

# Exhibit 201

**Melson, Kenneth E.**

---

**From:** Rubenstein, Steve R.  
**Sent:** Wednesday, January 05, 2011 2:54 PM  
**To:** Melson, Kenneth E.  
**Cc:** Orlow, Barry S.  
**Subject:** Potential unauthorized disclosure of official information

This is in response to your request regarding information posted on "Clean Up ATF." Specifically, on December 22, 2010, "1desertrat" stated that "word is" that Phoenix FD ASAC George Gillet "[a]llegedly approved more than 500 AR-15 type rifles from Phoenix and Tucson cases to be 'walked' into Mexico." The post further states that "[o]ne of those rifles is rumored to have been linked to the recent killing of a Border Patrol Officer in Nogales, AZ."

The disclosure of this information has a potential deleterious effect on ATF's undercover operations. In that regard, suspects may alter their behavior if they know that law enforcement is allowing certain firearms to 'walk' into Mexico. In addition, public knowledge of this type of operation potentially places informants and undercover agents in jeopardy. Finally, public disclosure of such information could ATF's working relationship with Mexico.

If "1desertrat" is an ATF employee, then he/she is subject to our Orders and Standards of Conduct. ATF O 2735.1, "EMPLOYEE RESPONSIBILITIES AND CONDUCT", includes the following;

**47. DISCLOSURE OF INFORMATION TO THE PUBLIC.**

- a. Employees may not disclose official information without either appropriate general or specific authority under Department or Bureau regulations. (see further 31 C.F.R. 1.8 and 1.9)
- b. Employees may not disclose official information, whether written, verbal or overheard in telephone conversations, without either appropriate general or specific authority. Under circumstances wherein employees are permitted to disclose official information, strict adherence to prescribed official channels for such disclosure will be mandatory. This paragraph also pertains to all official information that may become known to employees while they are away from their duty stations.

Under this Order, ATF employees may not disclose any information to the public without authority. (See 28 CFR Part 16). If an employee failed to receive authority prior to releasing information related to ATF's law enforcement techniques he or she is potentially in violation of ATF's Standard of Conduct Order.

Let me know if you have any further questions.

Steve

**From:** Melson, Kenneth E.  
**Sent:** Wednesday, January 05, 2011 5:10 PM  
**To:** Rubenstein, Steve R.  
**Subject:** RE: Potential unauthorized disclosure of official information

Thanks, Steve. I am going to forward this to SA Ken.

**From:** Rubenstein, Steve R.  
**Sent:** Wednesday, January 05, 2011 2:54 PM  
**To:** Melson, Kenneth E.  
**Cc:** Orlow, Barry S.  
**Subject:** Potential unauthorized disclosure of official information

This is in response to your request regarding information posted on "Clean Up ATF." Specifically, on December 22, 2010, "Idesertrat" stated that "word is" that Phoenix FD ASAC George Gillet "[a]llegedly approved more than 500 AR-15 type rifles from Phoenix and Tucson cases to be 'walked' into Mexico." The post further states that "[o]ne of those rifles is rumored to have been linked to the recent killing of a Border Patrol Officer in Nogales, AZ."

The disclosure of this information has a potential deleterious effect on ATF's undercover operations. In that regard, suspects may alter their behavior if they know that law enforcement is allowing certain firearms to 'walk' into Mexico. In addition, public knowledge of this type of operation potentially places informants and undercover agents in jeopardy. Finally, public disclosure of such information could ATF's working relationship with Mexico.

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#### 47. DISCLOSURE OF INFORMATION TO THE PUBLIC.

- a. Employees may not disclose official information without either appropriate general or specific authority under Department or Bureau regulations. (see further 31 C.F.R. 1.8 and 1.9)
- b. Employees may not disclose official information, whether written, verbal or overheard in telephone conversations, without either appropriate general or specific authority. Under circumstances wherein employees are permitted to disclose official information, strict adherence to prescribed official channels for such disclosure will be mandatory. This paragraph also pertains to all official information that may become known to employees while they are away from their duty stations.

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Let me know if you have any further questions.

Steve

HOCR ATF - 001572

# Exhibit 202

RC-1

**n:** Cunningham, Patrick (USAAZ)  
**t:** Wednesday, January 05, 2011 5:46 PM  
**ro:** Tarango, Manuel (USAAZ)  
**Subject:** FW: ATF and Fast and Furious

**From:** Cunningham, Patrick (USAAZ)  
**Sent:** Wednesday, January 05, 2011 2:36 PM  
**To:** Burke, Dennis (USAAZ); Scheel, Ann (USAAZ); Tarango, Manuel (USAAZ)  
**Cc:** Morrissey, Mike (USAAZ)  
**Subject:** ATF and Fast and Furious

Friends: Mr Melson has advised Bill he still wants to attend our F and F rollout.

Bill is looking for information on our side of the press event that he can share with Melson. Have we heard from the New DAG that he is not attending?  
Can we arm Bill with the answer?

RC-6

ks. Pjc

**From:** Newell, William D. (ATF)  
**Sent:** Wednesday, January 05, 2011 01:51 PM  
**To:** Cunningham, Patrick (USAAZ)  
**Subject:** RE: Pls give me a call when you can.

Perfect, was trying to get in touch with Dennis too but am told he's at a funeral. If you're with him, my apologies for interrupting the funeral, and let him know you and I can discuss the same issue so no need for him to call.

Bill Newell  
 Special Agent in Charge  
 Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
 Phoenix Field Division (Arizona and New Mexico)  
 Office - RC-1

**From:** Cunningham, Patrick (USAAZ) RC-1  
**Sent:** Wednesday, January 05, 2011 11:50 AM  
 Newell, William D.  
**ect:** Re: Pls give me a call when you can.

# Exhibit 203

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**From:** Newell, William D.  
**To:** Mangan, Thomas G.  
**Sent:** 1/11/2011 9:42:34 AM  
**Subject:** Fw: Todays clips

Just letting them know....

\*\*\*

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**From:** Newell, William D.  
**To:** Thomasson, Scot L.  
**Sent:** Tue Jan 11 09:37:37 2011  
**Subject:** Re: Todays clips

Thanks, have used it several times before because I stand by it 100%. Just heard Melson's coming for the Fast/Furious press conf on the 25th. I hope he realizes how politically charged Arizona is right now especially regarding gun issues, was that way even before the Tucson shooting.

\*\*\*

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**From:** Thomasson, Scot L.  
**To:** Newell, William D.  
**Sent:** Tue Jan 11 09:34:06 2011  
**Subject:** Todays clips

-  
**Bill,**

**Great Quote in today's clips;**

-  
"This investigation is further proof of the relentless efforts by Mexican drug cartels to illegally acquire large quantities of firearms in the U.S. for use in the ongoing Mexican drug war," said Bill Newell, Special Agent in Charge of the ATF Phoenix Field Division. "This investigation is also further proof that the 'straw purchase' of firearms continues to be a significant problem. Those individuals that knowingly falsify ATF firearms forms to supply Mexican drug cartels with firearms have as much blood on their hands as the criminals that use them."

**Scot L. Thomasson**  
**Chief**  
**ATF Public Affairs Division**  
**Washington, DC**  
**Desk** RC-1 [REDACTED]  
**Cell** RC-1 [REDACTED]

HOCR DOJ 005479

Exhibit 204

# Exhibit 204



Operation: Fast and Furious and Corresponding Investigations  
(1/12/11)

**Proposed Opening Statement**

- The violence inflicted by the cartels on the citizens of Mexico has reached epidemic proportions. To think that this violence does not affect the United States is naïve; and Agent Terry's murder is a painful reminder of that fact. Illegally obtained firearms are the tools of the trade used by the cartels to protect their criminal enterprise and terrorize the public. Unlike the drugs that they supply, these illegal firearms can stay in circulation indefinitely and cause death and destruction for decades. It is the responsibility of the men and women of ATF to disrupt the flow of firearms to these criminals and protect the public from violent crime.

**Statements**

- In October 2009, ATF, in partnership with DEA, ICE, IRS, and the Phoenix Police Department, began an OCDETF investigation into a firearms trafficking organization funded by the violent Sinaloa Drug Trafficking Organization (DTO).
- This criminal organization is responsible for trafficking hundreds of firearms into Mexico, using firearms in furtherance of drug trafficking, drug smuggling, wire fraud, and bulk currency smuggling.
- From October 2009 through October 2010, this organization, through the use of numerous straw buyers, purchased approximately \$1.25 million in firearms from FFLs in the Phoenix area and trafficked the firearms into Mexico and other locations within the United States.
- During the course of this investigation, ATF and our law enforcement partners utilized a variety of investigative techniques to identify a large number of co-conspirators and disrupt the illegal activities of this criminal enterprise by seizing hundreds of firearms and narcotics.

HOCR DOJ 005543

### Questions and Answers

- **Some media reports, referencing an anonymous ATF official, claim that ATF knowingly “walked” about 1,900 firearms across the U.S.-Mexico border as part of this operation. What can you tell me about that?**

**Or**

- **The news release/indictment indicates that ATF waited until nearly 2,000 guns were illegally purchased before arresting the straw buyers in this case. Why did ATF wait so long?**

**ANSWER:** It’s not against the law for an individual to purchase 10, 20 or 50 or even 100 guns at one time. It’s not illegal to own or possess hundreds of guns; however, it is illegal to straw purchase firearms for those who cannot possess them legally. Operation Fast and Furious became a long-term investigation because of the amount of time it took to gather enough evidence against those who were supplying these violent criminals with the tools of their trade. We needed to ensure that when we did arrest these individuals, justice would be served.

**ANSWER:** Knowing what it takes to prosecute these types of federal violations is the best way to understand why this investigation took as long as it did and utilized so many resources. Investigations of this type are often long and complicated due to the fact that firearms are a legal commodity being diverted for illegal use. When conducting these investigations we have found that the end user of often shrouded by many layers of straw purchasers and middlemen whose sole purpose is to hide the connection between the first retail purchaser and the violent criminal. Determining when the firearm leaves legal commerce can be extremely difficult and therefore hard to prove.

- **Border Patrol Agent Brian A. Terry was shot and killed after he and his team encountered several suspects near Rio Rico, Ariz. At least four suspects are in custody while one is still being pursued. Was a gun trafficked in this case used in the murder?**

**Or**

- **We understand that a firearm bought in connection with this ATF investigation was used to murder Border Patrol Agent Brian A. Terry. Can you please comment on this information?**

**ANSWER:** The death of Agent Terry is tragic and is a sad and dark day for all of law enforcement. We’ve lost one of our own. This is another example of the dangers faced by law enforcement every day across this country when pursuing these violent criminals.

HOCR DOJ 005544

**ANSWER:** Agent Terry's death is the exact reason why we must continue going after those who are determined to destroy the lives of so many innocent individuals in our communities by plying their illicit trade. For those who would say it is Mexico's problem, I say Agent Terry's death and all of those who have perished because of this violence prove that this challenge belongs to everyone.

**ANSWER:** The investigation into the murder of Agent Terry is active and ongoing. ATF has pledged its support and resources to bring to justice the perpetrators who are guilty of that crime. I won't say anything here today to jeopardize that investigation or the subsequent prosecution of those responsible for this terrible crime.

**ANSWER:** The murder of Agent Terry is a tragic loss that has been felt throughout the United States and underscores the dangers that law enforcement officers face every day. As the investigation continues into this heinous crime, our hearts go out to Agent Terry's family and his fellow Border Patrol Agents who continue to risk their lives to protect the citizens of our great Country.

- **Today ATF agents arrested 20 individuals in this investigation. What kind of impact will that make on the Sinaloa Cartel?**

**ANSWER:** We hope the arrests have a crippling effect on the cartel's supply line for guns. The Project Gunrunner initiative is designed to stem the flow of firearms to Mexico drug trafficking organizations.

**ANSWER:** This complex source of firearms has dried up thanks to the work of ATF and our law enforcement partners, unfortunately there are many more firearms trafficking rings and we are in the process of identifying and investigating other organizations employed by cartels in America.

**ANSWER:** The hard work of all the people involved in this investigation has denied the tools of trade to this violent criminal organization, minimizing their ability to terrorize communities on both sides of the border.

- **Historically, straw buyers who are prosecuted rarely get time. If they do, it's only a year or two. What impact do you expect to have by indicting these 20 straw buyers?**

**ANSWER:** Criminals who want guns or traffic in guns seek people with clean criminal records to purchase firearms on their behalf. That is against the law. With convictions, these 20 individuals will no longer be able to supply tools of the trade to criminals.

**ANSWER:** To deter would-be criminals and to send a message that trafficking firearms is a crime that will impact them for the rest of their lives. Simply put, crime doesn't pay.

HOCR DOJ 005545

**ANSWER:** To send a message to drug cartels that ATF and its law enforcement partners will use all enforcement methods available to disrupt and dismantle their criminal activities.

###

HOCR DOJ 005546

# Exhibit 205

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**From:** Robbie Sherwood  
**To:** Sherwood, Robert (USAAZ) <Contractor>  
**Sent:** 1/19/2011 11:27:02 AM  
**Subject:** Fw: Fast and Furious

----- Forwarded Message -----

**From:** "Cunningham, Patrick (USAAZ)" <RC-1 [REDACTED]>  
**To:** "Morrissey, Mike (USAAZ)" <RC-1 [REDACTED]>; "Hurley, Emory (USAAZ)" <RC-1 [REDACTED]>  
**Cc:** "Evans, John (USAAZ) 3" <RC-1 [REDACTED]>; "Figueroa, Jesse (USAAZ)" <RC-1 [REDACTED]>; "Burke, Dennis (USAAZ)" <RC-1 [REDACTED]>; "Scheel, Ann (USAAZ)" <RC-1 [REDACTED]>; "Hernandez, Rachel (USAAZ)" <RC-1 [REDACTED]>; "Tarango, Manuel (USAAZ)" <RC-1 [REDACTED]>  
**Sent:** Wed, January 19, 2011 9:14:12 AM  
**Subject:** Fast and Furious

Mike and Emory: please speak with Jesse Figueroa regarding the connection of one defendant in our Fast and Furious case to the Terry murder case so that Jesse is aware of our press conference on Tuesday. As I understand it we plan to make no connections between the two cases in our public statements and hope to obtain our defendant's cooperation as to how the firearms went from him to Southern Arizona. Thanks. PJC

HOCR DOJ 006016

Exhibit 206

# Exhibit 206

**Roessner, Joel J.**

---

**From:** Bacon, Valarie L.  
**Sent:** Thursday, January 20, 2011 10:09 AM  
**To:** Roessner, Joel J.  
**Subject:** FW:

FYI.

**From:** Orlow, Barry S.  
**Sent:** Thursday, January 20, 2011 9:48 AM  
**To:** Hoover, William J.; Chait, Mark R.; McMahon, William G.  
**Cc:** Rubenstein, Steve R.; Serres, Greg; Bacon, Valarie L.  
**Subject:**

You may well already be aware of this but I wanted to make sure. Attached is what purports to be an "Open Letter To Senate Judiciary staff on 'Project Gunwalker'." The letter states "ATF employees are looking to come forward and provide testimony and documentation about guns being illegally transported to Mexico, with management cognizance" and that In order for these people to come forward, they require whistle-blower protection."

<http://www.examiner.com/gun-rights-in-national/open-letter-to-senate-judiciary-committee-staff-on-project-gunwalker>

Barry Orlow  
 Associate Chief Counsel (Field Operations and Information)  
 Bureau of Alcohol, Tobacco, Firearms and Explosives  
 U.S. Department of Justice  
 99 New York Ave. NE  
 Rm. 6E-441  
 Washington, DC 20226

-desk  
 -cell  
 -fax

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ATTORNEY WORK PRODUCT PRIVILEGED DOCUMENT

ATTORNEY-CLIENT PRIVILEGED COMMUNICATION

# Exhibit 207

**From:** Newell, William D. [RC-1]  
**Sent:** Tuesday, January 18, 2011 5:20 PM  
**To:** Allen, Matthew C; Coleman, Douglas W.; Mertz Dawn N; jack.harris@[REDACTED]  
**Cc:** Cunningham, Patrick (USAAZ)  
**Subject:** Press Conf next Tuesday

Folks, just giving you a heads up regarding a planned press conf for next Tuesday the 25<sup>th</sup> around 11am. My PIO, Tom Mangan, should already be reaching out to yours regarding this. If not please advise asap. The topics discussed will regard our combined efforts in several firearms trafficking cases at the OCDETF Strike Force over the past several months but especially the "Fast and Furious" case which all of our folks worked on together and is scheduled for an initial round of indictments tomorrow. I want to have the press conf in a neutral location so we are planning it in the Bank of America building in which we are located (201 E. Washington Street) on the 14<sup>th</sup> floor. This is not the ATF office but rather a multi-purpose room used by the BOA folks for training, meetings, etc. The issue of having the press conf at the USAO regards transport of a large number of guns for display. Having it in our building will make this much easier for my folks many of whom will be tied up that day on operational matters. Also, our Acting Director Ken Melson will be coming. I confirmed this point this morning with my HQ so my apologies for the late notice on this. I had a meeting with my folks today regarding the topics to be discussed and besides a summary of the firearms trafficking cases involving Mexico I would also like to mention the work that all of us do out of the Strike Force.

If you have any questions or concerns please don't hesitate to contact me. I will ensure that my PIO is keeping yours up to speed throughout the coming days. Take care.

Bill Newell  
 Special Agent in Charge  
 Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
 Phoenix Field Division (Arizona and New Mexico)  
 Office [RC-1]

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# Exhibit 208

**From:** Newell, William D.  
**To:** [REDACTED] Newell Personal Email  
**Sent:** 1/21/2011 5:56:23 PM  
**Subject:** Fw: Press Book  
**Attachments:** QA Demandletter 121710 final.docx; QA Mental Defective 012011tc.docx; QAs FastFurious 110112 djw tc st.docx

\*\*\*\*\*

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----- Original Message -----

**From:** Wade, Drew J.  
**To:** McMahon, William G.; Newell, William D.  
**Cc:** Mangan, Thomas G.  
**Sent:** Fri Jan 21 15:55:24 2011  
**Subject:** RE: Press Book

SAC Newell (cc: Tom Mangan):

Attached are a few Q-and-A documents finalized by PAD in preparation for the director's participation Tuesday. They should be of help to you too. Let me know if you need any assistance with the event Tuesday. We look forward to lots of positive media coverage on the matter.

Best,  
Drew

Drew J. Wade  
 Deputy Chief  
 ATF - Public Affairs Division  
 Direct) [REDACTED] RC-1  
 Main) [REDACTED] RC-1

-----Original Message-----

**From:** McMahon, William G.  
**Sent:** Friday, January 21, 2011 11:47 AM  
**To:** Wade, Drew J.  
**Cc:** Newell, William D.  
**Subject:** Press Book

Drew,

With the Director not going to Phoenix for the press conference, could you please make sure the Field Division still gets a copy of the press book you guys put together. I think there are some very good things in that book that Newell would be able to use.

Thanks,

Bill

\*\*\*\*\*

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HQGR DOJ 005537

released without appropriate approval. Any review, use, or dissemination of this e-mail message and any attached file(s) in any form outside of ATF or the Department of Justice without express authorization is strictly prohibited.

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# Exhibit 209

**FIREARMS TRAFFICKING TO THE UNITED MEXICAN STATES  
THROUGH ARIZONA**

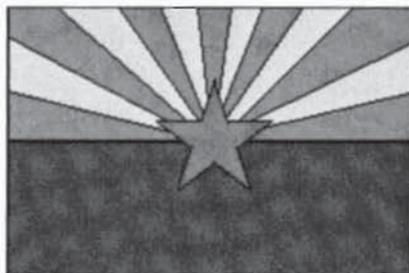
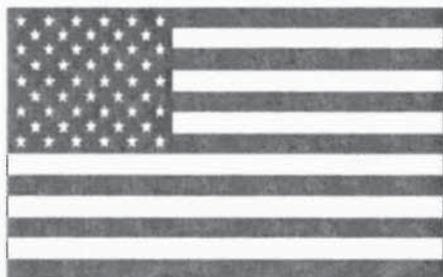
**“Project Iron River”**

Prepared by

**SPECIAL AGENT ADAM R. PRICE  
DIVISION OPERATIONS OFFICER**

**BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES  
PHOENIX FIELD DIVISION**

**SEPTEMBER 2005**



**~~LAW ENFORCEMENT SENSITIVE~~**

HOCR ATF - 001356

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  - D. Tracing/NIBIN Agreements with Border Patrol and ICE (Arizona)**
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**~~LAW ENFORCEMENT SENSITIVE~~**

HOGRAF - 001357

## INTRODUCTION

The Southwest border of the United States is becoming one of the most prominent social and political issues of the day. The issues of drug, human and weapons trafficking both north and south along the border has created a condition of regional instability that, if left unchecked, will eventually degrade into a serious threat to U.S. national security.

This report examines the issue of firearms trafficking from the State of Arizona to Mexico, particularly the Mexican states of Sonora, Baja California, and Sinaloa where Arizona-source firearms are trafficked to drug cartels in these areas. It takes into account the various factors that affect the market for firearms in Mexico, and discusses strategies that have been previously employed to address this issue. Finally, information will be presented that supports the proposal for a focused enforcement and regulatory initiative designed to impact firearms trafficking along the Southwest U.S. border.

Although firearms trafficking occurs along the entire length of the U.S. –Mexico border, this report is limited to the source states identified within the geographic area of the Phoenix Field Division, and source states outside the Phoenix Field Division where Arizona is identified as a transit point for firearms to Mexico.

This report was prepared using the substantial resources of ATF, specifically the Phoenix IV (Intelligence) Field Office, the National Tracing Center, Crime Gun Analysis Branch, Firearms Imports Branch, Office of Strategic Intelligence and Information, International Programs Branch, Office of Legislative Affairs, El Paso Intelligence Center (EPIC), and the ATF Mexico Country Office. In addition, the resources and assistance of the U.S. Border Patrol, Immigration and Customs Enforcement (ICE), Drug Enforcement Administration (DEA), the U.S. Department of State and the Central Intelligence Agency are referenced and acknowledged.

Particular thanks and acknowledgement are given to Resident Agent in Charge J.J. Ballasteros who contributed valuable information to this report. Additional thanks are given to Program Analyst John Robertson, Crime Gun Analysis Branch, for creating the enclosed maps based on relevant tracing data.

~~LAW ENFORCEMENT SENSITIVE~~

HOCR ATF - 001358

## I.

### OVERVIEW

Mexico shares its border with the United States over a total distance of 1951 miles. Four U.S. states share a common border with Mexico: Texas, New Mexico, Arizona and California. Of these four states, Texas has the longest shared border at 1254 miles. Arizona is next with 382 miles, followed by New Mexico and California with 175 miles and 140 miles respectively.



Mexico's total land mass makes it slightly smaller than three times the size of Texas. The population of Mexico as of 2005 is listed as 106,202,903, making it the 11<sup>th</sup> most populated country in the world. The median age for Mexico's population is approximately 25 years of age, with females composing the greater percentage.

### LAW ENFORCEMENT SENSITIVE

HOCR ATF - 001359

-2-

Mexico's government is a Federal Republic, with the country being administratively subdivided into thirty-one states and one Federal District. The government is a mix of U.S. constitutional theory and civil law system, with judicial review of legislative actions. The President of Mexico is currently **Vicente Fox Quesada** who, as a member of the National Action Party (PAN), became the first freely elected President of Mexico since 1910 when the political structure of Mexico became dominated by the Institutional Revolutionary Party (PRI). President Fox was elected in 2000 to a six year term, and under the terms of the Mexican Constitution, cannot be reelected to a second term.

