of Public Security (Ley General del Sistema Nacional de Seguridad Pública). Ley General Que Establece Las Bases de Coordinación del Sistema Nacional de Seguridad Pública, 1995.

<sup>7</sup> Ibid, Art. 52.

<sup>8</sup> Ibid, Art. 53 and Art. 54.

<sup>9</sup> In 2012 the Secretary of Public Security’s functions were transferred to the Ministry of the Interior. The DGSP is charged with regulating private security in Mexico and is located within Mexico’s National Security Commission, a decentralized entity within the Ministry of the Interior.

<sup>10</sup> Ley Federal de Seguridad Privada, Art. 32, § 14, 2006.

<sup>11</sup> Ibid, Art. 32, § 11.

<sup>12</sup> Ibid, Art. 15.

<sup>13</sup> Article 32 of the Federal Private Security Law states that private security firms should: “Assist public security authorities and institutions in situations of urgency, disaster or any other case, after being asked by the relevant federal, state, DF, or municipal authorities.” Ley Federal de Seguridad Privada, Art. 32, § 7, 2006.

<sup>14</sup> Ley Federal de Armas de Fuego y Explosivos, 1972.

<sup>15</sup> Ibid, Art. 26.

<sup>16</sup> The regulations for Veracruz's private security sector is outlined in its 1998 Public Security Law for the State of Veracruz. *Ley de Seguridad Pública para el Estado de Veracruz*, 1998.

<sup>17</sup> These dates reflect the original publication dates, not the last reform.

<sup>18</sup> These 70 requirements include both the items requested from every company and the specific items requested only if the company is providing a particular service (i.e. the transfer of valuables) or using weapons, canines, etc.

<sup>19</sup> Decreto por el que se reforma el primer párrafo del artículo 150 de la Ley General del Sistema Nacional de Seguridad Pública, 63rd Congress, 2012, [http://www.diputados.gob.mx/LeyesBiblio/proceso/lxi/242\\_DOJ\\_06jun12.pdf](http://www.diputados.gob.mx/LeyesBiblio/proceso/lxi/242_DOJ_06jun12.pdf).

<sup>20</sup> "Empresas de Seguridad Privada con Permiso Estatal," Unidad de Planeación, Prospectiva y Seguridad Privada, Comisión Nacional de Seguridad, 2017, [http://siesp.ssp.gob.mx/Reg\\_EmpEstatales/Con\\_Entidad.aspx](http://siesp.ssp.gob.mx/Reg_EmpEstatales/Con_Entidad.aspx).

<sup>21</sup> Ibid.

<sup>22</sup> "Directorio Estadístico Nacional de Unidades Económicas," Instituto Nacional de Estadística y Geografía, 2018, <http://www.beta.inegi.org.mx/app/mapa/denue/>.

<sup>23</sup> More information on their methodology can be found in the report: "Directorio Estadístico Nacional de Unidades Económicas: Documento Metodológico," DENUÉ Interactivo, November 2017, [http://internet.contenidos.inegi.org.mx/contenidos/Productos/prod\\_serv/contenidos/espanol/bvinegi/productos/nueva\\_estruc/702825097240.pdf](http://internet.contenidos.inegi.org.mx/contenidos/Productos/prod_serv/contenidos/espanol/bvinegi/productos/nueva_estruc/702825097240.pdf).

<sup>24</sup> "Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales," Instituto Nacional de Estadística y Geografía, 2017, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2017/>.

<sup>25</sup> Morelos, Guanajuato, and Guerrero did not provide information on their private security companies' services.

<sup>26</sup> "Encuesta Nacional de Victimización de Empresas (ENVE)," Instituto Nacional de Estadística y Geografía, 2016, <http://www.beta.inegi.org.mx/proyectos/encestablecimientos/especiales/enve/2016/>.

<sup>27</sup> While the Federal Law on Private Security specifies alarm installation as a category of private security, only 65 percent of states include it in their legislation.

<sup>28</sup> Four states—Hidalgo, Querétaro, Tabasco, and Yucatán—did not provide information for 2009. This report substituted in their next reported in an attempt to standardize. For states that were missing data from 2010 through 2012, this report substituted in the last reported year. "Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales," Instituto Nacional de Estadística y Geografía, 2017, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2017/>.

<sup>29</sup> "Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales," Instituto Nacional de Estadística y Geografía, 2017, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2017/>.