### **The Arizona Border**

Arizona is bordered by two Mexican States, Sonora and Baja California, although of the 382 miles of shared border, Baja California makes up only approximately 22 miles of that total. Along the Arizona – Mexico border, there are 3 major Points of Entry (POE's) into the U.S. located (east to west) at Douglas, Nogales and Yuma (San Luis). These three POE's are major transit points for vehicles and persons entering and leaving the U.S. There is a large presence of U.S. Border Patrol and Immigration and Customs Enforcement (ICE) personnel at these locations and, since they are primary points for commerce between Arizona and Mexico, traffic is generally heaviest through these points. Smaller POE's are located at Naco, Sasabe and Lukeville. These POE's are in more remote areas with smaller towns or villages nearby, and tend to be staffed with far fewer border enforcement agents on either side of the border. In addition, there are other, even smaller, border crossing points at Bisbee Junction and Lochiel. Along the entire length of the Arizona – Mexico border, there are literally hundreds of illegal crossing points that are used by drug, human and arms traffickers. These crossing points are often on private lands of ranchers and farmers in southern Arizona, and these locations have become center stage in recent, highly publicized events such as the Minuteman Militia gathering near Naco, Arizona in April and May 2005.

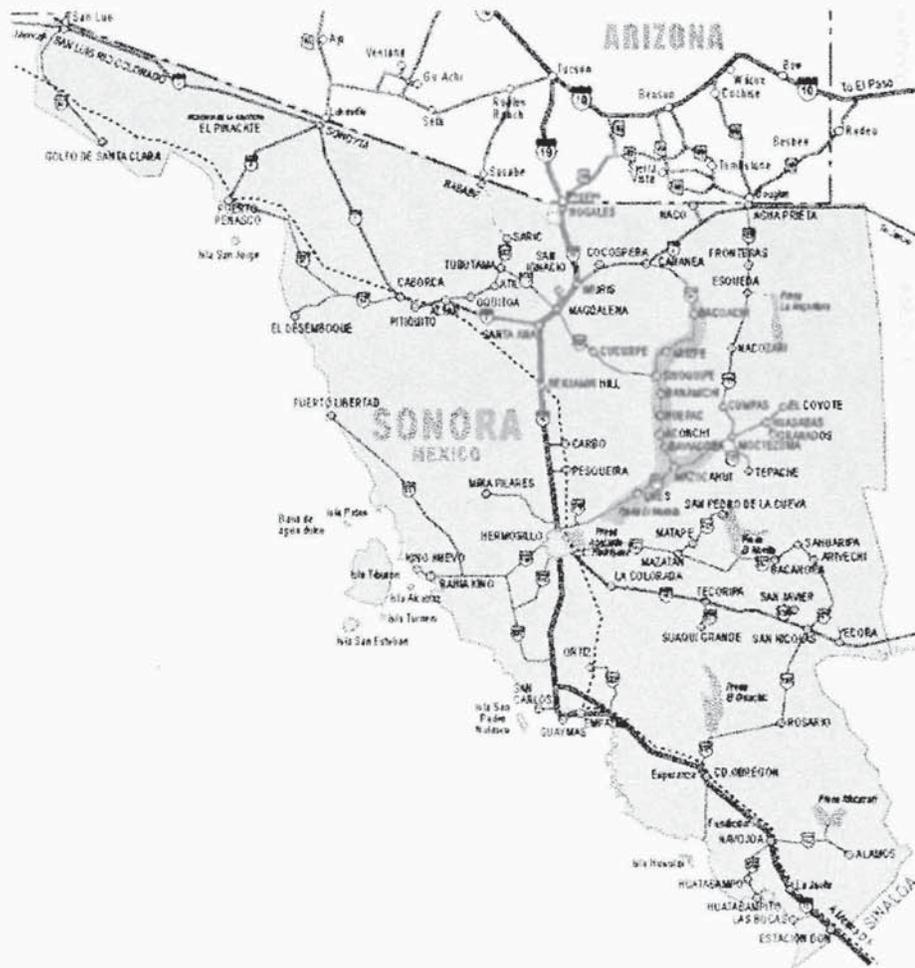
Unlike California, where the U.S. government erected a steel wall between Mexico and the U.S. with the goal of curbing the entry of illegal aliens as well as drugs, there is no wall to delineate the border between Arizona and Mexico. The vast majority of the Arizona – Mexico border is extremely rugged and inhospitable terrain consisting of mountains, canyons, rolling brushland and flat, open desert. A large portion of this area consists the Tohono O'Odham Indian Reservation, several national parklands, and the Barry Goldwater Air Force Range, used for aerial attack training. Most of the border in Arizona is delineated by cattle fences that are generally nothing more than three-strand barbed wire fences with large gaps between them, easily able to keep cattle from straying into Mexico, but certainly not designed for preventing humans from crossing.

**~~LAW ENFORCEMENT SENSITIVE~~**

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It is the ease of entry through a very porous border, the limited resources of the Border Patrol to cover such an extensive, remote and rugged area, and the undeniable profit motive from drug, human and weapons trafficking into the U.S. that make the Arizona border the best option for smugglers of all kinds to operate with only a slight chance of detection.

### SONORA



**LAW ENFORCEMENT SENSITIVE**

HOCR ATF - 001361

# BAJA CALIFORNIA



~~LAW ENFORCEMENT SENSITIVE~~

HOCR ATF - 001362

-5-

## **Some Factors That Affect Trafficking From Arizona**

### **Geography**

The strength of California's state firearms laws, which allows the individual purchase of one firearm per month per household, has forced would-be buyers to seek other markets. By virtue of its proximity to the borders of California and Mexico, this makes Arizona, with its less than stringent gun laws, a natural source state for acquiring larger quantities of firearms of all types to be trafficked not only to Mexico, but to gang members, criminals and other prohibited persons in California as well. From a firearms trafficker's perspective, Yuma, Arizona is perfectly situated in the far southwest corner of Arizona on the eastern border of California, along Interstate 8 heading to San Diego and Los Angeles, and only 22 miles from the San Luis, Mexico point of entry. In addition, there are several points of entry to Mexico located along the southern California border that are all within a 2-hour drive from Yuma. As a result, Yuma has become a prime destination for a multitude of criminals on both sides of the border who are seeking firearms. Unfortunately at this time there is no ATF presence in Yuma, and its location makes it difficult to consistently work from either Tucson (6 hours) or Phoenix (5 hours).

### **Politics**

Gun control in Mexico is obviously far more stringent than in the U.S. By comparison, Mexican gun laws are draconian. No civilian may own a handgun larger than .38 caliber. .22 caliber hunting rifles and 12 gauge shotguns with a 26 inch barrel are approved. A permit is required to buy any firearm, but the permit process is extremely expensive and time consuming wherein obtaining a permit may take up to year or more. All firearms in Mexico are required to be registered with the Ministry Of Defense. In Mexico, firearms may not be carried in public, either openly or concealed. A citizen is allowed to purchase a maximum of four firearms.

The difficulty in legally obtaining firearms, and the strict controls placed on their purchase and movement in Mexico creates a condition where Mexican citizens are forced to come to the U.S. In order to minimize the risk of detection, these individuals tend to gravitate to areas that are close to the border where transportation times will be minimized, and routes may be chosen that are marginally patrolled.

### **Drug Trafficking**

There are several significant drug "cartels" or drug trafficking organizations (DTO's) that operate in Mexican states that border Arizona, or are market areas for firearms purchased in Arizona. Further information regarding this issue will be covered in **Section IV**.

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## II.

### Violence Along the Border

In the last few years, there has been an upswing in reports of violence along the U.S. – Mexico border. In May 2005, the U.S. Department of State issued a travel advisory for Americans planning trips to Mexico, particularly to the border areas. Kidnappings were becoming more of a regular threat to not only U.S. officials, but to tourists as well. In some cases, armed individuals would ambush tourists and force them at gunpoint to go to an ATM and withdraw the maximum amount possible. In some cases, the tourist would then be taken to a remote location and shot. Mexico's 2004 murder rate is an astonishing 18 percent compared to 5.6 percent for the U.S.

Firearms violence in Mexico is not limited to Americans traveling there. Homicide rates in many Mexican states have risen sharply. In Sinaloa State, there have been approximately 2700 murders in the last 5 years; an average of 540 murders per year. This has largely been attributed to the turf war between the Sinaloa Cartel and the Arellano Felix DTO, which is believed to be responsible for 70% of the aggravated homicides in Sinaloa alone. In response, Sinaloa State has added 14 additional homicide detectives to their ranks.

Since January 2005, more than 600 people have been killed in an ongoing war between rival drug cartels using high-powered handguns and assault rifles fighting for control of drug smuggling routes on the Texas-Mexico border.

In Tijuana, Baja California, there have been over 2000 murders in the last eight years, averaging 300 murders per year. The majority of these murders were tied to organized crime or drug trafficking. This is also true of Nogales, Sonora State where the homicide rate has increased by 25 percent in the last year.

Law enforcement officers in Mexico are especially prone to be targeted for violence. No case illustrates this point better than the case of Municipal Police Chief Alejandro Dominguez-Coello who was shot and killed only seven hours after accepting the post in Nuevo Laredo, Tamaulipas, just across the border from Laredo, Texas. On the same day, seven gunmen wearing ski masks entered a hospital in Chihuahua State and killed a Federal Investigations Agency (AFI) agent who was recovering from gunshot wounds there. In addition, two agents acting as bodyguards for the wounded agent were also subdued and killed.

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On August 8, 2005, a fragmentation grenade was thrown into the station of the Federal Preventive Police (PFP) in Guerrero State. The attack occurred at shift change when a large number of officers were expected to be in the station. The explosion damaged several vehicles but no injuries were reported. Officers also recovered an unexploded M26 fragmentation grenade near the station.

On August 20, 2005, more than 500 soldiers and federal, state and local police in Michoacan State engaged in a gun battle with members of the Sinaloa drug cartel, associated with Joaquin "Chapo" Guzman. A senior police commander was wounded in the exchange. Thirty suspects were taken into custody along with an alleged 40 AK-47 rifles, 14 handguns, grenades and thousands of rounds of ammunition. The gunmen were allegedly preparing to move against members and associates of the Gulf Cartel, headed by Osiel Cardenas Guillen, in an effort to ride the Sinaloa region of any presence of Gulf cartel members once and for all.

Attacks and threats to U.S. law enforcement officers are also not uncommon. On June 30, 2005, two agents of the U.S. Border Patrol were ambushed in the desert outside Nogales, Arizona. The attackers wore black uniforms with masks, and fired at the agents with what is believed to be 7.62x39 (AK-47 type) weapons. Both agents were wounded. The next day, a stash of several hundred pounds of marijuana was found buried nearby. This case is interesting in that the wounded agents reported that the attackers were using military tactics of shoot and move to cover while advancing, flanking movements, and paired cover techniques. Had a Border Patrol helicopter not frightened off the advancing attackers, it is likely that both agents would have been killed. A later search of the area seemed to indicate that the attackers policed their expended brass, as none was found at the scene.

Open source reports indicate that attacks against Border Patrol agents have been increasing. So far in the Tucson Sector this year there have been 165 reported acts of assault against Border Patrol agents compared to a total of 118 for the whole of FY2004. These reports also show that vehicle rammings have increased by 188 percent and shootings have increased by 122 percent.

In Mexico this year, authorities claim to have seized 8,187 firearms from drug cartels. According to reports, these weapons are large caliber, military-style assault weapons such as Thompson, Galil, Uzi, H&K, FN-FAL, as well as U.S.-made TOW missiles and Russian-made RPG's.

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One should note that several Mexican states that do not border Arizona were mentioned in the paragraphs above. Although Arizona is bordered by Sonora and Baja California, these states do not necessarily show the greatest number of firearm traces simply due to their immediate proximity to Arizona. The States of Guerrero, Chihuahua, Sinaloa, Michoacan and Tamaulipas have all been determined to be significant market areas for

firearms purchased in Arizona, as shown by current tracing data. It is in these states that drug cartel activity is the most prevalent; therefore the demand for firearms is greatest.

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### III.

## Targeting Firearms Traffickers

### One Possible Explanation for Trafficking

For at least the last five years, without fail, the top three U.S. states shown as sources for crime guns recovered in Mexico have been Texas, California and Arizona. This order was changed only slightly in 2004 when California took the “top source state” distinction from Texas. Perhaps somewhat surprisingly, Florida, Oklahoma and Illinois have switched back and forth, moving into the top five occasionally over each of the last three years. A closer examination of the possible causes for this consistency of results reveals that each of the aforementioned states has a large population of American-born persons of Mexican descent. Further, each of these states has an economy heavily based in agriculture, which attracts Mexican migrant farm workers.

For decades, generations of Mexican families have immigrated to the United States to work in the fields during growing seasons, returning to Mexico for the winter months. While Texas, California, and Arizona have very large, steady Mexican influences, Florida, Oklahoma and Illinois are three areas in the U.S. where the Mexican communities are growing rapidly. In fact, it has been reported that there are more Mexican Americans in Cook County (Chicago), Illinois than there are in Harris County (Houston), Texas. A look at the source state map for the continental U.S. (see map next page) confirms that the greater concentration of firearms purchases for crime guns recovered in Mexico are in areas with large Mexican or Mexican American communities. This certainly bears itself out when looking at California, where a significant concentration of firearms purchases can be seen inland away from the major cities, along the valleys east of San Francisco where most of California’s agricultural industry thrives.

One of the biggest issues facing Mexico is the state of its economy. Mexico has an average unemployment rate of 3.2%, with an underemployment rate of over 25%. Over 40% of Mexico’s population lives below the poverty line. This is significant as it becomes a primary factor driving the number of immigrants from Mexico into the United States. The migrants send money back to their families in Mexico in the culturally accepted practice called “remesas”. The Bank of Mexico says that remesas are the most stable source of foreign currency for the country, reaching US \$9.2 billion dollars (an increase of 17.8%). This represents an estimated 30% of Mexico’s household monetary income, and if stopped, could have a dire effect on Mexico’s already critical poverty levels.

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The trend of migrants coming to the U.S. for seasonal work, and then returning to Mexico still continues today. Economic conditions there still force some Mexican citizens to risk illegal entry into the U.S. in order to find work. While they are in the U.S., migrants acquire one or two firearms at a time through a variety of means, then smuggle them back to Mexico upon their seasonal return. This pattern of behavior is likely repeated by thousands of other migrants as well, who are trafficking firearms back into Mexico, but not always for criminal purposes. The stringency of Mexico's gun laws, as discussed earlier, makes illegally acquiring firearms a virtual necessity for those unable to otherwise defend themselves or their families in a nation steeped in violence.

The pattern of smuggling small quantities of firearms into Mexico has been dubbed by Mexico's Ministry of Foreign Relations as "*trafico hormiga*", or "ant trafficking". This analogy is based on the trafficker's behavior being similar to a column of ants, marching by the thousands, carrying small portions of goods piece by piece in pursuit of a larger objective. The ants, they say, can be members of sophisticated criminal organizations or migrants making a little extra cash. "When there are thousands of people crossing the border each day, there are only a certain number that can be stopped and searched," said an official with the Federal Preventive Police (PFP). "And usually, it's a very small number."

#### **U.S. Firearms Availability and the Impact on Mexico**

The reality of poor border enforcement in Mexico helps firearms traffickers exploit the heavy volume of vehicular traffic flowing in and out of Mexico each day. The odds of detection are minimal compared to the profit that can be gained by successfully smuggling just a few handguns. A firearm that costs \$125 in the U.S. can be sold for as much as 5 times that value in certain Mexican states.

Critics suggest that the United States supplies guns to every corner of the world. While this might be an overstatement, there is no doubt that there is a vast supply of firearms available for purchase here. The ready availability of firearms in the U.S. has been exploited by many countries and criminal organizations from South America to Asia and Europe. Mexico is no different. There is currently a voracious demand for firearms in Mexico due to the strict controls placed on legitimate gun acquisition and ownership. Another demand, greater than the first, is placed by drug traffickers and organized crime figures who need firearms to protect (or expand) their enterprises. The growing number of assault rifles and semiautomatic weapons showing up in shootouts and assassinations has bolstered the arms caches of Mexico's drug cartels, officials in both countries say. They feed one of the highest rates of gun homicide anywhere in the world.

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Mexico blames the U.S. for the massive surge of guns moving into their country, "like a river of iron" said Mexico's former Attorney General, Raphael Macedo de la Concha. They say the U.S. has not put this issue at the same priority level as they have the issue of drugs. "Ironically", according to Sr. Macedo, "the guns in Mexico are being used by the people who are doing the things that most concern the United States...drug trafficking".

### **Identifying Firearms Traffickers**

*(NOTE: Much of the information in this section is based on studies and reports by Resident Agent in Charge J.J. Ballesteros. In particular, his 2002 report "Identifying U.S.-Based Firearms Traffickers" is excerpted due to its relevance to the issue of arms trafficking to Mexico).*

Like any other firearms trafficker, those running guns to Mexico are motivated by two primary factors: 1) opportunity, and 2) profit. There is no lack of opportunity when acquiring guns in the U.S., but prices are too high to engage in the business casually. In addition, the risk of apprehension (especially by Mexican authorities) might dissuade some traffickers from selling any significant quantity. Most often the trafficker will identify buyers in advance who provide them a "shopping list". The buyer must have the cash available, and the means to get the guns to the buyer, thus completing the chain of opportunity. To the "professional" trafficker, if making the delivery is too difficult, the risk outweighs the possible benefits.

According to a 2002 report by ATF Resident Agent in Charge J.J. Ballesteros entitled "Identifying U.S.-Based Firearms Traffickers", there are several types of traffickers in Mexican-American communities that can be readily identified. They are 1) the straw purchaser, 2) the border trafficker, 3) the seasonal trafficker, 4) the second-hand merchant and, 5) the narcotics trafficker.

### **Straw Purchasers**

A straw purchaser may acquire a firearm for a friend or family member not realizing that he or she (the purchaser) has committed a crime. In many cases, no compensation is offered. In other cases, the straw may often be a single mother living on public assistance, an elderly person on social security, drug addicts, homeless persons, or others who perform the service of buying firearms on a "fee-for-service" basis, for the little extra money it provides. The straw purchaser seldom ever takes the firearms they purchase to Mexico themselves. In most all cases, they provide the acquisition service and nothing more. Traffickers who are somewhat familiar with U.S. gun laws will not use the same straw purchaser over and over again.

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### **The Border Trafficker**

The border trafficker is a straw purchaser as well, but takes steps beyond just simply making the purchase. Moving back and forth across the border, the border trafficker has the opportunity to identify buyers in Mexico, or be identified as a source by buyers in Mexico. He takes orders from customers, fills them (for a fee), then moves the guns across the border. He is the one incurring the risk, so the fee for the border trafficker's service is higher than the routine straw purchaser. The advantage for the end user is "plausible deniability" in the event the trafficker is caught. The disadvantage for the end user is loss of money and product.

### **The Seasonal Trafficker**

The seasonal trafficker may be an individual living in the U.S. who makes seasonal or occasional trips to Mexico to visit family. These individuals may bring one or two firearms and small quantities of ammunition concealed in their vehicles during family gatherings, weddings, funerals, holidays, etc. The migrant farm worker, mentioned previously, falls into this category and contributes to the "ant traffick" that is referenced by the Mexican government. Seasonal traffickers are difficult to detect due to the sporadic nature of their activity, which may be based on a sudden opportunity to make a small profit or possibly defray the cost of the trip by trafficking small amounts of guns and ammunition.

### **The Second-Hand Merchant (Contraband Smugglers)**

Other individuals, known as contraband smugglers or "*fayuqueros*", make routine trips to Mexico from the U.S. border states carrying truckloads of commercial goods from flea markets or bulk wholesalers such as Sam's Club or Costco. Although this practice is against Mexican law, it is most often overlooked. Military and Customs officials at border checkpoints are often unwilling to unload the heavily laden vans or trucks, and simply wave them through, especially if they are recognized as "regulars" through the checkpoint. Concealed in these loaded trucks and vans are firearms and ammunition. The business of contraband smuggling lends itself to arms trafficking as a secondary venture.

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### **The Narcotics Trafficker**

It can be argued that the same methodology used to smuggle narcotics can be applied to firearms equally as well. Narcotics traffickers use large vehicles such as vans, trucks and SUV's that have many natural voids in which to conceal merchandise. Firearms and ammunition are hidden in these vehicles, usually in small amounts, and then simply driven across the border. The larger the vehicle, the more potential for successfully concealing contraband cargo.

More sophisticated operations use several vans or trucks at once, collectively moving a much higher volume of goods, thereby increasing their chances for success, and limiting their losses if a vehicle is lost to law enforcement.

### **Methods of Acquisition**

Individuals that traffick firearms to Mexico are, in essence, no different than the domestic trafficker. Those that traffick firearms want to acquire their product in a method and manner that makes them least likely to come to the attention of law enforcement. Tracing data for firearms recovered in Mexico suggests that pawn shops are becoming popular once again as the method of choice for traffickers. It should be noted that traces showing a very long time to crime (10 years or more) may have actually been purchased much more recently at a pawn shop. In fact, the Jewel Box, Inc., a Phoenix, Arizona pawn shop, is shown as being the highest source FFL for crime guns recovered in Mexico from the Phoenix Field Division.

The continued recruitment of straw purchasers remains a favored method of concealing the true purchaser's identity. As mentioned previously, the trafficker may approach drug addicts, homeless persons, family members or friends, and offer a small payment for doing the paperwork.

The method of acquisition that will yield some of the highest percentages of firearms traffickers taking guns to Mexico, especially in Arizona, are through gun shows and flea markets. The opportunities for obtaining firearms through non-licensed dealers are endless, with no paperwork or background checks involved. The smart trafficker will cultivate a relationship with such a person, and he will gradually make larger and larger orders, taking delivery at the gun show. Eventually, the trafficker will begin to make phone contact with the non-licensee and place orders for particular weapons, taking immediate delivery on arrival. This type of business is also practiced by the less scrupulous FFL's as well.

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### **Some Indicators of Possible Trafficking**

Routine checking of Online LEAD can yield excellent results in identifying potential traffickers. From LEAD, patterns can be observed such as frequency of an individual purchaser; type, caliber or manufacturer of a firearm (indicating preference); or multiple and repetitive purchases of the same type of firearms to name just a few.

To identify a possible purchaser who may be trafficking firearms to Mexico (or elsewhere), preliminary suspicions may be developed based on evaluating Online LEAD data. Further investigation can be conducted, such as examining ATF F 4473's for some of the following: 1) multiple purchases of the same type of firearm, 2) mistakes on the form which would indicate difficulty understanding English, 3) place of birth in Mexico, 4) no evidence that the person lived at the address indicated on the 4473, 5) use of a form of identification obtained just prior to the purchase.

The suspected purchaser can also be queried in TECS to determine if there were any border crossings made by the individual subsequent to the purchase.

### **Weapons of Preference as Indicators**

One method to identify traffickers of firearms to Mexico is to use the technique of "weapon profiling". In Mexico, the .38 Super is still a highly valued status item and a weapon of choice among drug traffickers, and is an almost certain indicator that a load of firearms is bound for Mexico. Likewise, the AR-15, AK-47, MAK-90, SKS, or other similar weapon is in high demand in Mexico, particularly by drug traffickers.

A recent report by the ATF National Tracing Center, done for this study, indicates that the caliber traced most often in Mexico is the .22 caliber. This confirms the theory of "ant traffick", and indicates that individuals moving back and forth between the U.S. and Mexico often bring with them a caliber of firearm approved by the government of Mexico. Hence, the penalties for being caught with the firearm are not likely to be as severe as being caught with a caliber the government deems "for the exclusive use of the military". This category would cover nearly every firearm but .38 or smaller.

The acquisition and trafficking of ammunition is also done extensively from Arizona to Mexico. The reporting requirements on the part of the FFL are non-existent, and there is virtually no real penalty for being caught with ammunition in the U.S., even illegal aliens. In several cases in recent weeks, the Border Patrol has stopped vehicles driven by Mexican citizens, carrying thousands of rounds of ammunition. These leads may be used as indicators for whom the loads are bound, i.e. small caliber rounds like .22's can be considered for the most part to be smuggled illegally, though not likely for criminal use.