<sup>30</sup> Ibid.

<sup>31</sup> "Encuesta Nacional de Victimización de Empresas (ENVE)," Instituto Nacional de Estadística y Geografía, 2016, <http://www.beta.inegi.org.mx/proyectos/encestablecimientos/especiales/enve/2016/>.

<sup>32</sup> Sixty percent of businesses reported low or no confidence in their state police and 48 percent reported low or no confidence in the Federal Police. Ibid.

<sup>33</sup> This report created statistical models that held constant variables such as GDP, labor force participation rate, years of education, regulatory burden, ENVIPE perceptions of insecurity, homicides, and vehicle theft.

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- <sup>36</sup> “Inseguridad ‘dispara’ 180% negocio de la seguridad privada,” *Informador*, October 12, 2017, <https://www.informador.mx/economia/-Inseguridad-dispara-180-negocio-de-la-seguridad-privada--20171012-0011.html>.
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- <sup>39</sup> “Empresas de seguridad privada ofrecen 500 mil empleos en México,” *20 Minutos*, August 12, 2017, <https://www.20minutos.com.mx/noticia/307064/0/empresas-de-seguridad-privada-ofrecen-500-mil-empleos-en-mexico/>; Diana Higareda, “Operan 8 mil empresas de seguridad ilegales,” *El Universal*, October 22, 2017, <http://www.eluniversal.com.mx/periodismo-de-datos/operan-8-mil-empresas-de-seguridad-ilegales>.
- <sup>40</sup> “Empresas de seguridad privada ofrecen 500 mil empleos en México,” *20 Minutos*, August 12, 2017, <https://www.20minutos.com.mx/noticia/307064/0/empresas-de-seguridad-privada-ofrecen-500-mil-empleos-en-mexico/>.
- <sup>41</sup> Diana Higareda, “Operan 8 mil empresas de seguridad ilegales,” *El Universal*, October 22, 2017, <http://www.eluniversal.com.mx/periodismo-de-datos/operan-8-mil-empresas-de-seguridad-ilegales>.
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- <sup>43</sup> “Inseguridad ‘dispara’ 180% negocio de la seguridad privada,” *Informador*, October 12, 2017, <https://www.informador.mx/economia/-Inseguridad-dispara-180-negocio-de-la-seguridad-privada--20171012-0011.html>.
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- <sup>47</sup> The registry does not contain specific information about the personnel’s previous places of employment.
- <sup>48</sup> The private security listings are from Indeed Mexico, which aggregates the salaries of specific job postings. The public security officials’ salaries are from INEGI’s National Census on Government, Public Security, and State Penitentiary Systems. The public security officials’ salaries are the average of the entire range of public security salaries within the state. “Salarios,” Indeed Mexico, accessed on March 17, 2018, <https://www.indeed.com.mx/>; “Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales 2016,” Instituto Nacional de Estadística y Geografía, 2016, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2016/>.
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## Appendix 1: Federal Private Security Categories Captured by State Law

	Persons	Goods	Transfer of Goods & Valuables	Alarm & Electronic Monitoring Services	Information Security	Prevention & Responsibility	Other Private Security Activities
Aguascalientes	✓	✓	✓	✓		✓	✓
Baja California		✓	✓	✓		✓	✓
Baja California Sur	✓	✓	✓			✓	
Campeche							
Chiapas	✓	✓	✓	✓		✓	✓
Chihuahua	✓	✓	✓	✓	✓	✓	✓
Ciudad de México	✓	✓	✓		✓		✓
Coahuila	✓	✓	✓			✓	✓
Colima	✓	✓	✓	✓	✓		✓
Durango	✓	✓	✓	✓	✓	✓	✓
Guanajuato	✓	✓	✓	✓	✓	✓	✓
Guerrero	✓	✓	✓	✓	✓	✓	✓
Hidalgo	✓	✓	✓	✓	✓	✓	✓
Jalisco	✓	✓	✓	✓			✓
México	✓	✓	✓		✓	✓	✓
Michoacán	✓	✓	✓			✓	✓
Morelos	✓	✓	✓	✓			✓
Nayarit	✓	✓	✓	✓	✓	✓	✓
Nuevo León	✓	✓	✓	✓	✓	✓	✓
Oaxaca	✓	✓	✓	✓		✓	✓
Puebla	✓	✓	✓	✓	✓	✓	✓
Querétaro	✓	✓	✓				
Quintana Roo	✓	✓	✓	✓		✓	✓
San Luis Potosí	✓	✓	✓	✓			✓
Sinaloa	✓	✓	✓	✓	✓		
Sonora	✓	✓	✓	✓	✓	✓	✓
Tabasco	✓	✓	✓	✓			
Tamaulipas	✓	✓	✓			✓	✓
Tlaxcala	✓	✓	✓	✓			
Veracruz	✓	✓	✓				✓
Yucatán	✓	✓	✓			✓	✓
Zacatecas	✓	✓	✓	✓			
<b>TOTAL</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>21</b>	<b>13</b>	<b>20</b>	<b>25</b>