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Larger caliber rounds however, like .38 Super, .223 and 7.62x39 for example, are known to be the favored calibers for drug traffickers. The trafficking of these calibers of ammunition may be indicative of some criminal intent, and the suspects should be interviewed extensively.

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#### IV.

### Drugs and Firearms in Mexico

Mexico is the largest manufacturer/supplier of methamphetamine to the United States. It is the largest grower/supplier of marijuana to the United States. It is also the most common transshipment point for cocaine entering the United States from South America, and second in terms of its production of heroin. In a supply and demand world, the U.S. has the demand, and Mexico is more than ready to provide the supply. Without question, the profit that can be gained from drug trafficking to the U.S. is staggering. The U.S. government estimates that Mexican drug cartels make upwards of \$60 billion USD per year. That figure represents nearly 30% of Mexico's Gross Domestic Product (GDP), although Mexico itself claims only 10 percent. This might explain why Mexico seems somewhat reluctant to seriously engage in counter-drug efforts, since between the "remesas" and drug trafficking, their national economy apparently hinges on the survival of the "underground economy".

Mexico is inundated in drugs and drug-related violence. Numerous drug trafficking organizations (DTO's) vie for control of territories, towns, and villages throughout the entire country. Firearms are used extensively as a tool of the trade, and assassinations are frequently carried out between competing drug gangs. Law enforcement officers, prosecutors and politicians are often targeted for assassination whenever they publicly take a stand against drug traffickers. This section identifies the main DTO's that operate in Sonora State and Baja California, both bordering Arizona. As of late 2004, Sonora was the Mexican state with the most drug-related crime, with more than 60% of its total crime rate being tied to the drug trade.

#### **"The Federation"**

The Federation, also called the "Golden Triangle Alliance" is a consolidation or "realignment" of separate DTO's in Mexico; the Carrillo-Fuentes Organization (Juarez Cartel), the Guzman/Salazar Organization (Sinaloa Cartel), the Esparragoza Moreno Organization (Juarez Cartel), the Ignacio Villareal Organization and the Zambada/Garcia Organization (Sinaloa Cartel). According to a Defense Intelligence Agency (DIA) report, the Federation operates extensively in Chihuahua, Durango, Coahuila, Zacatecas, and Sinaloa. This cartel also has substantial influence in portions of nearly all Mexican states that border the Pacific Ocean, which means that these DTO's control the legitimate as well as the illegitimate ports used to facilitate the massive shipments of narcotics via marine vessels. In total, their influence is felt in 29 of 31 Mexican states.

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The Federation has formed their alliance in order to move against Osiel Cardenas Guillen (Gulf Cartel) for control of the Nuevo Laredo drug trafficking corridor, which supplies cocaine, methamphetamine, heroin and marijuana to the eastern U.S. Although allied for a central purpose, recent DEA reports indicate that the struggle for power within the Alliance has resulted in Juarez Cartel kingpin Vicente Carillo Fuentes being pushed aside by Sinaloa Cartel kingpin Joaquin "El Chapo" Guzman. Guzman appears to be attempting to ascend to the position of total control of Mexico's entire drug trade.

## The Federation

### The Golden Triangle Alliance



**Vicente  
Carillo  
Fuentes**



**Juan Jose  
Esparragoza  
"El Azul"**



**Ismael  
"El Mayo"  
Zambada  
Garcia**



**Ignacio  
"Coronel"  
Villareal**



**Joaquin  
"El Chapo"  
Guzman**

### Guzman/Salazar Organization

This major DTO is headed by Joaquin "El Chapo" Guzman and Hector Luis Palma Salazar. It is unknown how many individuals are members or associates of this organization, but the size of the territory controlled by Guzman is quite extensive. The Drug Enforcement Administration (DEA) places Guzman/Salazar influence in at least 12 Mexican states. Of interest to Arizona, Guzman controls Sonora (especially the border city of Nogales), and he employs the services of a group called "*Los Gueros*" to move marijuana, cocaine and heroin into the U.S., primarily through Arizona.

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Intelligence reports indicate that the main points of entry and areas used to cross these drugs are Sonoyta (desert area west of Nogales), Agua Prieta (across the border from Douglas, Arizona) and Nogales. Figures have been placed at an estimated 10 tons of marijuana per month trafficked by the Guzman Organization and Los Gueros. Intelligence gathering and enforcement is complicated by the fact that Los Gueros are reportedly under the protection of Mexico's federal and state law enforcement.

### **Arellano Felix Organization**

The Arellano Felix Organization (AFO) is a DTO controlled by the brothers of the Arellano Felix family. The AFO controls the entire Baja California peninsula, as well as having a substantial presence in at least 15 Mexican states. The AFO was greatly weakened in 2002 when one of the brothers, Ramon Arellano Felix, was killed and another brother, Benjamin Arellano Felix, was arrested. It is believed that the youngest brother, Francisco (Javier) Arellano Felix and Manuel Aguirre Galindo have since taken charge of operations. DEA intelligence reports indicate that the AFO may actually be weakening to the point of collapse as a major DTO. Since the death of one Arellano Felix brother and the arrest of another, the Federation and its allies have been fighting for control of AFO territory. This has led to violent confrontations between AFO members and those of the Federation, particularly "Chapo" Guzman's Sinaloa Cartel, who may see an opportunity to exploit AFO's weakness and take over AFO territory. Wisely, the AFO have aligned themselves with Osiel Cardenas Guillen and his Gulf Cartel, giving them additional resources and protection. The war between the Federation and the AFO has served to significantly fuel the need for each organization to obtain firearms from the U.S.

Based on the proximity to Baja California, and substantiated by reports from the Yuma Police Department, the AFO and associates appear to come to Yuma FFL's to acquire their weapons. Recently, Yuma PD arrested a suspect who purchased 15 Colt AR-15's from a Yuma FFL. The individual was stopped as he approached the Arizona-Mexico border and was detained for questioning. The individual stated that he was instructed to go to Yuma, buy the weapons, and deliver them to a contact in Tijuana, Baja California. The contact, who provided the instructions and the money was alleged to be a representative of the AFO. According to Yuma PD Detective Ross Nicolette, this is one case among many similar occurrences.

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### **Gulf Cartel**

Although not in control of drug trafficking in Mexican states that border Arizona, the Gulf Cartel is worthy of mention due to the ongoing war between it, and “Chapo” Guzman (Sinaloa Cartel). The Gulf Cartel, headed by Osiel Cardenas Guillen, controls the majority of drug trafficking along the Mexican states bordering the Gulf of Mexico, particularly Tamaulipas and Vera Cruz, and the inland state of Nuevo Leon.

The majority of the drug related violence in Mexico is attributed to the war between Chapo Guzman and Osiel Cardenas. This scale of this war has recently reached unprecedented levels with both organizations fighting for control of drug routes into the U.S. at Nuevo Laredo, Tamaulipas, just across the border from Laredo, Texas. Firearms violence due to this war has often spilled over onto the Texas side of the border. The two cartels are also fighting for control of the states of Michoacan, Jalisco and Guerrero, all states noted for the production of marijuana, cocaine and heroin. It should be noted that Arizona is a significant source state for firearms recovered in each of these Mexican states, confirming that these cartels are arming themselves with U.S.-source firearms.

Osiel Cardenas has a private army – “*Los Zetas*”, comprised of former Mexican Special Forces soldiers. The Zetas were reportedly trained by U.S. Special Forces to help the government of Mexico fight their war on drugs, but the skills they learned received greater attention and far better pay from Cardenas and the Gulf Cartel. Many of the soldiers defected to join Cardenas, and the degree of violence against Guzman’s drug interests increased dramatically as a result. At this time, there have been no confirmed instances of Los Zetas making a presence in Guzman-controlled Sonora, although an unconfirmed report indicated the Zetas may have recently been in or near Nogales, Sonora attempting to recruit Federation “soldiers” away from Guzman. Intelligence reports state that Guzman has hired his own private army, called “*Los Negros*” to combat Los Zetas. It has also been reported that Guzman is also recruiting members of the Central American gang “Mara Salvatrucha”, or MS-13 to fight Los Zetas.

### **Firearm Recoveries in Mexico**

Mexico claims to have recovered approximately 15,000 firearms in the last year, of which they purport that 80-85% originated in the U.S. This issue is difficult to dispute since Mexico only has an official tracing protocol established with ATF through the National Center for Information, Analysis, and Planning in order to Prevent Crime (CENAPI), which is Mexico’s primary intelligence arm of the Procuraduria General de la Republica (PGR), Mexico’s Attorney General. This is the Federal level for Mexico. Thousands of firearms are recovered each year in Mexico’s states and municipalities that do not get traced, nor is CENAPI necessarily notified of the seizure.

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This means that without comprehensive gun tracing equally implemented across all states, the true measure of U.S.-source crime guns recovered in Mexico will never be known. The data will always be incomplete, therefore making it difficult to develop enforcement strategies or identify high value targets in the U.S. Still, based on available tracing data, there is little doubt that the U.S., particularly the border states of California, Arizona, New Mexico and Texas, are prime source areas for firearms trafficked to Mexico.

For its part, Mexico appears to be making attempts to target firearms traffickers and possessors. The national firearms initiative "Seguro Mexico" was recently implemented and has already netted some impressive results. On August 17, 2005 for instance, three members of the Sinaloa Cartel (associated with "El Chapo" Guzman) were arrested. Located during the search were 3 AK-47's, 3 M-16's, 1 AR-15 and several .45 caliber and 9mm pistols.

Also on August 17, 2005, Federal Investigative Agency (AFI) personnel, and the Federal Prosecutors Office (PGR) seized numerous assault weapons and hundreds of rounds of ammunition during a search warrant in Sinaloa.

On August 16, 2005, acting under the anti-firearms initiative "Plan Emergente Sinaloa 2005", police in Sinaloa arrested several alleged cartel members and seized 23 high-powered assault-style weapons.

Not all firearms that are seized in Mexico necessarily come from the U.S. however. In a press statement on August 23, 2005, National Defense Secretary Gerardo Clemente Vega Garcia scolded Mexico governors for allowing weapons assigned to police officers in their states to fall into the hands of criminals. Garcia said that "officers take the weapons home, throw them away, or sell them; because every time we do an inspection, the police departments cannot account for all of the assigned weapons". Garcia may have been attempting to shift the spotlight, as it was revealed that many Mexican military weapons fall into the hands of criminals as well. In one report, 16,000 handguns and 6,000 rifles destined for the military were seized by Mexican police from drug gangs. While it is undoubtedly true that many military and police weapons do fall into criminal hands, available tracing data suggests that the vast majority of firearms originate from the U.S. commercial market.

The Mexican Border Patrol reports that in the past year they have seized 15,000 weapons of various calibers. Ninety-five percent of the weapons were seized along the northern border, and the remainder were seized in southern Mexico, near the border of Guatemala.

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According to police and military officials in Baja California, Federal, state and municipal police forces have seized 670 firearms, 11,377 rounds of ammunition, 223 magazines and 15 explosives devices as of August 1, 2005.

A Mexican intelligence report (unconfirmed) indicates that, in addition to being a source of supply for firearms to Mexico, the U.S. is also a transshipment point for firearms originating overseas. In particular, Port Langley, British Columbia was named as a "landing point" for AK-47's from Kosova, Serbia, and other former Eastern Bloc states. The weapons are funneled through California, Arizona and Texas, eventually being delivered to Mexico. These firearms are then moved onto "go-fast" boats, taken down the Baja Coast either in the Pacific or the Gulf of California, and moved to drug trafficking organizations in the Mexican states of Sinaloa, Guerrero and Oaxaca.

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## V.

### **Allegations of Corruption in Mexican Law Enforcement**

Mexican law enforcement has long been stereotyped as being systemically corrupt. But a wave of murders that have claimed nearly 600 lives, primarily in states along the Mexico-U.S. border, has forced that country to re-evaluate its law enforcement standards.

Anthony Placido, the DEA acting assistant administrator for intelligence, quoted in a New York Times article as he recently testified before Congress, that "Law enforcement in Mexico is all too often part of the problem rather than part of the solution. This is particularly true at the municipal and state levels of the government."

In a New York Times article, dated July 5, 2005, four police officers were interviewed. Each one confirmed that there was widespread corruption and abuses within their departments. However, the officers stopped short of admitting that they or their fellow officers served as lookouts and hit men for drug organizations.

In Mexico, the starting salary for a municipal officer is less than \$350 per month. Medical insurance is basic, and if they are killed, their families get \$6000...barely enough to bury them. Officers have to buy their own equipment, such as handcuffs and body armor. Worse, officers have to buy their own bullets, which force them to come to the U.S. and try to smuggle bullets back across the border like criminals. Firearms training is virtually non-existent as a result of the bullet shortage; so many officers go on the street never having fired their weapons.

On August 11, 2005, the Mexican National Defense Secretariat (SEDENA) cancelled an order it placed for 500 Belgian sub-machineguns after the Belgian government inquired (as is standard practice in legitimate international arms trade) about the final destination of the weapons. The Belgian Parliament cited Mexico's fragile democracy and the ongoing conflict in Chiapas as points of concern. The firearms were to be imported and given to an elite group of the President's security forces and three Mexican Army airborne Special Forces units.

In Baja California, the State Attorney General's Office is currently investigating 250 state police officers for allegations of corruption regarding drugs and organized crime. In addition, reports have been received which indicate that there are at least 30 Nogales, Sonora police officers who are corrupt and are working for the Chapo Guzman Organization.

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### Arizona-Mexico Politics

On June 18, 2005, Arizona Governor Janet Napolitano and Sonora, Mexico Governor Eduardo Bours met at the Plenary Session for the Arizona-Mexico Commission. They released a joint statement, communicating their plan to establish the Arizona and Sonora border as the "safest in the U.S." In this statement, each Governor criticized their respective Federal governments, saying "We are aware that many actions and goals we propose are negatively impacted by Federal policies in both countries; policies that we consider to be ineffective and under funded. We believe that despite these Federal limitations, we should be innovative within our state authority by proposing reforms that will allow better security coordination and, thereby, greater economic growth in our region".

The "Sonora Plan" as it is named by Governor Bours, proposes the establishing of a "common safety perimeter that in the first instance will allow us to stop any terrorist from entering the United States through Sonoran territory". Further, the plan calls for the development of coordinated strategies implemented by the two states to combat drug and human trafficking. Finally, a system to enhance the information and intelligence exchange between law enforcement agencies is being developed.

On August 15, 2005, Arizona Governor Napolitano declared a state of emergency for Arizona's four border counties of Cochise, Pima, Santa Cruz and Yuma. The week prior, New Mexico Governor Bill Richardson declared a state of emergency for six New Mexico counties that border Mexico. When speaking on issues that relate to Arizona's border with Mexico, Governor Napolitano has always been an outspoken critic of the Federal government. In an address made at the signing of an executive order creating the Arizona-Sonora Border Security Council, Governor Napolitano said, "Washington has done little to address the rapidly growing problem of crime along the southwest border". She added, "The Federal government has failed to secure our border, and the health and safety of all Arizonans is threatened by violent gangs...and other dangerous criminals". In particular, she addressed the growing issue of violence due to drug trafficking that is affecting the border counties of Yuma, Pima, Santa Cruz and Cochise. The executive order enables Arizona to free up \$1.5 million to cover overtime expenses for officers in the four affected counties for a period of 30 days, after which the effectiveness of the program would be evaluated.

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In an agreement between the Arizona and Sonora Governors, dated August 18, 2005, Arizona and Sonora began the process of developing a Joint Operations and Command Center for critical incidents, as well as planning joint emergency exercises and drills for crises near the border. In a similar move, Sonora Governor Bours signed a security proclamation and authorized Mexican police radios to be issued to Arizona officers to facilitate better communication between agencies during border-related enforcement activity.

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## VI.

### Current Border Enforcement Initiatives in Arizona

At this time, the Phoenix Field Division currently has only one dedicated initiative that makes its priority the issue of guns illegally trafficked to Mexico. The OCDETF-funded "Operation Southbound" (785040-04-0027) uses confidential sources and physical surveillances to identify straw purchasers at Phoenix area FFL's. In addition, the technique of using undercover reverses has been utilized with great success. To date, this initiative has proven successful in selectively targeting individuals who display common indicators for arms trafficking, or who openly solicit FFL's for "off paper" firearms sales.

Began in October 2003 as an ATF Phoenix investigation, the volume of information and the sheer number of suspects identified, particularly those that could be directly tied to drug trafficking operations in Mexico, made it clear that Operation Southbound should be consolidated into an OCDETF case. The proposal was presented to, and approved by, the Southwest OCDETF Committee in October 2004.

To date, Operation Southbound has yielded the following results:

Firearms Seized: 214	Value: \$144,484
Ammunition Seized: 22,659	Value: \$2266

Narcotics Seized:

Cocaine: 12.5 kilos	Value: \$182,000
89 grams Crack cocaine	Value: \$8000
Marijuana: Nearly 9000 pounds	Value: \$4.5 million (approximately)
Methamphetamine: Over one pound	Value: \$10,000

Currency:	Value: \$316,458
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Vehicles:	11 vehicles, 1 trailer, and 2 ATV's.
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In addition to the seizures of property, Operation Southbound has resulted in the spin-off of seventy-three (73) separate cases. The task force group working with Operation Southbound consists of Phoenix PD, Glendale PD, ICE, Border Patrol, and the U.S. Marshal's Service. Several of these cases have resulted in suspects (fugitives) being located and arrested in Mexico, and returned to the U.S. to face trial.

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## VII.

### Proposal:

#### **“Project Iron River”** Phoenix Field Division

The concept for “Project Iron River” was developed based on the clearly identifiable need to focus ATF’s unique expertise and resources on the issue of firearms trafficking to Mexico. The continually escalating violence along the border, and within Mexico, is largely fueled by the drug cartels struggling for control of the lucrative U.S. drug market. Often, this violence has crossed the border into the U.S., with Federal, state and local law enforcement officers being assaulted in increasing numbers. The power of the violent drug cartels described in this report has created a condition of social and political instability in a country that touches a significant portion of the U.S. border. These cartels continue to amass firearms which are used to murder political leaders, police officers, prosecutors and many innocent bystanders. This has de-stabilized the Southwestern U.S. border due to the drug-related violence spilling over into the U.S. states bordering Mexico. Two U.S. Governors have declared states of emergency and have been forced to spend millions of taxpayer dollars to protect their citizens from border related violence. Political tensions are high on this issue, and the national media is focusing more attention on the Federal government’s response. ATF is in the best position to proactively address the issue of drug related firearms violent crime along the border using its expertise in firearms trafficking investigations to identify, investigate, arrest and prosecute those persons responsible for arming drug cartels and other violent gangs that operate along the Southwestern U.S. border.

Project Iron River is named after the comment made by former Mexican Attorney General Raphael Macedo de la Concha, who compared the flow of guns from the U.S. into Mexico to a “river of iron”.

The basic tenets of this project involve extensive use of intelligence information to identify suspects and targets of investigative value; utilize the contributions of Industry Operations Investigators (IOI’s) to provide their expertise with inspections of the many Federal Firearms Licensees in the selected counties; initiate a public information campaign throughout Arizona that discusses the penalties associated with the straw purchasing of firearms; and aggressively prosecuting any individuals trafficking firearms to Mexican drug cartels or other violent criminals.

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It is anticipated that other Federal agencies will see the benefits of this initiative to their organizations, and will be able to contribute resources necessary to ensure its success.

There is currently no national-scale initiative within ATF dedicated to countering firearms trafficking to Mexico. Project Iron River seeks to fill that void with a concentrated effort towards a single objective: denying the drug cartels access to U.S.-source firearms will sharply curtail the number of drug related incidents of violence on both sides of the border. Theoretically, in order for a drug cartel to continue to grow, it must rely on intimidation or violence as a means to gather the land, territories, resources, money and protection it needs to expand into new areas. Denying the drug cartels in Mexico access to U.S.-source firearms robs the cartel of the implements it needs to facilitate this growth, forcing them to seek alternate markets where firearms may be more difficult to obtain. Making the cartels afraid to come to the U.S. for their firearms is the first step.

### **Phase 1**

#### Yuma, Arizona Field Office

Arizona is the third largest source state of firearms recovered in crimes in Mexico. According to the most recent tracing study done for the Phoenix Field Division, FFL's in Yuma, Arizona account for a proportionately greater number of firearms subsequently recovered in Mexico, particularly the Baja Peninsula, Sinaloa and Sonora.

Discussions with the U.S. Border Patrol, ICE, and the Yuma Police Department have revealed a very active pattern of firearms trafficking that occurs on a regular basis from Yuma, with the firearms crossing the border through the Arizona and California points of entry that are nearby. There is no ATF presence in Yuma to investigate these cases and refer them for Federal prosecution. Instead, local police officers are engaging in firearms trafficking interdiction and prosecuting these criminals for misdemeanor offenses at the state level where penalties are not a deterrent.

Phase One of Project Iron River involves opening a full field office in Yuma, Arizona. This office should be fully staffed with 1 RAC, 10 GS-1811 special agents, no less than three Industry Operations Investigators, and one investigative assistant. Yuma is a perfect crossroads for illegal arms trafficking due to its geographic position along Interstate 8, only minutes from the California border, and 22 miles from the San Luis, Mexico point of entry. In addition, a pedestrian crossing point is located at Algodones, a popular tourist shopping area approximately 3 miles from Yuma. There, it is possible for small amounts of firearms and ammunition to be carried across the border in a location where physical searches are uncommon.

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Yuma is also a magnet area for criminals and gang members from southern California who come there to buy firearms, avoiding the stringent California laws. Further, its proximity to the border makes Yuma a convenient location for Mexican drug organization “transporters” and associates, criminals, and gang members to obtain their weapons as well. Tracing data supports the fact that Yuma area guns are frequently recovered in Mexican states where drug cartel activity is heaviest and most violent.

From Yuma, there are many border points of entry that can be accessed in no more than one hour. In addition, criminals running firearms to California gang members can be in San Diego or Los Angeles in a matter of hours. Were a field office to be opened in Yuma, agents and inspectors there would be able to dedicate their efforts to the interdiction of southbound firearms destined not only for Mexico, but also westbound firearms trafficked to the major cities in California and the west coast. Initially, the Yuma Field Office could be established with the assistance of the Los Angeles Field Division, whose agents would cover the westbound guns, and the remainder of the agents would investigate the Mexico-bound firearms. Its unique location on the border of two U.S. states and one foreign country creates an equally unique opportunity to consolidate the efforts of the Phoenix and Los Angeles Field Divisions in a joint border enforcement initiative.

Tracing data also suggests that crime guns recovered in California and Mexico originate from FFL’s in Parker, Arizona, Havasu City, Arizona, and Bullhead City, Arizona. Yuma Field Office personnel would be able to cover the western portion of Arizona where there are currently no ATF offices, in locations that are difficult to cover from Phoenix.

Benefits to opening the Yuma Field Office are: 1) guaranteed immediate success in proactively generating viable and significant international and domestic firearms trafficking cases; 2) the support of the local ICE and Border Patrol offices who have pledged agents and temporary office space if necessary; 3) the support of the Yuma Police Department, who has likewise indicated interest in supporting a “task force” on firearms trafficking; 4) substantially impacting the flow of weapons illegally trafficked to Mexican drug cartels as well as gang members in California.

The U.S. Attorney for the District of Arizona is keenly interested in supporting a Southwest border project and has pledged the support of his satellite office located in Yuma.

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### Sierra Vista Satellite Office

In addition to the Yuma Field Office proposal, it is also strongly recommended that an ATF satellite office be opened at the same time in Sierra Vista, Arizona. Staffing recommendations for this office are as follows: 6 special agents (with at least 1 intelligence officer), 3 IOI's, and 1 K-9 team. This office could be managed as a satellite office from either Tucson Group II (geographically closest), or Yuma (farther away, but dedicated to the same border enforcement project).

Sierra Vista is preferable as a satellite office location for several reasons. Due to its central location between several border points of entry, the Sierra Vista satellite office can cover the POE's at Nogales, Naco and Douglas in under an hour's drive to each. Naco, Arizona, which is known to be heavily active in drug and firearms trafficking, is less than 30 minutes from Sierra Vista. In addition, smaller entry points at Lochiel, and Sasabe could likewise be accessed in a very timely manner.

The U.S. Border Patrol, ICE, DEA and FBI each have offices in Sierra Vista. The U.S. Army's Intelligence Center at Fort Huachuca is also located in Sierra Vista, establishing a strong government presence in the area. An air wing of Customs and Border Protection (CBP) is also based at Fort Huachuca. CBP air wing supervisors at that location have stated that their aircraft could be made available for ATF use anytime. Considering the fact that the focus of the Sierra Vista satellite office would be firearms interdiction, especially involving drug trafficking and related violence, this arrangement would certainly be to the advantage of both ATF and CBP.

Casual discussions with intelligence officials at Fort Huachuca have indicated that there may be enough office space available on the Army post at no charge to ATF. This is advantageous in that Fort Huachuca is a secured, guarded military facility which ensures the safety of ATF personnel and property.

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## **Phase II**

### **Nogales Satellite Office and Douglas Satellite Office**

Opening an additional satellite office at Nogales, which is the primary route into Mexico from central Arizona via Interstate 19, would decentralize the ATF presence in the Sierra Vista satellite office and place personnel directly at the points of entry. Douglas is a primary route for drug and firearm shipments along the eastern edge of Arizona, just across the border from Agua Prieta, Mexico. The advantages to this deployment are that ATF personnel would be immediately available to respond and investigate any seizures made by ICE/CBP at the major Arizona POE's, or participate with those agencies proactively in investigations involving suspects trafficking firearms and narcotics.

DEA has a large office at Rio Rico, located several miles north of Nogales, and the DEA ASAC has offered ATF office space at their location at no charge. This would only serve to strengthen an already excellent working relationship between ATF and DEA in southern Arizona, and would also serve to provide real-time ATF involvement in large-scale drug trafficking investigations should it be determined that firearms are involved.

#### **ATF K-9 Team Assigned To Project Iron River**

As part of the overall enforcement plan for this project, it is requested that an ATF K-9 team be dedicated to provide support to the firearms detection and interdiction process. A trained K-9 team can readily respond to outbound searches at the POE's, providing a basis for more in-depth searches of vehicles and persons. In the case of a vehicle that has been identified as a trafficking vehicle through CI information, surveillances, or other investigative means, the K-9 team can work the vehicle, thereby validating the information, further bolstering that the value of the evidence at trial.

The K-9 team would best suit the mission by being placed in Tucson, Arizona. This would enable the team to respond rapidly to call outs at the border, in Tucson or in Phoenix. The response time to Phoenix would be approximately 1 hour, and response times to the border would vary between 45 minutes to 2 hours depending on where the callout was issued. Also, placing the K-9 team in Tucson would enable the team to train and work with other K-9's from the same program. (Tucson PD and the University of Arizona both have ATF-trained K-9's, but utilizing them for a border enforcement initiative would be problematic at best).

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**Investigative Strategy for Project Iron River**

Project Iron River is viewed as being a dedicated, standalone initiative, focused on the interdiction of firearms destined for drug trafficking organizations in Mexico, and impacting drug related firearms violent crime along Arizona’s border. Except where absolutely necessary, agents assigned to this project should not be tasked with other duties that can be handled by one of the two enforcement groups in Tucson. Only this way can resources be directed appropriately, and measurable, meaningful results obtained.

**Intelligence**

It is envisioned that Project Iron River will actually adopt the methodologies, and will embody the ATF phrase “Intelligence-Led Policing”. The resources that already exist within ATF are perfectly suited to this type of initiative, and are substantial enough to virtually guarantee its success.

Utilizing the resources of the Phoenix Intelligence Group, Headquarters intelligence resources, and at least one intelligence officer or analyst dedicated to this project on-site, investigative leads will be developed. Frequent contact and coordination with the intelligence components of the other partner agencies, [REDACTED], will ensure that only the most valuable targets are selected for investigation.

[REDACTED]

For preliminary intelligence purposes, an unofficial study was made of factors that make up the profile of the average purchaser of firearms that are recovered in Mexico, but purchased in Arizona (see graph, next page). From examining 164 trace records for firearms purchased in Arizona over a 2-year period that were later recovered in Mexico, the following common factors were observed:

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[REDACTED]

The average purchaser was 34 years of age. Among Hispanic males, the average age was 27.

Of the 164 firearms traced from Arizona, 35 were recovered in Distrito Federal (Mexico City), 19 in Jalisco, 18 in Sinaloa, 16 in Queretaro, 13 in Durango, 8 in Oaxaca, 7 in Michoacan, 7 in Nuevo Leon, 6 in Sonora, 5 in Chiapas, 5 in Chihuahua, 4 in Nayarit, 3 in Guerrero, 2 in Tamaulipas, and 1 in Baja California.

Utilizing all available resources should be a priority for this initiative.

[REDACTED]

[REDACTED]

#### **Training Provided to State and Local Agencies**

ATF personnel assigned to this project should liaison with the local police departments, sheriff's offices, and the Arizona Department of Public Safety. Officers from these agencies are often the first point of contact with many firearms and narcotics traffickers, and can provide valuable information and cooperation. Arrangements should be made to provide training to state and local agencies regarding firearms trafficking methodologies, recognizing concealment methods on persons and in vehicles, and other common indicators that ATF agents look for when investigating a trafficking scheme. During initial contacts where an officer suspects an individual might be a possible trafficker, the field interview questions can be extremely important. Training should emphasize this critical area.

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Officers that encounter a suspected trafficker should attempt to determine where the vehicle is headed, then contact the local ATF office with the complete description of the vehicle, its occupants, and the basis for the officer's suspicion. The special agent can contact his or her ICE contact at the point of entry and arrange for an outbound inspection. The availability of a trained K-9 team for an outbound inspection will enhance the probability of locating and recovering evidence.

**Public Information Campaign**

The Phoenix Field Division Public Information Officer (PIO), in conjunction with assigned special agents and IOI's, should help design a public information campaign, specifically targeting the border FFL's, that educates and informs them about the risks of selling firearms to individuals they suspect of straw purchasing firearms for Mexican citizens, or others they believe may be taking the firearms to Mexico.

The scope of the problem associated with firearms being trafficked to drug cartels and criminals in Mexico is such that more aggressive tactics should be employed.

[REDACTED]

[REDACTED]

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**Tracing / NIBIN Agreements with ICE and Border Patrol**

[REDACTED]

[REDACTED]

[REDACTED]

**Conclusion**

This report has examined the major problems that exist along the Southwest U.S. border, particularly along Arizona's border with Mexico. Violence is a very real problem facing not only Arizona, but every state that shares a common border with Mexico. Drug cartels send untold numbers of associates to Arizona to acquire firearms to further their illegal enterprises. Criminals using U.S. source firearms have killed hundreds of people in the last several years during the ongoing battle for supremacy between Mexico's major drug cartels. The violence fueled by the drug trade has spilled over into the U.S., especially along the borders of Arizona and Texas. In fact, Arizona source firearms have been turning up in huge numbers in the region around Nuevo Laredo, currently ground zero in Mexico's drug war.

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This report and proposal is intended to illustrate the need to address a very real issue that impacts the Southwestern U.S. border. The citizens of Mexico, as well as the U.S. citizens along the border in four states, are inundated with drug related firearms violence. If the U.S. government is to have any significant impact, a national-scale, unified initiative headed by ATF, and dedicated to the common objective of stopping the illegal supply of firearms to Mexico is absolutely necessary. This initiative should certainly encompass all four U.S. border states, each working towards a single goal: to deny drug cartels the means to facilitate their growth in Mexico and the U.S. If funded appropriately, and given the necessary resources requested, cases will be made, and high value defendants will be prosecuted.

On a larger scale, this can only help ATF showcase its expertise and value in targeting the worst criminals and removing them from society. The success of Project Iron River can be shown as a model for future similar initiatives.

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**APPENDIX**

HOGR ATF - 001394

Exhibit 210

# Exhibit 210



## U.S. Department of Justice

## Criminal Division

Gang Unit

Washington, D.C. 20530

October 1, 2009

**MEMORANDUM**

**TO:** Jason Weinstein, Deputy Assistant Attorney General

**CC:** Kevin Carwile, Chief Gang Unit  
James Trusty, Deputy Chief Gang Unit

**FROM:** Laura Gwinn  
Trial Attorney, Gang Unit

**SUBJECT:** Operation Wide Receiver (Tucson, AZ USAO)

During the week of September 21, 2009, I travelled to Tucson, AZ to review and evaluate a firearms trafficking case which was investigated by ATF (with ICE support) as Operation Wide Receiver. This memorandum is written to provide you with an outline of the investigation and potential charges. Given the large amount of paperwork associated with the case, an in-depth review of every transaction, target, or potential charge was not possible in such a short time. It quickly became very clear, however, that Operation Wide Receiver involves two conspiracies, with one common target.

This investigation began in March of 2006 when ATF was contacted by an FFL concerning suspicious firearms transactions. It is believed the FFL had worked with ATF in the past, although details concerning prior cases were not available. The FFL primarily sells weapons at gun shows, but the transactions at issue were conducted at his house. Over the course of the subsequent months, the FFL, under the direction of ATF, sold 322<sup>1</sup> firearms (primarily receivers of assault weapons) to Gregory Gonzalez, Jonathan Horowitz, Ismael Betancourt, and Daniel Olivas. Sometimes these persons filled out the 4473, other times they were the actual purchaser. It appeared to the FFL from conversations during the transactions and/or phone calls (some of which were consensually recorded) that these targets were working in conjunction with another party who was ordering the remaining firearms components from the internet. This was confirmed when a suspicious package from Betancourt to a person in California was opened by UPS and found to contain receivers. The store owner was not sure a violation had occurred and shipped the package, but notified ATF, which intercepted the package in San Diego. The serial numbers of the receivers corresponded to those purchased by Horowitz several weeks previously. Subsequent investigation revealed additional packages that had been

<sup>1</sup> The numbers of firearms sold is taken from a chart prepared by ATF agents. It is unclear whether there is any "double-counting": that is the firearm is counted for the person who paid the money as well as the person who completed the 4473. This caution also applies to the purchases in the second part of Wide Receiver, below.

HOCR WR 003391

sent to the same address from by Betancourt. Thus far, eleven of the firearms purchased by this group have been recovered in Mexico.

Gonzalez participated in two or three transactions. According to Horowitz, Gonzalez missed a deadline and was no longer trusted, therefore, Horowitz and Betancourt began dealing with the FFL. Their association with the FFL continued through approximately November 2006.

In early February 2007, Gonzalez again contacted the FFL to purchase weapons. At that time, he introduced Oscar Celaya. At that time, Gonzalez completed the 4473s for several weapons on behalf of Celaya who paid for them. Several days later, Gonzalez introduced Carlos Celaya to the FFL. Over the next several months, approximately 500 pistols and assault weapons were purchased by Gonzalez, Carlos Celaya, or other associates. Most of the transactions and telephone calls associated with them were voice-recorded, and I was able to review some of the transcripts<sup>2</sup>. In several transcripts Gonzalez and Celaya speak openly of their intent to send the guns to Mexico for Celaya's uncle, Jose Celaya. In one transcript there is a brief description of smuggling methods, including placing the guns in gas tanks. All of the weapons were purchased with cash, amounting to tens of thousands over the several month period. According to a chart prepared by ATF agents, 18 of these guns have been recovered: 15 in the United States and 3 in Mexico.

At some point, Celaya began to purchase the weapons himself, and he continued to purchase weapons through September 2007. He may have discontinued when one of his associates was arrested and 15 of the guns seized. Celaya also introduced other persons who began to purchase firearms. The most important of these is Israel Egurrola. I do not believe Egurrola ever purchased firearms himself, but always through Siria Valencia, since Egurrola apparently is an illegal alien. However, during one interesting purchase, he did not have sufficient cash and had to go to another location for it. He came back with approximately \$5000 in a heat-sealed baggie marked "\$5000"; the bills were all 5s, 10s, and 20s.

The agents believe that all of the money used to purchase the guns is derived from drug distribution. According to the agents, Jose Celaya, Carlos' uncle, has ties to a drug cartel headed by Nacho Paez-Soto (who was recently arrested in Mexico); Egurrola allegedly has ties to the Sinaloa cartel. I recall one transcript in which there is a reference to Nacho Paez, however, thus far, I have not seen any evidence supporting an association with drug cartels.

Some time after the agents associated the guns and money with drug cartels, ATF and ICE apparently came to an understanding that ATF would handle the firearms trafficking and ICE would continue to investigate any drug leads. It is my understanding that, since that time, there has been no sharing of information between ATF and ICE. I have spoken briefly with the OCDETF-designated AUSA handling the drug investigation and provided him with the names of our potential targets.

<sup>2</sup> As a result of several months of consensually recorded phone calls with the FFL, recorded transactions, and wiretaps on four telephones, there are over a thousand pages of transcripts. At best, I was able to scan through as many as I could to ascertain whether there was any conversation about smuggling or for whom the weapons were intended. The discussion in this memo about conversations is to the best of my recollection and may not be target-specific.

This investigation presents a number of challenges to be overcome prior to indictment: simply determining whether there is sufficient evidence against each of the possible targets (and the appropriate charges) will involve a great deal of time. RC-3

RC-3. I do not believe any type of phone analysis has been undertaken; it is unclear whether any financial analysis/study of the potential targets has been done. In addition to possible firearms offenses, I am also considering whether money laundering charges would be appropriate. It is likely that if there is evidence to support such charges, it is intertwined with the ICE-led drug investigation.

The original lead investigator has been re-assigned to Albuquerque, NM. The newly assigned lead agent has met with me about the case, but he was unable to answer most questions I had about various aspects of the investigation. Although he states a willingness to assist, it is clear he believes this investigation complete and the original agent should handle significant follow-up. In fact, there are several avenues of investigation that may not have been pursued (it is unclear from the ROIs).

In summary, this investigation is likely to lead to two sets of indictments: one for the Gonzalez-Horowitz-Betencourt transactions (and possibly one or two associates), and one for the Gonzalez-Celaya-Egurrola (and several associates) transactions. I am not in a position yet to predict when indictments might be sought.

Exhibit 211

# Exhibit 211

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**From:** Higman, Chuck  
**To:** Hoben, Shawn P.  
**CC:** Garcia, Brandon M.; Latham, Mark S.; Richardson, Marvin G.  
**Sent:** 6/15/2006 9:42:32 PM  
**Subject:** 785085 06 0051  
**Attachments:** White paper 785085-06-0051.doc

Shawn; I left a voice mail for you a bit ago, pls call me at your earliest @ RC-1

For your review I've attached a case progress white paper prepared by SA Garcia, and I've asked that SA Latham put together a Collateral Request for your attention in support of an ops request and our conversation this morning. I've also given you access to the IN in Nforce.

RC-3

Obviously operational command is yours but, having discussed this at some length, we believe at this point there is more value in the surveillance, identification of locations, persons, vehicles and asset rather than making sight arrests. We ask that you consider utilizing a UC SA to make personal delivery to RC-4 whom we'll have probable cause to arrest and indict at a later date as this case matures.

Thanks in advance for you and your squad's assist on this.

---

**From:** Garcia, Brandon M.  
**Sent:** Friday, June 09, 2006 2:52 PM  
**To:** Higman, Chuck; Latham, Mark S.  
**Subject:**

Updated white paper...let me know what changes need to be made

**Brandon Garcia**  
**Special Agent ATF**  
**Tucson II Field Office**  
**Desk** RC-1  
**Cell** RC-1  
**Fax**

HOCR WR 005189

Exhibit 212

# Exhibit 212

07-014

U.S. Department of Justice  
Bureau of Alcohol, Tobacco, Firearms and Explosives

ATF Operational Plan

Case Number 785085-06-0121	Field Office/Group Tucson Group II	Case Agent Brandon Garcia	
Briefing Date and Time October 6, 2006 1600	Operation Date and Time October 7, 2006 0900	Staging Area Date and Time ATF Office 10/07/06 0730	Staging Area Location ATF Office

Type of Operation

Vehicle Stop       Arrest Warrant       Other surveillance

U/C Operation       Search Warrant

Target Location/Assessment

Address [REDACTED] Mesa, AZ 85201      Telephone Number

Description and GPS Coordinates (If applicable)  
Mesa Gun Show

<input type="checkbox"/> Physical Fortifications	<input checked="" type="checkbox"/> Countersurveillance	<input type="checkbox"/> Animals
<input type="checkbox"/> Explosives	<input type="checkbox"/> High Crime Area	<input type="checkbox"/> Close Proximity to Schools
<input type="checkbox"/> Children Present	<input type="checkbox"/> Approach Difficulties	<input checked="" type="checkbox"/> Vehicular Traffic Difficulties
<input checked="" type="checkbox"/> High Level of Foot Traffic	<input checked="" type="checkbox"/> Location Frequented By Public	<input type="checkbox"/> Chemical/Bio Hazards
Type of Door: _____		<input checked="" type="checkbox"/> Firearms Present at Target Location
Occupants Gun Show patrons		<input type="checkbox"/> Opens: Right or Left

Operation Objectives

Observe Jonathan HOROWITZ purchase AR-15 lower receivers and 2 AR-15 rifles (all with collapsible stocks). Also determine if HOROWITZ is going to purchase the 40 lower receivers that he had ordered from Bear Arms. Identify any other individuals with HOROWITZ and determine if BETANCOURT is still HOROWITZ'S associate. Identify HOROWITZ'S vehicle so a tracker may be placed on it at a later date.

ATF Form 3210.7  
Revised June 2005

HOCR WR 003367

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Case Background

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HOROWITZ has purchased approximately 150 AR-15 Lower Receivers from the same FFL and close to 100 from other FFL'S. recorded conversations have indicated that the firearms are traveling to Tijuana, MX. In June, seventeen (17) of the lower receivers were recovered while being shipped to San Diego. They were shipped by BETANCOURT but purchased by HOROWITZ. HOROWITZ has been in extremely little contact with FFL's since the recovery of the firearms. BETANCOURT has not been heard from and has no money in his bank accounts. HOROWITZ advised the FFL recently that he is going to cut out the middle man and make a lot of money for himself. It is suspected that HOROWITZ will now be moving the firearms to Tijuana himself. We are not prepared to make any arrests at this time because we are still attempting to coordinate our efforts with AFI in Mexico.

ATF Form 3219.7  
Revised June 2003

HOCR WR 003368

# Exhibit 213

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**From:** Vlahoulis, Athanasio P.  
**To:** Higman, Chuck  
**CC:** Garcia, Brandon M.  
**Sent:** 4/10/2007 4:22:51 PM  
**Subject:** Mexico Operation contact with MCO-Assistant Attaché

Assistant Attaché Ramon Bazan responded via phone this A.M. and advised that his office is very interested in assisting Tucson II with the Operation Wide Receiver, specifically the proposed firearms trafficking from Tucson into Mexico by Celaya et al... this week.

Ramon stated that the MCO would coordinate the involvement of Mexican Federal law enforcement and security agencies in investigating in Mexico the recipients of the firearms purchased in Tucson.

Ramon was advised that Tucson II and SID would mount a surveillance of individuals involved from time of purchase till they committed into going Mexico. Tucson II wished that once the trafficker moved into Mexico that LE on that side follow the load to it's ultimate destination and that all phones and other means be utilized to identify the organization involved.

Ramon was advised that it was not in Tucson II's interest to engage in a long term surveillance if the end result would be a Border entry stop or traffic stop in Mexico. Ramon was also advised that this was only one piece of a potentially much larger future movement of firearms into Mexico and that we viewed a successful operation in Mexico as a potential CCE of a DTO.

Ramon advised that he was in agreement and that he would arrange to have an official representative from the Mexican authorities contact Tucson II in order to act as a liaison to authorities in Mexico. Ramon stated that ATF in Texas (Laredo, McAllen etc...) had previously successfully utilized Mexican liaison people in the U.S. to further these types of investigations.

T

Athanasio Vlahoulis  
Special Agent  
U.S. Department of Justice  
Bureau of Alcohol, Tobacco, Firearms and Explosives  
Phoenix Field Division  
Tucson Field Office

RC-1

HOGW WR 005315

Exhibit 214

# Exhibit 214

U.S. Department of Justice  
Bureau of Alcohol, Tobacco, Firearms and Explosives

### ATF Operational Plan

Case Number 785085-06-0051 Operation Wide Receiver	Field Office/Group Tucson II Field Ofc.	Case Agent SA Brandon Garcia	
Briefing Date and Time 05/31/2007 @ 4:30PM	Operation Date and Time 05/31/2007 @ 5:30PM	Staging Area Date and Time 05/31/2007 @ 4:30PM	Staging Area Location RC-3

**Type of Operation**

RC-3

**Target Location/Assessment**

Address RC-1	Telephone Number N/A
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*Description and GPS Coordinates (If applicable)*

surveillance will begin at FFL Residence where firearms are to be purchased and then continue to unknown locations throughout Tucson and Southern Arizona.

RC-3

Occupants FFL, Carlos CELAYA, RC-4

**Operation Objectives**

**OBJECTIVES:** The Tucson II Field Ofc in conjunction with the Tucson Police Department, Special Investigation Division (TPD SID), the ATF Mexico City Office, and Mexican Federal law enforcement authorities, intend to work jointly to determine violations of U.S. and Mexican law.

CI Information, FFL documents, electronic surveillance and ATF Tucson II Field Ofc inquiry in relation to International Trafficking in Arms provides reason to believe that Carlos CELAYA, RC-4, RC-4 and other persons known and unknown to law enforcement have been and are conspiring to violate the Federal firearms laws. This investigation includes potential violations of Federal law including straw purchase/dealing in firearms without a license, possession and transfer of NFA weapons, unlawful export of firearms, felon(s) in possession of firearms, and illegal aliens in possession of firearms.

At Tucson, AZ, ATF/TPD SA, Detectives and officers will surveil, monitor and record the planned arrival of CELAYA and other persons at the FFL; determine if violations of U.S. law occur during their purchase of firearms and follow these individuals to unknown locations at Tucson and Arizona. ATF/TPD SA, Detectives and officers will subsequently follow these individuals to their border crossing at the U.S./Mexico border, where Mexican enforcement authorities will follow the firearms to their final destination in Mexico.

If the Mexican authorities decline or fail to participate, the firearms traffickers will be arrested prior to leaving the United States.

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Case Background

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From March to June of 2006, Gregory GONZALEZ, Jonathan HOROWITZ and Ismael BETANCOURT purchased almost 200 AR-15 lower receivers from Mad Dawg Global Marketing. The lower receivers are suspected of being smuggled into Mexico. After GONZALEZ purchased the firearms, GONZALEZ stole down payment money from the money source and was removed from the organization. GONZALEZ then moved to Somerton, AZ.

17 lower receivers were recovered by a UPS employee while being shipped by BETANCOURT to San Diego from Phoenix. HOROWITZ and BETANCOURT stopped purchasing firearms.

On February 8, 2007, GONZALEZ contacted the FFL and advised that he was back in Tucson and wanted to purchase more firearms for "friends".

GONZALEZ and Carlos CELAYA, through several purchases, had purchased 15 AK-47's and AR-15's from the FFL.

GONZALEZ filled out the 4473's for 10 of the firearms, all rifles, since GONZALEZ is not of age to purchase pistols; CELAYA would fill out the 4473 for the pistols. In each occasion, CELAYA provided the money for the purchases. CELAYA claimed that his uncles and cousins from Caborca, MX provided CELAYA with the money.