*State private security legislation*

## Appendix 2: Weighting Methodology for State Regulation

	Requirements	Weight
1	General applicant information	1
2	Constitutive act (companies), copy of birth certificate (people)	2
3	Copy of the birth certificate for all personnel	8
4	Work background	3
5	Proof of completed secondary education or its equivalent for all personnel	6
6	Official identification	1
7	Power of attorney in which the applicant's character is certified	2
8	Company purpose	2
9	Legal address	1
10	Territorial scope of service provision	1
11	Original and copy of tax ID card	2
12	Copy of Federal Taxpayers Registry ID card	2
13	Address of the parent company and, if applicable, branches	1
14	Proof of address	2
15	Copy of the released military card from each personnel member	8
16	CVs of the executive staff	1
17	Certificate of criminal record and certificate of police background check	8
18	Two recent front-facing and two profile photographs for all registered staff registered	2
19	Request in writing to provide one or more private security services	1
20	Statement of reasons for providing this private security service	1
21	Written letter from a legal representative specifying the company's creation and the date of its publication in the Official Journal of the Government of the State	1
22	Registration forms, provided by the Office of the Undersecretary of Public Security	1
23	Registration forms for the State Police Registry of Administrative and Operational Personnel, provided by the Office of the Undersecretary of Public Security	1
24	Declaration under oath that the personnel are or are not unionized, and if they are, attach the collective bargaining agreement or agreement with the relevant union	1
25	Written statement under oath that the company's legal representative does not have a history of non-compliance and the company's partners have not participated in private security companies that were non-compliant	1
26	Declaration under oath that the executives and shareholders are not involved in any ongoing criminal cases, nor have been not been convicted of a crime, nor have they been dishonorably discharged from the police or armed forces	1
27	Companies must be constituted in accordance with Mexican legislation	5
28	Provide a favorable opinion for the use of company property	5
29	Proof of legal representative's opinion in the corresponding town hall for services that will be provided for a single municipality	5
30	Public deed with its registration in the Public Registry of Property and Commerce	5
31	Proof of sufficient personnel, training, technical, financial, and material resources	7

Author elaboration

## Appendix 2: Weighting Methodology for State Regulation (Continued)

	Requirements	Weight
32	Document accrediting personnel's registration with the Mexican Social Security Institute	8
33	Opinion containing a socioeconomic study carried out by an accredited institution	6
34	Original and copy of tax payments for the last fiscal year	4
35	Proof that the company is up to date in the payment of its federal, state and municipal taxes	4
36	Current training plans and programs	7
37	Certificate that accredits the operational personnel's training	7
38	Physical sample of badges, logos, emblems or any means of identification	7
39	Insurance contract that guarantees that the service beneficiary will not suffer damage in case of theft, assault or the loss of goods or valuables	10
40	Bond policy, issued by a legally authorized institution in favor of the Treasury of the Federation, for an amount equivalent to 5,000 times the minimum wage in the Federal District	10
41	Visible operating license	1
42	List of managerial and administrative staff, containing their full names and addresses	2
43	List of operational personnel, including their full names, federal taxpayer registry IDs, and, if applicable, their registries in the population register	5
44	Accreditation of the service provider's personnel in case it has been requested and issued by the board	4
45	Formal acceptance in writing that the service provider's authorization will be suspended or cancelled if the service provider fails to comply with the obligations referred to in this regulation	1
46	Credential that will be issued to staff	4
47	Photographs of the uniform, in which all four sides are visible, containing colors, logos, or emblems	3
48	List of company's goods and property	3
49	Model contract that is approved and registered with the Federal Consumer Protection Agency	3
50	Recent color and digital photographs of the company buildings	2
51	List of clients or users of the private security service	1
52	List of clients and their fiscal or private address, locations where the service is provided, date and validity of the contract, type of service provided, and staff assigned to provide the service	2
53	Original proof of payment for each employee's inscription in the National Registry of Public Security Personnel	2
54	Acknowledgment of request to the State Coordination of Civil Protection and the Municipal Civil Protection Unit to be part of the State System of Civil Protection.	2
55	Registration before the Ministry of Finance and Public Credit	3
56	Present accredited evaluations from the Center of Confidence Control	5
57	Written declaration of the company's branches in the state or in other states. If the company doesn't have other branches, that should be a written under oath.	1
58	Present medical certificate of good health from a health institution or from an authorized doctor	5
59	Submit to a toxicology exam in a laboratory or home drug test completed under the service provider's responsibility	4
60	Written list that outlines the head of operations in the headquarters and each branch. If there isn't an operating head yet, that should be written under oath	1
61	Demonstrate that the provider has, at least, one year of experience in the private security service that he/she is providing	1