Since March 2007, CELAYA has since removed GONZALEZ from the operation and began brokering firearms deals to other parties from the Caborca, Mexico area. CELAYA claimed that they were all for uncles and cousins.

On 4/3/07, CELAYA introduced an individual identified as RC-4 from Caborca, MX. CELAYA claimed to not know RC-4 prior to 4/3/07 and was introduced by an unknown female. CELAYA drove separately while RC-4 the female, and an unknown male followed CELAYA in a Ford Expedition (RC-5) registered to RC-5. RC-4 was driving. CELAYA again filled out the 4473 on 4/3/07 for 5 firearms, the firearms were an assortment of what the FFL had to offer. During the meeting with the FFL, RC-4 left the residence, traveled to RC-5, obtained approximately \$5,000 cash in a heat sealed plastic bag, returned to the FFL residence and provided the money to the FFL for the firearms. RC-4 then provided the female with \$100 and CELAYA with \$500.

4/9/07 the FFL was contacted by CELAYA and advised that Israel wanted to purchase the 20 .38 Supers and place an order for more firearms. CELAYA claimed that RC-4 bosses were "testing" the firearms in Mexico to determine what future orders would consist of.

4/11/07 the purchase of the 20 .38 Supers is scheduled for 7pm at the FFL residence.

4/11/07 Israel purchased 20 .38 Super pistols, 4 AK-47 rifles and 1 DPMS AR-15. CELAYA did not purchase any firearms.

Surveillance was conducted as RC-4 drove a Silver minivan (RC-5), RC-4 drove to RC-5, picked up an unknown individual and then proceeded to another location near Campbell/Bilby where the target vehicle was lost in a residential area.

4/28/07 RC-4 provided the FFL with \$20,000 as a down payment for 30 .38 super pistols.

5/7/07 CELAYA contacted FFL and advised that RC-4 wants to purchase all of the .38 supers that the FFL had in stock plus 20 AK-47 pistols. CELAYA stated that RC-4 wanted to do this tonight because RC-4 has a vehicle traveling to Mexico and he wants these firearms in that vehicle. RC-4 did not show at the meet.

5/10/07 CELAYA and RC-4 were scheduled to purchase the ordered firearms. RC-4 cancelled at the last minute, but CELAYA purchased 15 firearms and was surveilled to his residence at RC-5. Surveillance was discontinued the following day due to neighbors becoming suspicious of surveillance vehicles.

5/22/07 CELAYA with RC-4 purchased 48 firearms, 30 for Israel LNU and 18 for "Rigo".

5/23/07 CELAYA and RC-4 purchased 7 firearms.

5/28/07 CELAYA and RC-4 purchased 13 firearms.

5/30/07 CELAYA contacted FFL and advised that RC-4 wanted to purchase "everything the FFL had"

Mexican authorities have been contacted and have agreed to assist with the operation tonight.

Exhibit 215

# Exhibit 215

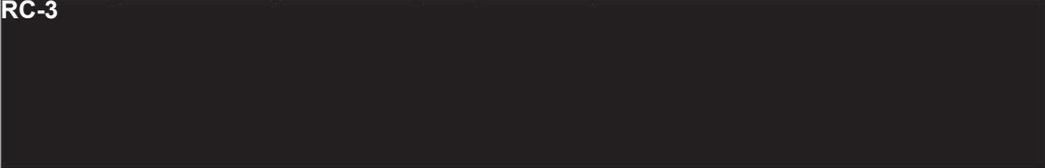
**Phoenix Field Division  
Law Enforcement Command Staff Only  
- Confidential Not for Release-  
August 21, 2006**

**SUBJECT:** Operation WIDE RECEIVER IN #785085 06 0051

**PURPOSE:**

- To brief on status of this investigation.
- Outline investigative goals and strategy
- To identify funding, equipment, personnel and other support needs in relationship to this investigation.
- Identify other agencies both domestic and foreign and identify their role in this investigation.

**BACKGROUND:**

- This investigation was initiated by ATF Tucson Group II on 3/2/2006 is an International Traffic in Arms (ITAR) investigation centered in Tucson, Arizona. and includes Title I and Title II Federal firearms violations to include the unlawful manufacture of machine guns, criminal conspiracy and other violations of Federal law.
- To date, three identified subjects have purchased 126 AR-15 lower rifle receivers from a Federal Firearms Licensee in Arizona during four separate firearms transactions. Tucson II has also identified 40 other firearms purchased from other sources as part of this inquiry.
- Investigation has identified a nexus between Tucson, Phoenix, San Diego and other California/Arizona border cities.
- A related case out of San Diego has resulted in the arrest of a U.S. law enforcement officer with connections to Mexico, who was trafficking firearms including at least two purchased by subjects of Operation WIDE RECEIVER.
- **RC-3**  

- The current state of affairs in Mexico reference the Organized Crime Groups (OCG) is basically one of daily violence, including the routine murder of police officers and other government officials. The OCG needs military type armaments in order to take the war home to the competition and to in turn protect their own

assets. The primary and source of firearms used by these groups is the United States, specifically Arizona and Texas.

- The intelligence available through multiple open source and law enforcement sources routinely documents seizures and recoveries of military caliber firearms occurs on a daily basis in Mexico. It is highly unlikely in view of the very limited recovery within the United States of firearms transfers identified in this case, that the remaining firearms have not entered into the conduit of illegally trafficked firearms to Mexico.
- In June 2006, Tucson II submitted a request for Major case funding in this investigation. In addition conversation has been held with the ATF Southwest Region OCDETF coordinator as to the possibility of this investigation moving under the OCDETF umbrella as a Gatekeeper initiative or through some other mechanism.
- This investigation has moved well past the intelligence gathering stage and is now fully investigative result driven.
- This investigation has been routinely discussed with assigned AUSA **RC-5**
- There is currently sufficient documentation to conclude a historical criminal case on individuals involved in the illegal purchase and transfer of firearms identified as of this date.

#### **ISSUES/PROBLEMS:**

- Lack of support resources to the investigation at all levels specifically but not solely including analytical, research, and administrative.
- The need for better coordination between the Los Angeles and Phoenix Field Divisions. California is not a source state for firearms other than as a conduit from Arizona and other states through the Andrade to San Diego Ports of entry. The failure of the LAFD to facilitate investigation of a transfer of firearms from Arizona to San Diego has caused disruption to this investigation and will require additional work to rectify.
- The coordination of investigative activity with resources in Mexico.
- The coordination and utilization of other U.S. domestic law enforcement and governmental resources at the local, state and Federal level.

#### **ACTION or FOLLOW-UP:**

- Tucson II has initiated contact with the Rocky Mountain Information Network (RMIN) to provide investigative support on a day to day basis. RMIN is part of the Federally funded Regional Information Sharing System (RISS) Program administered by the U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Assistance. Each of the six regional RISS agencies share intelligence and coordinate efforts against criminal networks that operate in many locations across jurisdictional lines and must comply with U.S. Department of Justice Program Guidelines and 28 CFR Part 23, Criminal Intelligence Systems

Operating Policies These agencies are specifically responsible for providing intelligence support to local, state and Federal law enforcement member agencies, including ATF. Due to the scope of the information developed on Operation Wide Receiver and the multiple jurisdictions involved along with the high potential that individuals and locations identified during the course of this investigation could be identified by other member law enforcement agencies of RMIN, Tucson II is requesting RMIN support in order to facilitate analyses and exploitation of this information and to ensure timely intelligence reference other agencies that might be conducting investigations on individuals identified in this investigation.

- Utilize Major Case Funding and if possible OCDETF funding to further the investigative needs of this case.
- Coordination has improved with the Los Angeles Field Division and a repeat of the decision making process that resulted in the investigative disruption of identifying further links in the trafficking pipeline should not occur but will require regular coordination at the ASAC/SAC level.
- Experienced field agents have been assigned to this case with a combination of sound managerial and investigative skills. Through these agents resources have been identified in both the U.S. and Mexico. Specifically this investigation will take advantage of the following resources if and when needed:
  1. The ATF Mexico City Office (MCO) to coordinate law enforcement activity within Mexico through the appropriate vetted MLE.
  2. ATF Technical resource specifically reference tracking of individuals, monies, firearms and communications.
  3. RC-5
  4. RC-3
  5. [REDACTED]
  6. [REDACTED]
  7. The initiation of parallel investigative activity to covertly develop and funnel information in furtherance of this investigation.
  8. Travel to Mexico by ATF Case Agents to brief the MCO as to this investigation in preparation for initiation of joint investigative activity with vetted MLE.
  9. Tucson Police Department, Special Investigations Division personnel.
  10. Any other ATF Field Group as needed.

•  
**EXPECTED OUTCOMES:**

- Identification and development of sufficient evidence to dismantle, disrupt and prosecute levels of this trafficking organization up to and including the primary conspirators responsible for providing the funds, direction and ultimate delivery and criminal implementation of the firearms in question.
- Development of intelligence and evidence identifying any overlying criminal organization related to or benefiting from the activities of this trafficking

organization. Including connection to OCG involved in narcotics trafficking and violent criminal activity both in the U.S. and the Republic of Mexico

- Identification and seizure of assets.

**BUDGET IMPACT:**

- Funding for this investigation will be through ATF Major Case Funding and OCDETF upon determination of linkage to narcotics trafficking either through CPOT or Gatekeeper.

**DOJ POSITION/INTEREST:**

- The Attorney General has identified the investigation and prosecution of violent criminal activity and narcotics trafficking on the Mexico/U.S. border as being of significant interest .

**CONGRESSIONAL INTEREST:**

**TALKING POINTS/SPEECH/BRIEFING MATERIALS:** N.A.

**PARTICIPANTS:** ATF- Tucson; Phoenix II, San Diego Group II, Mexico City Office, Tucson P.D.-Special Investigations Division

**TIME/LOCATION:** TBD

**PRESENTATION FORMAT:** TBD

**MEDIA INTEREST/INVOLVEMENT:**

DOJ/CIO has highlighted the LEIS initiative in various technology publications and ATF has prepared several press releases on the deployment of BATS as one of many solutions to sharing information with state/local law enforcement. BATS current won the E-Government Pioneer Award this month.

**COORDINATION:** This information has been coordinated with OSII/OST/FO/CC

Exhibit 216

# Exhibit 216

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**From:** Higman, Chuck  
**To:** Lt. Stiso TPD SID  
**CC:** Sgt. Fuller TPD SID  
**Sent:** 6/26/2007 10:08:18 PM  
**Subject:** FW: Funds

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**From:** Petermann, David (USAAZ) [RC-1]  
**Sent:** Tuesday, June 26, 2007 2:59 PM  
**To:** Higman, Chuck  
**Subject:** RE: Funds

Looks good....

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**From:** Higman, Chuck  
**Sent:** Tuesday, June 26, 2007 2:44 PM  
**To:** Petermann, David (USAAZ)  
**Cc:** Garcia, Brandon M.; Vlahoulis, Athanasio P.; Small, James K.; Arellano, Bernardo  
**Subject:** FW: Funds

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**From:** Higman, Chuck  
**Sent:** Tuesday, June 26, 2007 2:13 PM  
**To:** 'Shiver, Larry (USATXS)'  
**Subject:** RE: Funds

Larry; thanks for the below for your continued guidance and support; I think that our mtg of Thurs last was very productive. In the interim between then and now, the southbound firearms trafficking investigation has gathered even more steam. We anticipate surveillance this evening where the subject(s) of interest are scheduled to purchase approx. \$20K of assorted firearms for further shipment to Caborca, Mx, and we are coordinating with the Mexican authorities in the event that the surveillance is successful. We have reached that stage where I am no longer comfortable allowing additional firearms to "walk," without a more defined purpose.

RC-3

As we have initiated and conducted the firearms investigation we did not know or have reason to believe that it was associated with the OCDETF matter, but developed evidence has led us in that direction. Accordingly, to fund Wide Receiver we submitted an ATF Major Case funding request which was approved (ATF MC 126) and supported by funding. Currently, we are sitting on approximately \$14,000. Major Case AC funds that we can use in the near term.

RC-3

regards

HOGW WR 005412

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**From:** Shiver, Larry (USATXS) [RC-1]  
**Sent:** Monday, June 25, 2007 9:11 AM  
**To:** Higman, Chuck  
**Subject:** Funds

Chuck,

You will be receiving some funds in the near future. Because Iron River is so active, I have asked the Acting OCDETF Program Manager to expedite all future requests. He has agreed to this.

Let me know what it will cost to rent the office space that Bernie informed me could be used as a wire room. I will be putting another request through this week asking for additional funds for car rentals, cell phones, pen register operation and lease of the wire room space. These funds will follow the supplemental funding referenced earlier.

Take care Chuck,

Larry

ATF OCDETF Coordinator-Southwest Region

Arizona, New Mexico, Oklahoma, Southern California, Texas

Office Phone: [RC-1]

Cellular Phone: [RC-1]

HOGW WR 005413

# Exhibit 217

Phoenix Field Division – Project Gunrunner Investigations with a Nexus to Mexico Cartels  
*February 25, 2010*

**Phoenix Group I**

785041-09-0008 KINGERY, Jean Baptiste

Jean Baptiste KINGERY has purchased 420 grenade bodies believed to have been transported to Mexico and converted to IEDs. RC-5

RC-5



**Yuma Satellite Office**

RC-2



**Phoenix Group VII**

RC-2



HOGR ATF 004993

RC-2

785115-10-0004 Jacob Chambers et al

This case is a large scale conspiracy of over a twenty interconnected straw purchasers. Since September 2009, this group has purchased over 900 firearms; most of which are the AK-47 variant 7.62 assault rifles and the F.N. Herstal 5.7 mm pistols. Of those firearms purchased by the group approximately 150 have been recovered in Mexico or near the Mexico Border with a short time-to-crime; some as little as one day. New straw purchasers are continually being identified as part of this investigation.

This is an approved ATF OCDETF investigation (SWAZP0496). ATF is continuing to receive data RC-3 which overwhelmingly shows the connection amongst these straw purchasers and the FFLs RC-3

RC-3 This investigation has ties to the Sinaloa Cartel.

Tucson Group I

RC-2

Tucson Group II

RC-2

RC-2

785085-06-0051 OPERATION WIDE RECEIVER

In 2006, Jonathan HOROWITZ, Ismael BETANCOURT, and Gregory GONZALEZ purchased 150 AR-15 lower receivers from multiple Federal Firearms Licensees (FFL), one of which was an ATF confidential informant (CI). ATF special agents conducted numerous surveillance operations in an attempt to identify the final destination of the firearms without success.

In June of 2006, ATF received information from [RC-1] advising they had recovered 17 AR-15 lower receivers in a box bound for the San Diego area. The package was shipped by Ismael BETANCOURT. ATF then seized the firearms from [RC-1] in Phoenix.

BETANCOURT, HOROWITZ, and GONZALES essentially stopped purchasing firearms with the exception of HOROWITZ purchasing approximately 10 additional firearms over the course of two purchases between October and November of 2006. HOROWITZ advised the CI that they had not purchased any firearms due to the firearms being recovered and further stated his "boss" in Tijuana, Mexico (suspected to be a member of the Arellano-Felix/Tijuana Cartel) advised them to stop purchasing firearms until it was safe to purchase, again. HOROWITZ stated BETANCOURT and GONZALEZ were no longer involved and HOROWITZ was trying to get the operation underway by himself. HOROWITZ then ceased purchasing firearms and stopped contacting the FFL/CI.

Following the recovery of the firearms, BETANCOURT moved to the San Diego area and GONZALEZ' whereabouts were unknown.

In February of 2007, GONZALEZ made contact with the FFL/CI and stated he was now working with other individuals and wanted to resume purchasing firearms from the FFL/CI.

HOGRAF 004995

GONZALEZ introduced Carlos CELAYA to the FFL/CI and Carlos CELAYA began purchasing firearms from the FFL/CI. CELAYA advised the FFL/CI that he was purchasing the firearms for his "cousin" (later identified as RC-4) near Caborca, Mexico.

Carlos CELAYA advised the FFL/CI that the firearms were eventually ending up with an individual named "PAEZ" (a suspected member of the PAEZ-SOTO). The PAEZ-SOTO organization operates under the umbrella of the Sinaloa Cartel and Chapo GUZMAN.

From February to October of 2007, over the course of 16 purchases, CELAYA purchased 127 firearms for RC-4 and 76 for an individual identified as RC-4. RC-4 is also a known drug trafficker likely working for the Sinaloa Cartel. CELAYA also purchased or arranged the purchase of approximately 75 additional firearms for other known suspects.

RC-3

On October 5, 2007, ATF coordinated with ICE and CBP to coordinate a southbound vehicle stop at the Nogales, Arizona Port of Entry and seized approximately 20 firearms from a vehicle operated by RC-4 who was subsequently arrested. This stop was conducted as ATF special agents had the necessary information needed to arrest Carlos CELAYA and other individuals associated with the firearm trafficking organization. RC-3  
RC-3, ATF agents were confident this seizure would stop CELAYA from purchasing additional firearms and it did. Special agents believed this would in turn provide time to prepare indictments for the individuals and build a stronger case against Israel EGURROLA LEON. CELAYA was advised by Jose Rodrigo CELAYA-SILVA to stop purchasing firearms and to change his telephone.

ATF then switched the focus to RC-4 and Siria VALENCIA. RC-4  
RC-4 ATF obtained information linking RC-4 to approximately 3,000 pounds of marijuana, along with a firearm purchased by Carlos CELAYA for RC-4. RC-4 all seized by the Pima County Sheriff's Office, on November 23, 2007.

On March 3, 2008, ATF submitted the case report to the Tucson United States Attorney's Office recommending prosecution of 21 defendants with the anticipation of identifying and arresting approximately 10-12 additional suspects following interviews. Since March of 2008, the investigation has been passed on to three different AUSA'S and has still not been indicted.

In September of 2008, Jonathan HOROWITZ was interviewed and agreed to cooperate with authorities. However, the AUSA's office has not proceeded with the investigation and HOROWITZ has not been utilized.

HOCR ATF 004996

During the course of this investigation, ATF seized approximately 50 firearms. Approximately 20 firearms have been recovered throughout Mexico.

On or about February 17, 2010, ATF was notified that RC-4 [REDACTED] was assassinated, in Mexico.

On February 20, 2010, 41 firearms were seized after surveillance observed them leaving the residence of Carlos Celaya. That seizure is tied to another Phoenix Field Division case.

The AUSA currently assigned to Operation Wide Receiver, on detail from Main Justice, is currently planning to indict approximately ten to twelve suspects, in April 2010.

HOCR ATF 004997

# Exhibit 218

Case 4:10-cr-03019-DCB-CRP Document 174-1 Filed 10/07/11 Page 1 of 1

**From:** [REDACTED]  
**To:** [Gwinn, Laura](#)  
**Subject:** (no subject)  
**Date:** Thursday, September 22, 2011 2:59:36 PM

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Laura,  
I spoke with the first AUSA that was on Wide Receiver. He told me the reason he chose not to prosecute it was because ATF lied to him and said that the guns were being followed/interdicted by the Mexican authorities on the other side of the border. This is also what they had told me.

The next AUSA chose not to prosecute it for the same reason.

If you were not aware of this...now you are. I'd hate to think that your integrity is flexible.

Best regards,  
Mike Detty

HOCR DOJ 006278

22

Exhibit 219

# Exhibit 219



United States Attorney's Office  
District of Arizona

## Memorandum

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**To:** Paul K. Charlton, United States Attorney for the District of Arizona

**From:** Jennifer J. Maldonado, Assistant U.S. Attorney  
David P. Petermann, Assistant U.S. Attorney

**Subject:** Operation Wide Receiver, Policy Question

**Date:** July 13, 2006

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Operation Wide Receiver is an ATF investigation assigned to AUSA's Jennifer Maldonado and David Petermann in which ATF is investigating an organization, possibly linked to the Arellano-Felix Organization in Tijuana, Mexico, for numerous federal firearms violations, including straw purchases of firearms, exportation of firearms to Mexico, and NFA violations related to the length of the barrel.

In brief summary, there are several individuals in Arizona who are purchasing large quantities of lower receivers, in bulk, from a Federal Firearms Licensee (FFL). The information obtained through the investigation indicates that the "uppers" are being purchased through a separate source, and are 10.5 inches in length. The purchasers are clearly not the actual owners of the weapons, and information obtained through the investigation leads us to believe that the firearms are being shipped to San Diego, CA, and potentially distributed into Tijuana, Mexico.

The purchasers have asked the FFL to provide the uppers to them as well, indicating that they are not pleased with their current source for the uppers. The FFL has expressed reluctance to the purchasers regarding selling them both the lowers and the 10.5 inch uppers, as that would look very suspicious as if he was actually providing them with an illegal firearm. The purchasers are well aware that it is illegal to place a 10.5 inch upper on the lowers they are purchasing from the FFL. The FFL has indicated that he could try to find another 3<sup>rd</sup> party source of uppers for the purchasers.

ATF is interested in introducing a CI to act as this source of uppers. This would further the investigation in that it would provide more solid evidence that the purchasers are in fact placing illegal-length uppers on the lowers that they are purchasing from the currently-involved FFL. It may also lead to discovery of more information as to the ultimate delivery location of these firearms and/or the actual purchaser.

ATF Tucson Team II RAC Chuck Higman, along with ATF case agents Brandon Garcia and Mark Latham, met with AUSAs Maldonado and Petermann on June 13, 2006 with regard to the status of the investigation. The question was posed by RAC Higman as to the U.S. Attorney's Office's position on the possibility of allowing an indeterminate number of illegal weapons, both components of which (the upper and the lower) were provided to the criminals with ATF's knowledge and/or participation, to be released into the community, and possibly into Mexico, without any further ability by the U.S. Government to control their movement or future use. Higman pointed out that these same exact

HOCR WR 003364

Memo to PKC re: Operation Wide Receiver  
October 6, 2011  
Page - 2

firearms are currently being released into the community, the only difference being that at this time ATF is only involved in providing the lower receiver. We know that an illegal upper is being obtained from a third party, but the government is not currently involved in that aspect. Higman indicated that ATF's legal counsel is opposed to this proposed method of furthering the investigation, citing moral objections. Recognizing that it will eventually be this office that will prosecute the individuals ultimately identified by this operation, RAC Higman has requested that we ascertain the U.S. Attorney's Office's position with regard to this proposed method of furthering the investigation.

AUSAs Maldonado and Petermann met with Criminal Chief Assistant U.S. Attorney Lynnette Kimmins to advise her of the situation and obtain input. This memo is written at her request.

HOCR WR 003365

# Exhibit 220

U.S. Department of Justice  
Bureau of Alcohol, Tobacco, Firearms and Explosives

### ATF Operational Plan

Case Number 785045 07 0177		Field Office/Group Phoenix Group II (785045)		Case Agent SA MacAllister/TFO Hernandez	
Briefing Date and Time 9/26/2007 0600 hrs	Operation Date and Time September 26, 2007	Staging Area Date and Time September 26, 2007 0600 hrs		Staging Area Location RC-5	

**Type of Operation**  
 RC-3

<b>Target Location/Assessment</b>		Telephone Number
Address In and around Phoenix, AZ. May possibly go to Nogales, AZ through Tucson, AZ		

Description and GPS Coordinates (If applicable)  
 This surveillance is to follow the movements of suspected firearms trafficker Fidel HERNANDEZ. It is believed that HERNANDEZ has been moving firearms from Phoenix, AZ to Mexico through the Nogales port of entry. The surveillance will begin at the place of employment for HERNANDEZ, RC-1 in Tempe, AZ.  
 The subject was observed at the X-Caliber gun store on September 25, 2007, where he appeared to purchase one long gun. It is known that the subject purchased approximately 12 firearms on or about September 20, 2007. The subject vehicle is a Black Chevrolet Pickup truck, AZ Plate RC-5 which RC-3

RC-3

Occupants NA
-----------------

**Operation Objectives**  
 The purpose of this surveillance is to record his movements following the purchase of firearms by Fidel HERNANDEZ and other suspected associates of him, to include RC-4 Carlos MORALES RC-1, RC-4, and RC-4. This surveillance may move from Phoenix, AZ through Tucson, AZ, to the US/Mexico Border in Nogales, AZ. Special Agent MacAllister is in contact with the Mexico Attache' in the event the surveillance crosses the border. Should this occur, ATF carry the surveillance to the border, and Mexico police will continue with the operation.

Case Background

INITIATION OF INVESTIGATION: During the week of July 2, 2007, Alcohol, Tobacco, Firearms and Explosives (ATF) Task Force Officer (TFO) Gregory Hernandez and Special Agent (S/A) Hope MacAllister initiated an investigation on Fidel HERNANDEZ for suspected unlicensed firearms trafficking.

NARRATIVE:

1. During the week of July 2, 2007, ATF TFO Hernandez and S/A MacAllister initiated an investigation into suspected firearms trafficking by Fidel HERNANDEZ. According to ATF database Online LEAD, HERNANDEZ has purchased fourteen (14) firearms since January 31, 2007. According to the trace information, these firearms were purchased from the licensed dealer located at RC-1 Phoenix, Arizona).

2. S/A MacAllister and TFO Hernandez responded to the firearms dealer, X Caliber Guns. After reviewing the business acquisition and disposition it was determined HERNANDEZ has purchased a total of forty one (41) firearms from X Caliber Guns between the dates January 31, 2007 and July 14, 2007.

3. Information provided by ATF IRS Jeremy Scheetz indicates HERNANDEZ, and vehicles registered to him, have crossed the international border, Mexico into the United States, on twenty three (23) different occasions. These border crossings are documented as having occurred between December 28, 2005 and July 13, 2007.



Exhibit 221

# Exhibit 221

**WEEKLY ACTIVITY REPORT FOR THE PHOENIX II FIELD OFFICE  
August 25- August 31, 2007**

**MAJOR ENFORCEMENT ACTIVITY ANTICIPATED:**

None (although there will be a series of undercover purchases on several different operations, to include Operation RC-2 [REDACTED] RC-2 [REDACTED], Operation RC-2 [REDACTED] and Operation RC-2 [REDACTED].

Agents are in the process of RC-3 [REDACTED] in case number 785045-07-0177 (Fidel HERNANDEZ firearms trafficking investigation). To reiterate, this investigation is part of an experimental effort to prosecute firearms trafficking cases in Mexico through an International agreement.

RC-2 [REDACTED]

HOCR DOJ 006303

# Exhibit 222

**To:** Carroll, Carson W. RC-1  
**From:** Champion, Robert R.  
**Sent:** Fri 9/28/2007 8:03:14 PM  
**Subject:** RE: Mexican president calls migration 'inevitable,' demands more U.S action on weapons

RC-7

**Robert R. Champion**

**Assistant Special Agent in Charge**

**U. S. Department of Justice**

**Bureau of Alcohol, Tobacco, Firearms and Explosives**

**Houston Field Division**

RC-1

---

**From:** Carroll, Carson W.  
**Sent:** Friday, September 28, 2007 2:25 PM  
**To:** Champion, Robert R.  
**Subject:** RE: Mexican president calls migration 'inevitable,' demands more U.S action on weapons

Thank you. Did you hear about Phoenix's walk of guns to Mexico? AFI lost the load (19) guns as soon as the car crossed the border. RC-7

Carson

---

**From:** Champion, Robert R.  
**Sent:** Friday, September 28, 2007 10:52 AM  
**To:** Webb, J. Dewey; Carroll, Carson W.; Elder, Robert W.  
**Subject:** FW: Mexican president calls migration 'inevitable,' demands more U.S action on weapons

FYI

HOGR DOJ 006350

Robert R. Champion  
Assistant Special Agent in Charge  
U. S. Department of Justice  
Bureau of Alcohol, Tobacco, Firearms and Explosives  
Houston Field Division

RC-1

**From:** Ballesteros, Jose J.  
**Sent:** Friday, September 28, 2007 5:19 AM  
**To:** Southwest Border Initiative; (RC-1); (RC-1); (RC-1); Amanda KOPKE (RC-1); Ballesteros, Jose J.; Ben Johnson (RC-1); Debbie.Murray (RC-1); Delgado, Juan M.; Det Pete Fenton; Dwayne Urbanovsky; Espitia, Dianne; Flores, Robert; Forcelli, Peter; Gary HALE (RC-1); Gordon.Forester (RC-1); Gray III, Thomas D.; Hernandez, Armando; (RC-1); Leo Pena; Lucia Martinez; Lucy Martinez; Major Jaime Bazil; Mayfield, Carla D.; McAllen Fire Marshal; Ortiz, Edgar; Ortiz, Jose; Osowski, Clint E.; Perot, Franceska D.; Rick MUNIZ (RC-1); Saavedra, Francisco A.; Shaw, Michael T.; Smith, Darrell J.; Summers, Robert C.; Tarango, Hector J.; TXDPSIntelCenter (RC-1); Veletta MAXWELL  
**Subject:** Mexican president calls migration 'inevitable,' demands more U.S action on weapons

*Associated Press:* **Mexican president calls migration 'inevitable,' demands more U.S action on weapons**

September 27, 2007

PUERTO PENASCO, Mexico - Mexican President Felipe Calderón told U.S. governors Thursday that immigration is an inevitable, natural phenomenon and he urged the U.S. Congress to approve reforms that would allow more Mexicans to work legally north of the border. Calderón demanded that the United States respect "the right to work wherever one can make the greatest contribution."

"Immigration is a natural phenomenon that is economically and socially inevitable," he told the meeting in this Baja California seaside resort town. In a rare acknowledgment of the costs of migration for Mexico, Calderón said his country "doesn't not celebrate migration ... our best people are the ones who go." Immigration and border security were among the top issues at the meeting, the 25th annual such event between Mexican and U.S. governors from states along the two countries' common border.

HOCR DOJ 006351

Mexican officials were focused on stopping the illegal flow of U.S. weapons into Mexico and protesting expansion of U.S. border fencing. For the Americans, the drug trade, migration and border security topped the list. On Monday, the U.S. government announced plans to erect about 370 miles (600 kilometers) of fencing and 200 miles (320 kilometers) of vehicle barriers by the end of 2008. Tension over the fences - which have drawn criticism from environmentalists, land owners and politicians both in Mexico and the United States - surfaced at the meeting. "This is the great tragedy," said Carlos de la Parra, a participant in the conference's environmental panel, as he pointed to a map of proposed border fences separating nature reserves. Mentioning a list of wildlife that migrates across the border, Parra, of Mexico's Colegio de la Frontera, noted "these animals don't cross the border to shop. They do it out of necessity." California Gov. Arnold Schwarzenegger, who has opposed the border fencing, praised Mexico and its cooperation with its northern neighbor. "The relationship has become stronger and stronger each year," he said. "We have become more than just good neighbors. We have become great friends." Describing his many visits to Mexico since his first one 40 years ago, Schwarzenegger lifted a line from his movie "Terminator," quipping, "I always look forward to saying, 'I'll be back.'"

Eduardo Bours, governor of the border state of Sonora, called for more border crossings, saying those that exist between Arizona and Sonora are saturated. "There are lines of three, four and five hours, and so we have to invest much more in border crossings," he said. He also called for a crackdown on U.S. weapons that "cross the border all too easily." Calderón said weapons illicitly smuggled in from the U.S. had been responsible for killing dozens of Mexican policemen. While all the Mexican governors were scheduled to attend, half of the U.S. contingent of governors - New Mexico's Bill Richardson and Texas' Rick Perry were not coming. Richardson, who is making a presidential bid, did not give a reason for his absence; Perry's office cited a scheduling conflict.

HOCR DOJ 006352

# Exhibit 223

From: Carroll, Carson W.  
Sent: Friday, September 28, 2007 2:27:33 PM  
To: Hoover, William J.  
Subject: Phoenix FD SWB Investigation

Last night (9/27/07) from 8 PM to 1 AM this morning the ATF MCO were working closely in coordination with the ATF Phoenix AZ. Field Division and the Government of Mexico (GOM) i.e., Aduanas, PGR, CENAPI and AFI, regarding weapons going south through the US/Mexico Nogales, AZ. Border.

Phoenix Group II, Special Agent Hope MacAllister though Multiple Sales identified several suspects ( [REDACTED]; [REDACTED]; and [REDACTED] ) purchasing numerous weapons at an FFL located in Phoenix, AZ. Border Crossing queries identified that these individuals crossed the U.S./Mexico Nogales, AZ. Border on the 21st and 24th of September, at which time they purchased 19 (nineteen) weapons.

On September 27, 2007, Phoenix Group II, were conducting surveillance on said FFL in Phoenix, AZ., and identified these same individuals purchasing additional weapons. Assistant Attaché Bazan was subsequently contacted regarding this surveillance operation and immediately contacted and notified the GOM for a possible controlled delivery of these weapons southbound to the Nogales, AZ., US/Mexico Border.

The ATF MCO, S/A MacAllister and AFI were simultaneously on the phone until the suspect vehicle crossed. Phoenix AZ. ATF agents observed this vehicle commit to the border and reach the Mexican side until it could no longer be seen. We, the ATF MCO did not get a response from the Mexican side until 20 minutes later, who then informed us that they did not see the vehicle cross.

For the first time we are working hand in hand with the GOM and providing them with what they want and this is what we get! This is what I would like to report to the GOM during the upcoming high-level US/Mexico contact (SLEP) meeting. The ATF MCO is currently obtaining names of those Mexican supervisors that were on scene and will have a meeting here in Mexico with the various different heads of agencies that participated in this joint international operation. D.

HOCR ATF - 002269

Exhibit 224

# Exhibit 224

**To:** Carroll, Carson W. RC-1  
**Cc:** Torres, John A. RC-1; Golson Sr., Michael A. RC-1  
 Champion, Robert R. RC-1; Webb, J. Dewey RC-1  
**Bcc:** Ballesteros, Jose J. RC-1  
**From:** Newell, William D.  
**Sent:** Tue 10/2/2007 6:10:24 PM  
**Subject:** FW:

We are potentially going to give it another shot this weekend if everything goes as planned. They have already purchased another dozen or so firearms since returning from Mexico last weekend. They are up to about 250 of the "weapons of choice" so if this goes we'll be able to cement our role as the lead firearms trafficking agency on this side of the border and score some major points with the Mexicans, thus ensuring that they clearly understand we are willing and able to do these very sorts of things to address their very vocal concerns.

Bill Newell

Bureau of ATF

Special Agent in Charge

Phoenix Field Division

Office - RC-1

---

**From:** Newell, William D.  
**Sent:** Tuesday, October 02, 2007 11:03 AM  
**To:** Aguilera, Davy; Needles, James R.  
**Subject:** RE:

Davy, I just talked to Ramon and he should be briefing you on the fact that these folks have already purchased an additional dozen or so guns since returning last week. We highly suspect they are going to be headed south again this weekend and are willing to put in the time and effort with surveillance, etc. to give this another shot. That being said we need to ensure we've got this deal covered at both Nogales bridges this time, preferably with someone from the MCO there if at all possible. Jim Needles is here now as ASAC and he's all over it. I support doing this again 100% and so do the agents.

HOCR DOJ 006364

Bill Newell

Bureau of ATF

Special Agent in Charge

Phoenix Field Division

Office - RC-1

---

**From:** Aguilera, Davy  
**Sent:** Tuesday, October 02, 2007 10:59 AM  
**To:** Thomas, Robert P.  
**Cc:** Bazan, Ramon G.; Orellana, Juan F. (HQ); Newell, William D.; Quinonez, Louis A.; MacAllister, Hope A.  
**Subject:** FW:

FYI:

The ATF MCO spoke to the several (participating) heads of the Mexican agencies regarding the outcome of this joint international operation. Bottom line, the ATF MCO was dealing with a person from Mexican Customs (Aduanas) who was trying very hard to assist the ATF MCO due to his good standing, position and relationship with this office; however, the person that he was in contact with at the other end was not as sincere. I am sure that there are other factors that we can only assume and or may never know about. None the less, we made sure that all the various agencies were made aware of this incident to include our U.S. Mission law enforcement counterparts.

We attended a meeting yesterday with RC-1 with PFP,

HOCR DOJ 006365

who has provided the ATF MCO with the names of our double vetted Mexican counterparts along the U.S./Mexico Border for future joint operations.

I also discussed this with SAC Newell, who graciously was in agreement to try this again. These are the types of operations that the Mexicans want to bring up in the upcoming high level contact (SLEP) meeting.

I would like to thank SAC Newell and his agents who have put a lot of effort in to this investigation and for willing to do this again! Thank you all very much! D.

---

**From:** Aguilera, Davy  
**Sent:** Friday, September 28, 2007 12:04 PM  
**To:** Thomas, Robert P.  
**Cc:** Orellana, Juan F. (HQ); Bazan, Ramon G.; Newell, William D.; Quinonez, Louis A.; MacAllister, Hope A.  
**Subject:**

Bob,

Last night (9/27/07) from 8 PM to 1 AM this morning the ATF MCO were working closely in coordination with the ATF Phoenix AZ. Field Division and the Government of Mexico (GOM) i.e., Aduanas, PGR, CENAPI and AFI, regarding weapons going south through the US/Mexico Nogales, AZ. Border.

Phoenix Group II, Special Agent Hope MacAllister though Multiple Sales identified several suspects (Fidel Fernandez; Carlos Morales; and RC-4 RC-4 purchasing numerous weapons at an FFL located in Phoenix, AZ.

HOCR DOJ 006366

Border Crossing queries identified that these individuals crossed the U.S./Mexico Nogales, AZ. Border on the 21<sup>st</sup> and 24th of September, at which time they purchased 19 (nineteen) weapons.

On September 27, 2007, Phoenix Group II, were conducting surveillance on said FFL in Phoenix, AZ., and identified these same individuals purchasing additional weapons. Assistant Attaché Bazan was subsequently contacted regarding this surveillance operation and immediately contacted and notified the GOM for a possible controlled delivery of these weapons southbound to the Nogales, AZ., US/Mexico Border.

The ATF MCO, S/A MacAllister and AFI were simultaneously on the phone until the suspect vehicle crossed. Phoenix AZ. ATF agents observed this vehicle commit to the border and reach the Mexican side until it could no longer be seen. We, the ATF MCO did not get a response from the Mexican side until 20 minutes later, who then informed us that they did not see the vehicle cross.

For the first time we are working hand in hand with the GOM and providing them with what they want and this is what we get! This is what I would like to report to the GOM during the upcoming high-level US/Mexico contact (SLEP) meeting. The ATF MCO is currently obtaining names of those Mexican supervisors that were on scene and will have a meeting here in Mexico with the various different heads of agencies that participated in this joint international operation. D.

Davy Aguilera

HOCR DOJ 006367

ATF Mexico Country Attache

Bureau of Alcohol, Tobacco, Firearms & Explosives

US Embassy - Mexico City, Mexico

Office: RC-1

Fax:

HOCR DOJ 006368

Exhibit 225

# Exhibit 225

From: Paskalis, Anne Marie  
 Sent: Friday, October 05, 2007 8:59:30 AM  
 To: Hoover, William J.  
 Subject: Re: PHX case with Mex

Sure. We will work this out. Perhaps a conference call with bill to discuss what if any assurances they have received from usao that this investigation is operating within the law and doj guidelines.

Are you in or at the range

Am

\*\*\*\*\*

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----- Original Message -----

From: Hoover, William J.  
 To: Paskalis, Anne Marie  
 Sent: Fri Oct 05 08:37:27 2007  
 Subject: FW: PHX case with Mex

AM,

Would you please look at this MLAT and let me know what it says about law enforcement operations in Mexico.

Thank you,

Billy

William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

-----Original Message-----

From: Newell, William D.  
 Sent: Thursday, October 04, 2007 10:50 PM  
 To: Hoover, William J.  
 Subject: Re: PHX case with Mex

OK, I know you have reservations but please rest assured that this will go down as planned, as allowed per MLAT (Mutual Legal Assistance Treaty) with Mexico, with full approval of the USAO (confirmed again late this afternoon), and will have big payoffs for us and the Department in addressing Mexico's concerns that we (US) aren't doing enough to address their concerns. Trust me, I'm with Gov't.

Bill Newell  
 ATF - SAC  
 Phoenix Field Division

\*\*\*\*\*

HOCR ATF - 002243

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----- Original Message -----

From: Hoover, William J.  
 To: Newell, William D.; Carroll, Carson W.  
 Sent: Thu Oct 04 21:56:10 2007  
 Subject: Re: PHX case with Mex

We can scrap the call for tomorrow.  
 William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

\*\*\*\*\*

NOTICE: This electronic transmission is confidential and intended only for the person(s) to whom it is addressed. If you have received this transmission in error, please notify the sender by return e-mail and destroy this message in its entirety (including all attachments).

----- Original Message -----

From: Newell, William D.  
 To: Hoover, William J.  
 Sent: Thu Oct 04 20:44:54 2007  
 Subject: Re: PHX case with Mex

Standard protocol and they (Amb and DCM) are very used to it. Used to do it all the time in Colombia. Davy did tell me he was going to do it and he told me that the Amb was not suprised that the Mexicans missed the load. Also, just got notified that the subjects are heading south with another load of guns right now. Davy is at port of entry on Mexican side. I will advise Carson right now.  
 Bill Newell

ATF - SAC  
 Phoenix Field Division

\*\*\*\*\*

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----- Original Message -----

From: Hoover, William J.  
 To: Newell, William D.; Carroll, Carson W.  
 Sent: Thu Oct 04 20:24:21 2007  
 Subject: Re: PHX case with Mex

Also, did the Mexico Country Office speak to anyone in Field Op's prior to briefing the Ambassador? What exactly did we tell him? Why was this necessary at this time in the inv?

William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

\*\*\*\*\*

HOCR ATF - 002244

NOTICE: This electronic transmission is confidential and intended only for the person(s) to whom it is addressed. If you have received this transmission in error, please notify the sender by return e-mail and destroy this message in its entirety (including all attachments).

----- Original Message -----

From: Hoover, William J.  
 To: Newell, William D.; Carroll, Carson W.  
 Sent: Thu Oct 04 20:18:17 2007  
 Subject: Re: PHX case with Mex

I am not sure what Carson's schedule is tomorrow. As soon as I hear from him I will let you know the time.  
 I would like to discuss the following: Have we discussed the strategy with the US Attorney's Office re letting the guns walk? Do we have this approval in writing? Have we discussed and thought thru the consequences of same? Are we tracking south of the border? Same re US Attorney's Office. Did we find out why they missed the hand off of the vehicle? What are our expected outcomes? What is the timeline?

Billy  
 William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

\*\*\*\*\*

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Original Message  
 From: Newell, William D.  
 To: Hoover, William J.; Carroll, Carson W.  
 Sent: Thu Oct 04 18:56:13 2007  
 Subject: RE: PHX case with Mex

Early morning is perfect for me. If you shoot me the issues you want addressed I can hopefully provide you some up to date info by morning. They are out on surveillance right now and the situation is fluid. Just let me know what you want and I'll get it.

Bill Newell  
 Bureau of ATF  
 Special Agent in Charge  
 Phoenix Field Division  
 [REDACTED]

HOCR ATF - 002245

---

From: Hoover, William J.  
Sent: Thursday, October 04, 2007 3:54 PM  
To: Carroll, Carson W.; Newell, William D.  
Subject: PHX case with Mex

Carson and Bill,

I would like for the three of us to get on a call tomorrow to discuss this investigation and cover a few issues.

Thank you,

Billy

William J. Hoover  
Assistant Director, Field Operations



HOGR ATF - 002246

# Exhibit 226

From: Hoover, William J.  
 Sent: Friday, October 05, 2007 8:22:44 AM  
 To: Newell, William D.  
 Subject: RE: PHX case with Mex

Wow, I feel so much better.

William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

-----Original Message-----

From: Newell, William D.  
 Sent: Thursday, October 04, 2007 10:50 PM  
 To: Hoover, William J.  
 Subject: Re: PHX case with Mex

OK, I know you have reservations but please rest assured that this will go down as planned, as allowed per MLAT (Mutual Legal Assistance Treaty) with Mexico, with full approval of the USAO (confirmed again late this afternoon), and will have big payoffs for us and the Department in addressing Mexico's concerns that we (US) aren't doing enough to address their concerns. Trust me, I'm with Gov't.

Bill Newell  
 ATF - SAC  
 Phoenix Field Division

\*\*\*\*\*

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----- Original Message -----

From: Hoover, William J.  
 To: Newell, William D.; Carroll, Carson W.  
 Sent: Thu Oct 04 21:56:10 2007  
 Subject: Re: PHX case with Mex

We can scrap the call for tomorrow.  
 William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

\*\*\*\*\*

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----- Original Message -----

From: Newell, William D.  
 To: Hoover, William J.  
 Sent: Thu Oct 04 20:44:54 2007  
 Subject: Re: PHX case with Mex

HOCR ATF - 002253

Standard protocol and they (Amb and DCM) are very used to it. Used to do it all the time in Colombia. Davy did tell me he was going to do it and he told me that the Amb was not suprised that the Mexicans missed the load. Also, just got notified that the subjects are heading south with another load of guns - right now. Davy is at port of entry on Mexican side. I will advise Carson right now.

Bill Newell

ATF - SAC  
Phoenix Field Division

\*\*\*\*\*

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----- Original Message -----

From: Hoover, William J.  
To: Newell, William D.; Carroll, Carson W.  
Sent: Thu Oct 04 20:24:21 2007  
Subject: Re: PHX case with Mex

Also, did the Mexico Country Office speak to anyone in Field Op's prior to briefing the Ambassador? What exactly did we tell him? Why was this necessary at this time in the Inv?

William J. Hoover  
Assistant Director, Field Operations  
[REDACTED]

\*\*\*\*\*

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----- Original Message -----

From: Hoover, William J.  
To: Newell, William D.; Carroll, Carson W.  
Sent: Thu Oct 04 20:18:17 2007  
Subject: Re: PHX case with Mex

I am not sure what Carson's schedule is tomorrow. As soon as I hear from him I will let you know the time.

I would like to discuss the following: Have we discussed the strategy with the US Attorney's Office re letting the guns walk? Do we have this approval in writing? Have we discussed and thought thru the consequences of same? Are we tracking south of the border? Same re US Attorney's Office. Did we find out why they missed the hand off of the vehicle? What are our expected outcomes? What is the timeline?

Billy  
William J. Hoover  
Assistant Director, Field Operations  
[REDACTED]

\*\*\*\*\*

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HOGR ATF - 002254

error, please notify the sender by return e-mail and destroy this message in its entirety (including all attachments).

----- Original Message -----

From: Newell, William D.  
To: Hoover, William J.; Carroll, Carson W.  
Sent: Thu Oct 04 18:56:13 2007  
Subject: RE: PHX case with Mex

Early morning is perfect for me. If you shoot me the issues you want addressed I can hopefully provide you some up to date info by morning. They are out on surveillance right now and the situation is fluid. Just let me know what you want and I'll get it.

Bill Newell

Bureau of ATF

Special Agent in Charge

Phoenix Field Division

[REDACTED]

---

From: Hoover, William J.  
Sent: Thursday, October 04, 2007 3:54 PM  
To: Carroll, Carson W.; Newell, William D.  
Subject: PHX case with Mex

Carson and Bill,

I would like for the three of us to get on a call tomorrow to discuss this investigation and cover a few issues.