*Author elaboration*

## Appendix 3: Number of Private Security Companies and Companies Per 100,000 Residents by State

	Firms Total	Firms Per 100,000
Aguascalientes	78	6.58
Baja California		7.58
Baja California Sur	65	10.20
Campeche	49	5.84
Chiapas	85	1.77
Chihuahua	178	5.08
Ciudad de México	814	9.20
Coahuila	131	4.77
Colima	102	15.68
Durango	48	2.94
Guanajuato	192	3.50
Guerrero	86	2.54
Hidalgo	52	1.95
Jalisco	285	3.88
México	294	1.94
Michoacán	63	1.45
Morelos	133	7.48
Nayarit	54	4.98
Nuevo León	464	9.97
Oaxaca	56	1.47
Puebla	171	2.96
Querétaro	142	7.77
Quintana Roo	193	14.56
San Luis Potosí	100	3.87
Sinaloa	90	3.25
Sonora	124	4.66
Tabasco	53	2.34
Tamaulipas	38	1.16
Tlaxcala	15	1.28
Veracruz	25	0.33
Yucatan	104	5.32
Zacatecas	65	4.36

*"Empresas de Seguridad Privada con Permiso Estatal," Unidad de Planeación, Prospectiva y Seguridad Privada, Comisión Nacional de Seguridad, 2017, [http://siesp.ssp.gob.mx/Reg\\_EmpEstatales/Con\\_Entidad.aspx](http://siesp.ssp.gob.mx/Reg_EmpEstatales/Con_Entidad.aspx).*

## Appendix 4: Informality Estimate by State

	DENUE	DGSP	% Informal	% Formal
Aguascalientes	84	78	7%	93%
Baja California		239	19%	81%
Baja California Sur	52	65	---	>100%
Campeche	73	49	33%	67%
Chiapas	94	85	10%	90%
Chihuahua	224	178	21%	79%
Ciudad de México	714	814	---	>100%
Coahuila	200	131	34%	66%
Colima	76	102	---	>100%
Durango	45	48	---	>100%
Guanajuato	249	192	23%	77%
Guerrero	68	86	---	>100%
Hidalgo	90	52	42%	58%
Jalisco	366	285	22%	78%
México	267	294	---	>100%
Michoacán	100	63	37%	63%
Morelos	121	133	---	>100%
Nayarit	31	54	---	>100%
Nuevo León	441	464	---	>100%
Oaxaca	64	56	12%	88%
Puebla	158	171	---	>100%
Querétaro	192	142	26%	74%
Quintana Roo	138	193	---	>100%
San Luis Potosí	105	100	5%	95%
Sinaloa	132	90	32%	68%
Sonora	208	124	40%	60%
Tabasco	81	53	35%	65%
Tamaulipas	185	38	79%	21%
Tlaxcala	23	15	35%	65%
Veracruz	193	25	87%	13%
Yucatán	93	104	---	>100%
Zacatecas	32	65	---	>100%
Total	5,193	4,588	12%	88%

"Directorio Estadístico Nacional de Unidades Económicas," Instituto Nacional de Estadística y Geografía, 2018, <http://www.beta.inegi.org.mx/app/mapa/denue/>; "Empresas de Seguridad Privada con Permiso Estatal," Unidad de Planeación, Prospectiva y Seguridad Privada, Comisión Nacional de Seguridad, 2017, [http://siesp.ssp.gob.mx/Reg\\_EmpEstatales/Con\\_Entidad.aspx](http://siesp.ssp.gob.mx/Reg_EmpEstatales/Con_Entidad.aspx).