Thank you,

Billy

William J. Hoover

HOCR ATF - 002255

Assistant Director, Field Operations



HOCR ATF - 002256

# Exhibit 227

**To:** Aguilera, Davy [RC-1]  
**From:** Newell, William D.  
**Sent:** Fri 10/5/2007 4:14:09 PM  
**Subject:** FW: Great Case  
Briefing Paper - Phoenix Firearms Trafficking Investigation.doc  
Briefing Paper - Phoenix ATF-Arizona Attorney General's Office joint prosecution efforts.doc

Davy, FYI. It might be worth our while to prepare a "International Firearms Trafficking 101" briefing paper outlining the ins and outs of working a case to Mexico, focusing in on the legalities. I have no problem putting it together but want to make sure you have input, especially from the U.S. Mission side.

Bill Newell

Bureau of ATF

Special Agent in Charge

Phoenix Field Division

Office - [RC-1]

---

**From:** Newell, William D.  
**Sent:** Friday, October 05, 2007 9:05 AM  
**To:** Paskalis, Anne Marie  
**Cc:** Kenrick, Brian C.; Epstein, Eric M.; Williams, Ronald E. (ATF)  
**Subject:** RE: Great Case

Sure, I'm available for another couple of hours today or all next week. I'm attaching the briefing paper I prepared earlier this week that has the investigation number and other information. As you might know the deal did not go down last night. Unfortunately the Mex Feds overreacted to their embarrassing loss of the vehicle last week at the border by sending way too many people last night and word must have gotten out that crossing the border last night with contraband was not a good idea. That caused the subjects to drop off a large portion of their load of firearms at a previously unknown residence in Nogales (U.S. side) and then head back to Phoenix. Those not familiar with the Nogales area should know that there's a very old smuggling network in place, both north and south bound, and that any "unusual" law enforcement activity at the two ports of

HOCR DOJ 006777

entry is quickly known by all and disseminated to the smugglers. Lessons learned.

I'm also attaching another briefing paper that outlines an innovative approach we are requesting approval to take here in Arizona with the Arizona Attorney General's office. Might as well address both and get it done.

Bill Newell

Bureau of ATF

Special Agent in Charge

Phoenix Field Division

Office : RC-1

---

**From:** Paskalis, Anne Marie  
**Sent:** Friday, October 05, 2007 8:41 AM  
**To:** Newell, William D.  
**Cc:** Kenrick, Brian C.; Epstein, Eric M.  
**Subject:** Great Case  
**Importance:** High

Hi Bill:

I think it may be beneficial for you, Brian Kenrick and I to talk about your great case so that I can assure Billy that all angles have been covered by us and the US Attorney's Office. Do you have any time today or Tuesday to discuss via conference call. Please let me know a good time. Also, does this case have an IN number and if so what is it.....

HOCR DOJ 006778

Look forward to talking to you.

AM

Anne Marie Paskalis

Senior Counsel, Field Operations

Bureau of Alcohol, Tobacco, Firearms and Explosives

Office: RC-1 [REDACTED]

Fax: RC-1 [REDACTED]

Cell: RC-1 [REDACTED]

email: RC-1 [REDACTED]

HOCR DOJ 006779

# Exhibit 228

From: Needles, James R.  
 Sent: Saturday, October 06, 2007 1:18:35 PM  
 To: Newell, William D.  
 Subject: Re: Phoenix Case

To many middle men/women. I think once you deal with Billy directly we should be fine. If we need anything from Hope let me know additionally I advised her of the status. Also we have contact info for [REDACTED] if we do additional surveillance. Hope the ride went well enjoy the vacation.

\*\*\*\*\*

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----- Original Message -----

From: Newell, William D.  
 To: Needles, James R.  
 Sent: Sat Oct 06 11:16:02 2007  
 Subject: Fw: Phoenix Case

Did I cover everything? I vented a bit but at this point I think I'm entitled.  
 Bill Newell  
 ATF - SAC  
 Phoenix Field Division

\*\*\*\*\*

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----- Original Message -----

From: Newell, William D.  
 To: Carroll, Carson W.  
 Sent: Sat Oct 06 10:56:30 2007  
 Subject: Re: Phoenix Case

First, after the 30-45 minute conf call yesterday with Ann Marie, etc I was confident we had cleared up any legal concerns. Ann Marie said as much and was going to meet with Billy personally to discuss. She didn't obviously but chose to brief him via an inaccurate e-mail drafted late on a Friday afternoon before a 3-day weekend. We all know its hard to put 30-45 mins worth of discussion in an e-mail so I'm concerned she didn't get a chance to do this in person because I'm confident Billy would not be as upset.



HOCR ATF - 001905

[REDACTED]

The part that really concerns me and what I'm sure Billy is concerned about is the USAO issue - which is highly inaccurate. We DO have them on-board and as a matter of fact they (Chief of Criminal John Tocchi) recently agreed to charge the firearm recipients in Mexico (if we could fully I'd them via a controlled delivery) with a conspiracy charge in US court. I explained to Ann Marie that they will give us written authorization to proceed with such a case but for what purpose - CYA for us? That's not how I try to operate but if that's what is called for then I'll get it. Also, she mixing apples and oranges when she mentions the Arizona Attorney General's office. That's a whole separate initiative and has NOTHING to do with this case. Her e-mail makes it look like we went running to the AG's office because the USAO was not "on-board" which is NOT true. As a matter of fact I sent you the same e-mail with both attachments and in that e-mail I clearly state that this is a whole separate issue that I wanted to discuss while we were at it!!

Lastly, the US Embassy was fully on-board with this and they are a key player in authorizing any such case. I would have never conceived of pursuing this type of case unless I was assured they knew all about what we were planning on doing, which they did and were very pro doing. They have an entire legal section that handles matters such as extraditions, arrests, MLATs, etc and they were briefed by Davy and fully on-board.

Lastly, I truly appreciate your enthusiasm about this case and I'm sorry I had to damper that as well as get you jammed up - for that I'm truly sorry. I think we both understand the extremely positive potential for a case such as this but at this point I'm so frustrated with this whole mess I'm shutting the case down and any further attempts to do something similar. We're done trying to pursue new and innovative initiatives - it's not worth the hassle.

Bill Newell  
ATF - SAC  
Phoenix Field Division

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----- Original Message -----  
From: Carroll, Carson W.  
To: Newell, William D.  
Sent: Sat Oct 06 09:55:01 2007  
Subject: Fw: Phoenix Case

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----- Original Message -----  
From: Hoover, William J.  
To: Carroll, Carson W.

HOCR ATF - 001906

Sent: Fri Oct 05 18:34:34 2007  
 Subject: Fw: Phoenix Case

Carson,

Would you please read through the e-mail from Anne Marie below. I am a more than a little upset by the misinformation received to this point. I do not want any firearms to go South until further notice. I expect a full briefing paper on my desk Tuesday morning from SAC Newell with every question answered. I will not allow this case to go forward until we have written documentation from the U S Attorney's Office re full and complete buy in. I do not want anyone briefed on this case until I approve the information. This includes anyone in Mexico. We will discuss this further next week. Please set up a conference call with SAC Newell for the first thing Tuesday morning. Please allow for the time difference. SAC Newell should understand that I will need complete answers to every question I have had to this point. He can refer to my questions contained in my e-mails of last night and also to the issues listed in Anne Marie's e-mail. Any questions call.

Billy

William J. Hoover  
 Assistant Director, Field Operations  
 [REDACTED]

\*\*\*\*\*

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----- Original Message -----

From: Paskalis, Anne Marie  
 To: Hoover, William J.  
 Cc: Kenrick, Brian C.  
 Sent: Fri Oct 05 17:22:19 2007  
 Subject: Phoenix Case

Hi Billy:

Brian Kenrick, Tamsin Harrington and I spoke with Bill Newell, Jim Needles and one of the case agents on the Phoenix case. [REDACTED]

[REDACTED] I really think maybe there was a disconnect somewhere when being briefed on this case. [REDACTED] What I would suggest is a better briefing paper with a section specifically on [REDACTED] and the surveillance techniques being employed.

HOCR ATF - 001907

I would also suggest that a section be added on what contact has been made with the USAO. From my discussion today, that office is not yet fully on board with this investigation. They do not like taking these cases without the firearms. Which is why it appears ATF is starting conversations with the state AG's office. Bottom line there is no dedicated prosecutor (state or federal) yet who has accepted this case for prosecution. I recommended that this issue needs to be sorted out.

Finally, we have a call into the Office of International Affairs over at DOJ. We generally want to find out exactly what must be done with respect to DOJ permission before we begin working international cases.



We can discuss in more detail on Tuesday but I hope you feel a bit better about this issue. I did discuss getting something in writing and I can explain more on Tuesday.

Have a good weekend.

Brian did I forget anything???????

AM

Anne Marie Paskalis

Senior Counsel, Field Operations

Bureau of Alcohol, Tobacco, Firearms and Explosives



HOCR ATF - 001908

From: Needles, James R.  
 Sent: Saturday, October 06, 2007 10:49:16 AM  
 To: Newell, William D.  
 Subject: Re: Phoenix Case

10-4

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----- Original Message -----

From: Newell, William D.  
 To: Needles, James R.  
 Sent: Sat Oct 06 10:04:29 2007  
 Subject: Fw: Phoenix Case

FYI. Carson and I just talked and it appears Billy is not happy, but I'm confident I can work it out on Monday. However until further notice, we need to shut down any further attempts for a while. I will try to iron out and get Billy some hard facts. [REDACTED]

[REDACTED] The thing that confuses me is that I think Ann Marie is combining this case with our AG initiative. That being said however we need to put the brakes to that too until I get this all sorted out.

Bill Newell

ATF - SAC

Phoenix Field Division

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----- Original Message -----

From: Carroll, Carson W.  
 To: Newell, William D.  
 Sent: Sat Oct 06 09:55:01 2007  
 Subject: Fw: Phoenix Case

\*\*\*\*\*

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----- Original Message -----

From: Hoover, William J.  
 To: Carroll, Carson W.  
 Sent: Fri Oct 05 18:34:34 2007  
 Subject: Fw: Phoenix Case

Carson,

HOCR ATF - 001909

Would you please read through the e-mail from Anne Marie below.

I am a more than a little upset by the misinformation received to this point. I do not want any firearms to go South until further notice. I expect a full briefing paper on my desk Tuesday morning from SAC Newell with every question answered. I will not allow this case to go forward until we have written documentation from the U S Attorney's Office re full and complete buy in. I do not want anyone briefed on this case until I approve the information. This includes anyone in Mexico.

We will discuss this further next week. Please set up a conference call with SAC Newell for the first thing Tuesday morning. Please allow for the time difference. SAC Newell should understand that I will need complete answers to every question I have had to this point. He can refer to my questions contained in my e-mails of last night and also to the issues listed in Anne Marie's e-mail.

Any questions call.

Billy

William J. Hoover  
Assistant Director, Field Operations

\*\*\*\*\*

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----- Original Message -----

From: Paskalis, Anne Marie  
To: Hoover, William J.  
Cc: Kenrick, Brian C.  
Sent: Fri Oct 05 17:22:19 2007  
Subject: Phoenix Case

Hi Billy:

Brian Kenrick, Tamsin Harrington and I spoke with Bill Newell, Jim Needles and one of the case agents on the Phoenix case. [REDACTED]

[REDACTED] I really think maybe there was a disconnect somewhere when being briefed on this case.

[REDACTED] What I would suggest is a better briefing paper with a section specifically on [REDACTED] and the surveillance techniques being employed.

I would also suggest that a section be added on what contact has been made with the USAO. From my discussion today, that office is not yet fully on board with this investigation. They do not like taking these cases without the firearms. Which is why it appears ATF is starting conversations with the state AG's

HOCR ATF - 001910

office. Bottom line there is no dedicated prosecutor (state or federal) yet who has accepted this case for prosecution. I recommended that this issue needs to be sorted out.

Finally, we have a call into the Office of International Affairs over at DOJ. We generally want to find out exactly what must be done with respect to DOJ permission before we begin working international cases.



We can discuss in more detail on Tuesday but I hope you feel a bit better about this issue. I did discuss getting something in writing and I can explain more on Tuesday.

Have a good weekend.

Brian did I forget anything???????

AM

Anne Marie Paskalis

Senior Counsel, Field Operations

Bureau of Alcohol, Tobacco, Firearms and Explosives



HOCR ATF - 001911

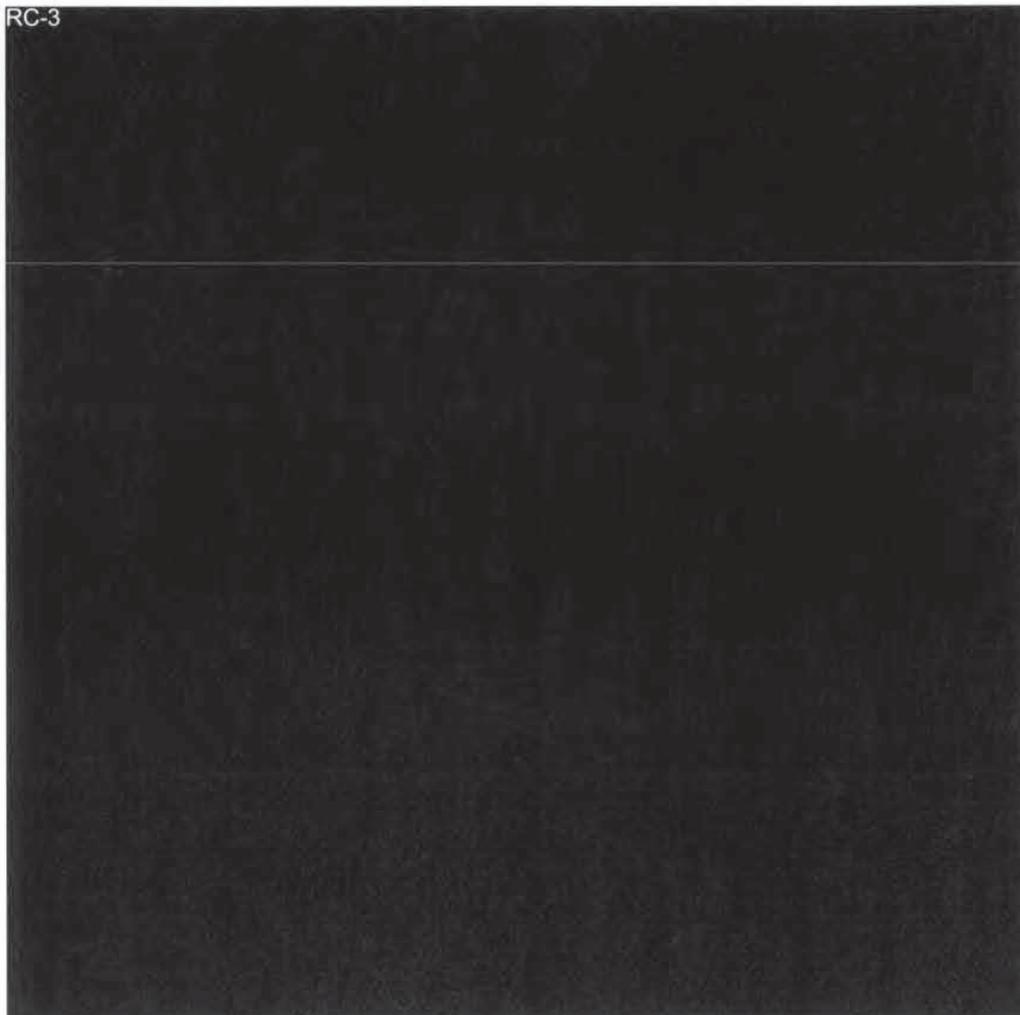
# Exhibit 229

**Responses to Questions by ADFO Hoover**  
**RE: Phoenix to Mexico Firearms Trafficking Case**  
RC-4

This document serves to respond to several questions posed by ADFO Hoover regarding an international firearms trafficking investigation in support of ATF's Southwest Border "Gunrunner" Initiative, specifically Phoenix Field Division, Phoenix Group II UI#

RC-4

RC-3



2. USAO Involvement: Ann Marie's e-mail to you regarding this is not accurate and concerning to me in that it makes it appear we went running to the Arizona Attorney General's office because the USAO was not "on-board" which is NOT true. As a point

HOCR ATF - 002759

of clarification, I sent her an e-mail earlier in the day on Friday with two attachments, one an earlier briefing paper on this case and another attachment of a briefing paper on another initiative we are exploring with the Arizona Attorney General's office. The two are separate issues and this case has NEVER been discussed with any other office but the USAO in Phoenix. She obviously merged these two initiatives when writing her e-mail to you even though during our conference call we clearly explained the difference when it appeared she was confused at that time too. As for the involvement of the USAO, we have discussed this case with them since early on and most recently have had several discussions with John Tuchi, the Criminal Chief. As a matter of fact during a recent conversation with John Tuchi he agreed that if we could provide enough identifying information of the individuals receiving the firearms in Mexico that he would be willing to explore charging these individuals with conspiracy. It is no secret that we have had prosecution issues with the USAO in Arizona lately, however we are actively pursuing Federal prosecution of this case with them and any information to the contrary is inaccurate.

3. Concern about letting guns walk: We have discussed this at length and I have seriously considered this issue as it relates to how it might reflect on ATF and this field division. I hope you know that I would never consider doing anything that would compromise the reputation of ATF or of this division. Working international firearms trafficking investigations for most of my 18 years with ATF and on the U.S./Mexico border for 7 of those years I understand the added "twist" that these types of cases bring in that once the firearms cross the border they are in essence out of our control. We would have to have at least an additional 3-4 firearms trafficking groups in Phoenix and 1-2 in Tucson to efficiently address all the known firearms trafficking rings out there actively smuggling firearms to Mexico. These are the known rings, not the individuals buying 2-5 firearms at a time. We therefore have to prioritize our targets and hopefully make the biggest impact with a select few cases that we can proactively work. This case to us is one of those.

My thought process about why we should pursue this effort is this: This firearms trafficking ring is responsible for purchasing over 250 "weapons of choice" and taking them to Mexico shortly after purchases are made. Recent intelligence and tracing results from Mexico indicate they are most likely directly supplying the very violent and powerful Arellano-Felix drug trafficking organization. One could argue that why did we wait so long to even "target" this group and why don't we take them off now? Several reasons for this – 1) This group did not come to our attention until mid-summer and once we put all the pieces together, that being all the folks involved, we opened up an investigation and starting working it aggressively. This case is being worked out of Phoenix II (Firearms Trafficking), a group that was very active all summer and did some amazing things considering how short of folks they are. 2) Unfortunately someone buying large amounts of "weapons of choice" in Arizona is not unusual and highly common. Because most of the firearms purchased were long guns their activities didn't come to our attention until some agents from Group II, conducting an investigation into another ring, noticed the sales in several FFL A&D books and did some good proactive follow-up putting the pieces together. 3) Taking off this "straw purchasing" ring would

HOCR ATF - 002760

only create a situation in which another ring would need to be put together by the Arellano-Felix drug trafficking organization. Doing this would never give us the opportunity to find out who the middle-men in Mexico are, and once we were able to do that get the Mexican Federal police contacts to take them off, thus having a greater impact, and more importantly sending a clear message that crossing the border is no longer a safety net for firearms traffickers. 4) The USAO in Phoenix does not aggressively pursue “straw purchasing” investigations and has made it clear on several occasions in meetings with my supervisors as well as in meetings with me personally that they need to have the firearms in custody in order to show a jury that the real intent was to traffic them illegally to Mexico. This is when we in the division started discussions about using this investigation as a “test case” to pursue something we had never tried before but something that would be in line with one of the key elements of “Gunrunner” which is establishing a closer working and trusting relationship with our Mexican law enforcement counterparts. As we know all too well the Mexicans have made it abundantly clear, both publicly and privately, that they don’t believe we (ATF and the U.S.) are doing enough to address their serious concerns about firearms being trafficked illegally from the U.S. to Mexico. Having worked in a very similar situation for four years as the Colombia Country Attaché I am keenly aware of the political sensitivities of a matter like this and how an effort by us to reach across the border and work hand-in-hand on a case such as this, especially one involving individuals who are directly supplying a very violent drug trafficking organization, would have tremendous positive benefits to ATF and the U.S. in terms of responding to the Mexicans concerns that we are doing enough. I thoroughly discussed this matter with our representatives in the U.S. Embassy in Mexico City, clearly understanding that any such endeavor would have to be approved by them, the Deputy Chief of Mission (DCM) and ultimately the Ambassador (AMB). Briefing the DCM and AMB on cases such as this is very routine for the U.S. law enforcement representatives in a busy Embassy like Mexico City. They are very used to cross-border law enforcement initiatives and that’s why the U.S. and Mexico enjoy a fairly broad Mutual Legal Assistance Treaty (MLAT) regarding the efficient exchange of information to further these very types of cases. The DCM and AMB, as well as their rather large legal team in the Embassy, routinely deal with DEA, FBI, CBP, ICE and the USMS on extradition, arrest, and deportation issues, as well as cross-border controlled delivery of narcotics – something I was involved in for several years as a member of a very active DEA task force on the border in Brownsville, Texas. It is true that an effort such as this one would be something new for them but I assure you that the DCM and AMB are in favor of this effort, and our Attaché and Assistant Attache in Mexico City will confirm this. They too clearly understand the positive ramifications of an effort such as this one being successful as it would show how willing the U.S. is to forge never-before considered relationships to proactively address the firearms trafficking issue.

4. As to expected outcomes and a timeline: We had hoped to work together with a small Mexican Federal police vetted unit and the ATF Mexico Country Office in identifying the recipients of the firearms in Mexico. This would further our criminal case in Arizona as detailed previously and also have a greater impact in that we were actually directly impacting the U.S.-to-Mexico firearms trafficking problem by taking the case across the

border, thus creating a situation that strikes fear into the hearts of the border criminals – U.S. and Mexican law enforcement working closely together. Border criminals and smugglers have long known that their illegal trade is best plied when they have the Mexican law enforcement officials on their rolls and keep them from working hand-in-hand with the hard to corrupt U.S. law enforcement officials. That’s why extradition to the U.S. is such a hated subject by drug traffickers and other violent criminals in Mexico and Colombia – they know that once they cross the border into the U.S. all bets are off and they face real justice. By pursuing a case like this, even if not initially successful, we hope to advance that idea and let it be known that ATF is the lead U.S. Federal law enforcement agency that can most directly impact the firearms trafficking problem. It is well-known that DHS has been having high-level meetings with Mexican government officials, most recently in Puerto Peñasco, Mexico where DHS Secretary Chertoff met with his Mexican counterparts and U.S. border Governors, to discuss getting ICE more actively involved in this very issue. If we are truly going to push “Gunrunner” and what it stands for than this type of case is something we need to pursue, and never stop pursuing even if the first 5 attempts fail, the sixth one might just be the one that proves it can be done and cement our role as the agency best suited to deal with this issue.

As for a timeline – this case moved very fast these past few days due to the main subject in this investigation buying and smuggling “weapons of choice” in a very short period of time. His routine lately has been to buy firearms in the middle part of the week and then after work on Thursday immediately drive them south to Nogales, Arizona and then across the border into Nogales, Mexico. This created a situation in which we had to act fast in order to try to pursue our “Gunrunner” goal of establishing a link with our Mexican counterparts in order to further this investigation and have a greater impact. As outline in the briefing paper I forwarded last week our first effort failed when the Mexican Federal officials completely missed the vehicle that we took all the way to the Nogales port of entry and handed off to them. The subjects in this case returned to Phoenix the next day and immediately started buying firearms, which they then took down this past Thursday night. This time the Mexicans overreacted and had a small army waiting on the south-side of the border, along with our Mexico Country Attaché. That amount of activity at either port of entry, either on the U.S. or Mexico side, quickly spreads amongst the smuggling community on both sides of the border. Word quickly gets out that “now is not a good time” for whatever contraband is trying to be crossed, drugs, cash, guns, etc. The smugglers have people who work at the ports of entry, watch the ports of entry and/or take “test drives” through the ports of entry with no contraband to see if any unusual activity is taking place. They are used to “surges” by law enforcement on both sides of the border and know that they are short-lived. Had we had more time we would have better coordinated our efforts with not only a vetted Mexican law enforcement group but also with U.S. Customs and Border Protection (CBP) officials, who we notified days before but who I believe did not think it would happen again so soon. CBP notification is needed in order to get “pass through” authority, that being knowledge and assistance on their part to allow a load of contraband through the port of entry. They are used to doing this with DEA and ICE when assisting with controlled deliveries of narcotics going north from Mexico to the U.S.