## Appendix 5: State Regulatory Burdens and Estimated Percent of Registered Companies

	Number of Regulations	Regulatory Burden	Formality Measure
Baja California	21	99	81%
Guerrero	26	96	>100%
Sinaloa	22	94	68%
Tamaulipas	22	89	21%
Coahuila	18	86	>100%
Chihuahua	20	83	79%
Chiapas	20	80	90%
Puebla	19	73	>100%
Nuevo León	17	71	>100%
Guanajuato	19	71	77%
Durango	16	69	>100%
Tlaxcala	16	69	65%
México	20	68	>100%
Jalisco	15	65	78%
Oaxaca	17	63	88%
Tabasco	15	63	65%
Aguascalientes	15	62	93%
Veracruz	15	62	13%
Nayarit	17	61	>100%
Distrito Federal	12	59	>100%
Hidalgo	11	57	58%
San Luis Potosí	16	56	95%
Quintana Roo	17	56	>100%
Colima	15	56	66%
Sonora	11	53	60%
Michoacán	11	51	63%
Baja California Sur	11	42	>100%
Campeche	12	42	67%
Morelos	17	40	>100%
Zacatecas	15	33	>100%
Yucatán	12	32	>100%
Querétaro	9	32	74%

State private security legislation; “Directorio Estadístico Nacional de Unidades Económicas,” Instituto Nacional de Estadística y Geografía, 2018, <http://www.beta.inegi.org.mx/app/mapa/denue/>.

Appendix 6: Average Private and Public Security Salaries by State (MX Pesos)

State	Private Security Guard (Goods)	Private Security Guard (People)	Transfer of Valuables	Alarm Installer	Public Security
Aguascalientes	4,989	---	7,437	5,080	16,667
Baja California		9,784	7,330	6,532	18,544
Baja California Sur	---	---	7,102	9,137	11,826
Campeche	---	---	---	7,286	10,364
Chiapas	4,062	---	---	---	8,296
Chihuahua	5,584	---	6,661	---	11,986
Ciudad de México	5,337	16,066	6,263	6,996	10,689
Coahuila	5,699	---	6,793	6,525	11,889
Colima	---	---	5,981	---	14,310
Durango	4,584	---	---	5,915	12,429
Guanajuato	5,190	---	6,944	---	15,676
Guerrero	4,673	---	5,501	---	11,830
Hidalgo	4,777	---	5,578	---	8,516
Jalisco	5,455	---	6,314	6,495	14,379
México	5,373	14,015	5,935	6,759	13,320
Michoacán	4,784	---	6,801	5,558	14,899
Morelos	4,615	---	8,034	---	8,869
Nayarit	4,306	---	13,981	---	10,582
Nuevo León	6,479	17,612	6,822	8,113	14,968
Oaxaca	---	---	5,766	---	8,238
Puebla	4,903	9,754	5,896	---	7,474
Querétaro	5,396	---	6,905	6,413	12,992
Quintana Roo	5,419	---	6,672	6,856	7,605
San Luis Potosí	5,373	---	6,396	---	13,322
Sinaloa	5,218	---	6,985	---	14,028
Sonora	---	---	7,338	6,095	13,745
Tabasco	4,371	---	---	---	7,479
Tamaulipas	5,637	---	7,106	5,510	6,778
Tlaxcala	---	---	---	---	8,551
Veracruz	4,689	---	5,981	7,080	8,868
Yucatán	4,708	---	5,378	5,948	12,384
Zacatecas	---	---	---	---	11,552
Average	5,083	14,951	6,398	6,742	10,700

"Salarios," *Indeed Mexico*, accessed on March 17, 2018, <https://www.indeed.com.mx/>; "Censo Nacional de Gobierno, Seguridad Pública y Sistema Penitenciario Estatales 2016," *Instituto Nacional de Estadística y Geografía*, 2016, <http://www.beta.inegi.org.mx/proyectos/censosgobierno/estatal/cngspspe/2016/>.



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