HOCR ATF - 002762

5

Lastly, I truly appreciate the enthusiasm the Carson demonstrated about this case and I'm truly sorry that things that were my fault had to damper that as well as get him jammed up with you. Having someone in HQ who champions an effort like this, or any new approach that agents are willing to put in very long hours and a lot of hard work to pursue, is truly appreciated. Whatever the final decision is about us pursuing this or any future efforts of this kind I stand willing to obey that decision and continue to pursue ATF's primary mission - Reduce Violent Crime.

I hope this answers any questions you might have. If not please let me know what additional questions you might have and I will do everything possible to answer them.

Thank you.

Bill Newell  
Special Agent in Charge  
Phoenix Field Division

HOCR ATF - 002763

# Exhibit 230

**MEETING OF THE ATTORNEY GENERAL  
WITH MEXICAN ATTORNEY GENERAL MEDINA MORA**

Attorney General's Conference Room

November 16, 2007

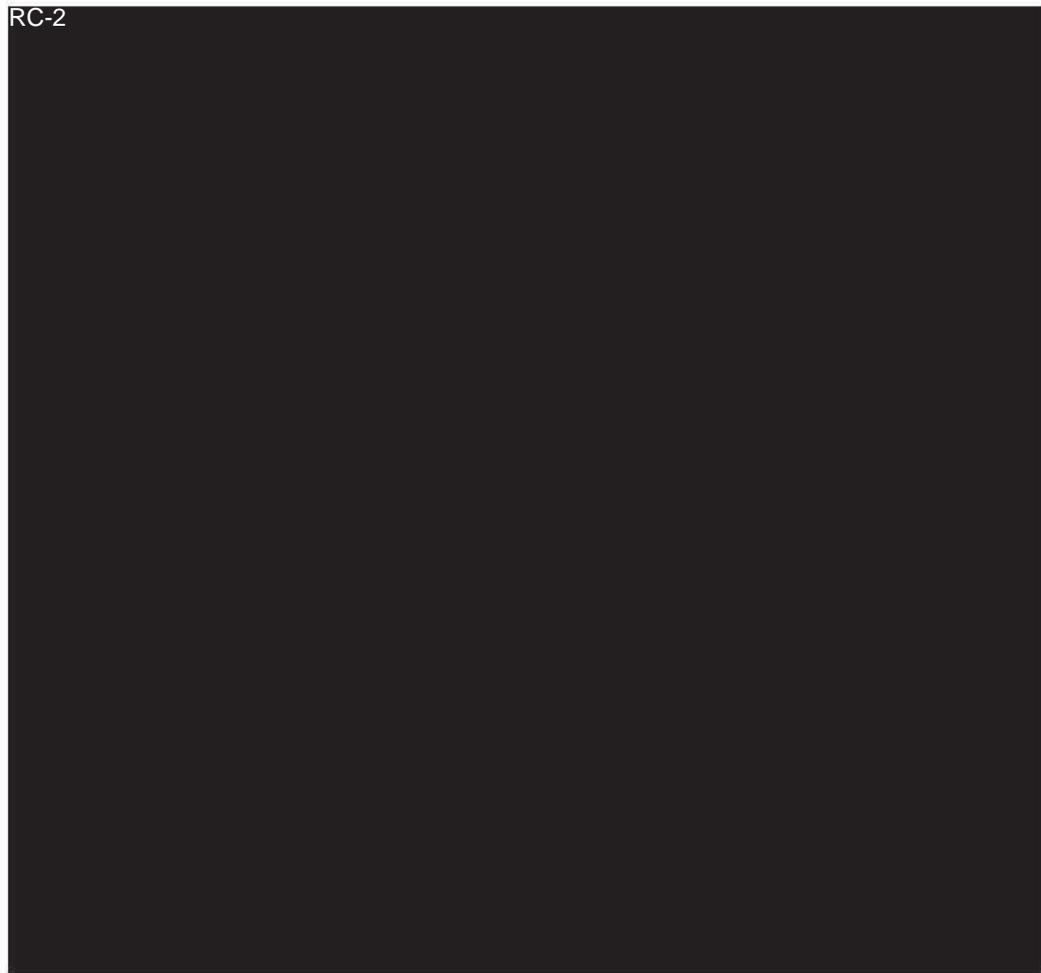
(Friedrich, O'Connor/Roth, Swartz)

**PURPOSE**

Mexican Attorney General Eduardo Medina Mora wishes to meet with you to reaffirm the high importance he places on continuing the close bilateral law enforcement relationship he established with Attorney General Gonzales. Attorney General Medina Mora's visit coincides with the fall meeting of the US/Mexico Senior Law Enforcement Plenary ("SLEP"), chaired by DOJ/CRM, which brings together a number of working groups that focus on US/Mexico law enforcement issues.

**BACKGROUND**

RC-2



HOCR HRNDZ 003239

RC-2

### G. Arms Trafficking

Mexico has repeatedly expressed concern regarding the smuggling of weapons from the US into Mexico, which the Government of Mexico asserts has fueled the violence of Mexican drug cartels. See, e.g., "US Guns Behind Cartel Killings in Mexico," *Washington Post*, 10/29/07, A01 (noting the 9/24 assassination of a Mexican state police officer, and an attack on the same day on a federal police office in Tijuana, and stating: "The high-powered guns used in both incidents on the evening of Sept. 24 undoubtedly came from the United States, say police here [in Mexico], who estimate that 100 percent of drug-related killings are committed with smuggled US weapons.")

In response to these concerns, DOJ's ATF has committed significant resources to address the issue of gun smuggling into Mexico. ATF has three attaches in Mexico City, and two TDY agents in Monterrey. During this past week, more than 30 ATF agents and analysts have been meeting at the El Paso Intelligence Center ("EPIC") as part of the Southwest Border Initiative's "Project Gunrunner." ATF's goals are to coordinate Federal law enforcement activities on the U.S. side of the border involving gun smuggling, and to work cooperatively with its counterparts in Mexico to improve information sharing, assist them in improving their training and technological capacity, and increase the number and quality of firearms trace requests from Mexico. One critical part of this effort is to for the USG to fund Spanish E-trace, which would allow Mexican law enforcement submit firearms trace requests to ATF's National Tracing Center.

Of particular importance, ATF has recently worked jointly with Mexico on the first-ever attempt to have a controlled delivery of weapons being smuggled into Mexico by a major arms trafficker. While the first attempts at this controlled delivery have not been successful, the investigation is ongoing, and ATF would like to expand the possibility of such joint investigations and controlled deliveries - since only then will it be possible to investigate an entire smuggling network, rather than arresting simply a single smuggler. To that end, it is essential that a Mexican vetted unit be assigned to work with ATF in this regard. ATF's attache in Mexico City has briefed Attorney General Medina Mora on this attempted controlled delivery, and stressed the importance of such a vetted unit being assigned.

### H. Asset Forfeiture/ Money Laundering

HOCR HRNDZ 003240

# Exhibit 231

Phoenix Field Division  
After Action Report

Case Number 785045-07-0177

Field Office Phoenix II Case Agent MacAllister

Date of Operation 11/26/07

Operational Plan Number PHX-08-025

Location(s) of Operation  
Nogales Port of Entry

**Seizure Information**

Firearms (amount) 9  NFA (check if applicable)  
Explosives (amount)  ED  Military  
Other significant seizure (vehicle, large quantity narcotics, etc)

**Arrest Information**

# of ATF Arrests 2 # of Other Agency Arrests (i.e. parole, ICE, State warrants)

**Narrative/Comments (if any)**

Contact made w/ F/A trafficking suspects at border, 2 arrested for conspiracy to violate Arms Export Act. Nine firearms seized.

HOCR DOJ 006494

Exhibit 232

# Exhibit 232

From: Needles, James R.  
 Sent: Wednesday, January 02, 2008 4:23:42 PM  
 To: Newell, William D.  
 Subject: RE: US/Mexico Firearms Trafficking

10-4

-----Original Message-----

From: Newell, William D.  
 Sent: Wednesday, January 02, 2008 4:19 PM  
 To: Needles, James R.; Mangan, Thomas G.  
 Subject: Fw: US/Mexico Firearms Trafficking

We're back in business. Let's discuss when I get back to the office in about 15 mins. I'm at the JOC.

Bill Newell  
 SAC - ATF  
 Phoenix Field Division

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----- Original Message -----

From: Carroll, Carson W.  
 To: Newell, William D.  
 Sent: Wed Jan 02 15:47:12 2008  
 Subject: RE: US/Mexico Firearms Trafficking

Thank you Bill. Also...I was wondering if you could have someone do a powerpoint on the recent case where you tried to walk the guns to Mexico.

We are meeting with some Congressional Members to discuss SWB. ..it would be nice to have the pictures included of the guns recovered in the Mexico assassination (one or two of the recovered guns traced back to our suspect?).

It does not need to be to complex or long.

Carson

-----Original Message-----

From: Newell, William D.  
 Sent: Wednesday, January 02, 2008 1:37 PM  
 To: Carroll, Carson W.  
 Subject: RE: US/Mexico Firearms Trafficking

As with all our "Gunrunner" stories over the past 1.5 years we have been  
 HOGRAF - 001895

trying to highlight ATF's efforts to keep "weapons of choice" out of the hands of violent criminals, on both sides of the border. We have also been using these times to try to educate the public about "straw" purchasing and the fact that an "innocent favor" might be putting a firearm into the hands of a violent criminal. Our main efforts in doing this are to highlight what ATF contributes to the fight against the very hot topic of border-related violence, something I think we should be doing every chance we get.

As to Robyn's question we have numerous cases and significant intel to back this up, especially several recent cases on which this AP story was predicated - all of which are unsealed (complaints and/or indictments). This info also includes defendant debriefs which we did not get into in the story for obvious reason. Also, the trace data in these cases also confirms this but we did not touch on this for AP story since I have consistently stayed away from the numbers of guns traced and who is doing, or not doing, the tracing. (If you recall in one recent case the seizure of several of these weapons from the very violent Arellano-Felix DTO was a few DAYS).

Also, as part of the Southwest Region OCDETF "Gatekeeper" initiative, of which ATF's "Gunrunner" is an integral part, we have been highlighting the fact that drug cartels in Mexico are using drug proceeds to buy guns and ammo - a well-established fact. We have consistently been saying and it's a well publicized fact that "drugs go north and guns/money go south". This article by the AP was further efforts on our part to highlight these points and bring attention to our efforts on the border to try to stem the illegal flow of these "weapons of choice" south (and west to SoCal). By doing this we are letting folks know we are working hard to address the issues of cross-border violent crime by doing everything within our statutory authority to keep guns out of the hands of criminals. A big point by the Mexicans has been we aren't doing enough and if you notice the unsolicited quote by Mr. Saavedra of the Mexican Consular's Office in Douglas we are addressing their concerns about not working more closely together. I meet regularly with the Mexican Consul General in Phoenix, Mr. Carlos Flores Vizcarra, to discuss these issues and to let him know we are doing everything possible with the resources we have and within the confines of the U.S. law to address his government's concerns. He has never dealt with anyone in ATF before and the efforts we are making with his office is why you see that quote from one of his 3 Deputy Consuls.

My real concern is this however, with all the info from us, DEA, FBI, ICE and Mexican officials highlighting the use of U.S. firearms by drug dealers, etc I'm a little confused by Robyn's question. Is there something else I could do to educate her or is her question based on something else I'm not aware of?

Bill Newell

Bureau of ATF

HOCR ATF - 001896

Special Agent in Charge

Phoenix Field Division

-----Original Message-----

From: Carroll, Carson W.

Sent: Wednesday, January 02, 2008 10:26 AM

To: Newell, William D.

Subject: FW: US/Mexico Firearms Trafficking

Bill,

See DOJ's question below.

-----Original Message-----

From: Thiemann, Robyn (OLP) [mailto: ]

Sent: Wednesday, January 02, 2008 9:23 AM

To: Carroll, Carson W.

Cc: Kaplan, P. Sam; Hoover, William J.; Carter, Ronnie A.; Zammillo, James A., Sr.; Stucko, Audrey M.

Subject: RE: US/Mexico Firearms Trafficking

See article, below. Do we have evidence beyond the summaries of investigations that support this statement?

"Some of those guns end up in the hands of California gangs or with coyotes herding illegal immigrants into the U.S. But Mangan said a majority of the guns are smuggled into Mexico for use by drug dealers."

HOGR ATF - 001897

Happy New Year!

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RT

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ATF says more guns sent illegally south of the border

By CHRIS KAHN Associated Press Writer

Article Launched: 12/27/2007 04:29:10 PM MST

PHOENIX—Spread across a conference table at the Bureau of Alcohol, Tobacco, Firearms and Explosives in Phoenix are enough weapons to equip several car loads of drug runners.

Agents said Thursday they found the 42 weapons in a storage locker about 10 days ago. The guns were worth \$250,000 in all: Belgian-made "FN" handguns, semiautomatic AK rifles and other pistols. They also found four olive boxes loaded with 50-caliber bullets—ammunition that's big enough to take out an airplane.

"These are, quite frankly, weapons of war," ATF special agent Tom Mangan said as he picked up an assault rifle and examined it.

"The type of fire power you're seeing here is on the increase," he said.

"You're seeing sophisticated weapons, military weapons, assault type weapons, assault pistols, very expensive pistols."

ATF officials said gun runners typically gather large caches of weapons anonymously through "straw" purchases. They might give someone \$100 to go into a gun show or a Wal-Mart and buy a few rifles at a time. They

HOGRAF - 001898

might buy guns over the Internet.

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Some of those guns end up in the hands of California gangs or with coyotes herding illegal immigrants into the U.S. But Mangan said a majority of the guns are smuggled into Mexico for use by drug dealers.

Mangan said this year the ATF Phoenix office learned that about 300 assault-type weapons were brought south on one occasion, and another 200 assault-type weapons were smuggled on a separate occasion.

"Certainly, these narcoterrorist organizations, these drug organizations have unlimited source of income, and it's just a matter of getting these guns," Mangan said. "And where do they get these guns? They get them here."

Jim Needles, an ATF agent who was recently transferred to Arizona from New York, said he was alarmed by the kind of weapons agents are finding here.

"You see a lot of firearms seized in New York, but not that sophisticated type of weapon," he said. "You don't see AK-47s. You don't see the 50-caliber type of weapons."

Raul Saavedra, deputy consul at the Mexican Consulate in Douglas, Ariz., said he didn't have data to back up ATF's claim that gun-running is on the rise. But he said the Mexican government has recognized it as a huge problem.

"A lot of the drug violence comes through weapons, and those weapons are bought in the U.S.," Saavedra said.

HOCR ATF - 001899

The Mexican government has called on the United States to stop the flow of guns into the country, he said, but America's firearms laws make it hard to stop gun running.

"What's been useful is there has been a lot of cooperation" between the countries to stem the gun trade, Saavedra said.

"If weapons are seized in Mexico, they pass that information to U.S. authorities, and they can track that number to where it was bought, and they can at least confirm if the sale was done legally," he added.

The weapons recently seized by the ATF are among 111 guns the Phoenix office collected this month. Mangan wouldn't provide details about where they were found and where they were headed. The ATF is still investigating the incident, he said.

-----Original Message-----

From: Carroll, Carson W. [mailto:

Sent: Wednesday, December 19, 2007 5:11 PM

To: Thiemann, Robyn (OLP)

Cc: Kaplan, P. Sam; Hoover, William J.; Carter, Ronnie A.; Zammillo, James A., Sr.; Stucko, Audrey M.

Subject: FW: US/Mexico Firearms Trafficking

Robyn,

HOGR ATF - 001900

See Attached. We can provide additional details regarding trace information if needed.

Carson

HOCR ATF - 001901

# Exhibit 233

### ATF Operational Plan

Case Number 785085-08-0057	Field Office/Group Tucson Group II	Case Agent Brandon Garcia
Briefing Date and Time 08/09/08 and 08/10/08 0900	Operation Date and Time 08/09/08 and 08/10/08 0930	Staging Area Date and Time 08/09/08 and 08/10/08 0920
		Staging Area Location RC-5

Type of Operation  
RC-3

Target Location/Assessment

Address TUCSON EXPO CENTER 3750 E IRVINGTON ROAD, TUCSON, AZ	Telephone Number (520) [REDACTED]
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Description and GPS Coordinates (If applicable)  
The target location is the Tucson Expo Center, Tucson, AZ. Primary target location: McMann's Roadrunner Gun Show (take Ajo Way West, turn right onto Alvernon South and turn left on Irvington Road, immediately turn left into Expo Center parking lot [GPS: Lat/ 32.09.41.90 N, Lon/ -110.54.44.25 W])

RC-3

Occupants Various vendors, to include federal firearms licensees (FFL's), and the general public

Operation Objectives

- 1.) Team members will proceed to Tucson Expo Center and move to assigned locations.
- 2.) Team members will locate, identify and surveil targets from gun show to a final destination.

There is no intel that the identified subjects will be at the Roadrunner Gun Show on Saturday or Sunday.

Neither MEDRANO nor RAMOS are prohibited from purchasing or possessing firearms.

The objective of the surveillance is to determine if MEDRANO and RAMOS are trafficking the firearms to Mexico. An attempt will be made to identify all parties involved in the trafficking ring if one exists. This surveillance is designed for intelligence gathering on a possible trafficking organization to determine the modes of operation for the organization.

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Case Background

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On May 17, 2008, at a Phoenix gun show, Jesus MEDRANO purchased two (2) AR-15 rifles from the FFL at Maddawg Global Marketing (FFL) and Hernan RAMOS purchased one (1) AR-15 from the same FFL.

On May 18, 2008 at the same gun show, Alejandro MEDRANO, Jesus MEDRANO'S brother, purchased two (2) AR-15 rifles from the same FFL.

On May 20, 2008, Alejandro MEDRANO contacted the FFL by phone and purchased eight (8) AR-15 rifles from the FFL. MEDRANO was accompanied by Hernan RAMOS and MEDRANO was driving Hernan RAMOS' vehicle. ATF Agents and TPD Officers conducted surveillance of the purchase. MEDRANO and RAMOS advised the FFL they were driving back to Phoenix but the individuals instead drove to the south side of Tucson and began driving erratically before the surveillance was discontinued due to the risk of compromising the investigation.

On May 23, 2008, Alejandro MEDRANO contacted the FFL and subsequently placed an order for ten (10) AR-15 rifles to be purchased on May 30, 2008. The meetings and phone calls have been recorded and MEDRANO has not made any statements to confirm that the firearms are being trafficked to Mexico or that they are being purchased for another individual.

TECS checks indicate Alejandro MEDRANO and Hernan RAMOS frequently cross the Port of Entry at Douglas, AZ and have crossed near the same times they have told the FFL they were in Phoenix. RAMOS' vehicle is registered to an address in Douglas, AZ.

Based on the types and quantities of firearms MEDRANO and RAMOS are purchasing, it is anticipated that the individuals are trafficking the firearms to Mexico, however, it has not been confirmed by surveillance or statements made by the purchasers. The medical transport vehicle will be the OSC's GOA. The OSC will make the determination on any injury whether to activate EMS or to transport direct to the nearest medical facility.

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**Tactical Plan (Synopsis)**

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Agents and officers will conduct surveillance on above described subjects and vehicles from various vantage points [parking structures, entrances/exits, etc]. Agents and officers will monitor movement and firearms purchases. Following any purchases, agents and officers will conduct surveillance on the vehicle and the individuals in an attempt to determine the firearms final destination.

Surveillance will stay with the firearms if they are transferred to additional individuals.

**RC-3**



It is not anticipated, but if a traffic stop is required, TPD will coordinate the stop if in the Tucson City limits. If outside the city limits, SA Garcia will coordinate with the appropriate department.

If determined that the target vehicle intends to cross into Mexico, SA Garcia will coordinate with Mexican law enforcement to continue the surveillance into Mexico.

If Mexican authorities are unable to respond, SA Garcia will coordinate a stop on the identified vehicle at the Port of Entry into Mexico by US Customs and Border Protection officers.

No enforcement activity is anticipated in the gun show venue. Gun Show security is not aware of this operation.

Exhibit 234

# Exhibit 234

**To:** Gillett, George T. Jr. [RC-1]  
**Cc:** Garcia, Brandon M. [RC-1]  
**From:** Higman, Chuck  
**Sent:** Tue 8/12/2008 8:15:48 PM  
**Subject:** RE: ICE Timeline  
 FW southbound op.msg

Brandon; thanks for the below; Geo, his info is consistent w/ my recollection of the course of events.

- on or about Fri., 08/01 SA Garcia, based on information recd from [RC-4] proposed an op for the weekend of 08/09-10/2008. [RC-4] there was a gun show on the identified weekend at Tucson wherein it was likely that a subject of interest and/or a number of persons would attend who are suspected of "straw" purchasing and trafficking firearms from Tucson and other AZ locations to Mexico.

- on Mon., 08/04 SA from this ofc along w/ TPD SID detectives and officers went to Mesa/Phx to conduct surveillance of identified persons, locations and vehicles. [RC-3]  
 [RC-3]

- on the morning of Tues., 8/05, I met w/ SA Garcia and Maynard regarding the surveillance and proposed weekend activity. I asked that an Operations Plan be developed by that afternoon and that the plan needed Phx approval no later than COB Weds. 08/06. SA Maynard, having first discussed and recd concurrence w/ DTA Tanabe, provided me the op plan for my review.

- on Weds., 8/06 I discussed proposed op w/ ASAC Gillett and recd approval / concurrence for action as noted. I asked Garcia and Maynard to make appropriate contact and coordination w/ the POE and w/ ICE personnel.

- on Fri., 08/08/2008, I was advised by SA Garcia and Maynard that contact and coordination had been made w/ CBP, ICE and the USAO.

- during the mid-morning, I conducted an in person brief w/ assigned AUSA Marlowe (who had been briefed re the proposed activity by SA Garcia on 08/06), and S/AUSA Al Kleiner. I fully vetted all the proposed activity including the potential of both an outbound stop and the coordination w/ the Mexican authorities. As part of that mtg., I participated in a conference call w/ GS Juan Mariscal of ICE, wherein I again discussed the potential of both an outbound stop and the coordination w/ the Mexican authorities. I don't remember if Mariscal offered to coordinate w/ the Mexican authorities, but I do recall advising all that coordination w/ CBP was being completed by my office and that the coordination w/ the Mexican authorities was being conducted by the ATF Border Liaison rep (SA Wall). The USAO concurred w/ the proposed activity and GS Mariscal advised that ICE would support this op.

- on 08/08 at approx. 4:30 I spoke to SA Garcia who related the content of a contact w/ GS Mariscal. He further advised that in an effort to assuage Mariscal's concern, he again contacted CBP and recd assurance of concurrence and coordination by CBP command. I agreed to forward a copy of the proposed op to CBP the following morning (attached).

- w/in a few minutes of that contact I spoke to S/AUSA Kleiner who advised that he had just spoken to GS Mariscal who advised that there was ICE concern w/ the proposed op. Kleiner advised that he attempted to assuage ICE concerns by noting that ATF has done these ops previously, that coordination w/ concerned entities had been completed and that his office continued to support the op. I again spoke to Kleiner after the below contact w/ GS Mariscal.

- on 08/08 at 5:24pm, I spoke to GS Mariscal who advised that ICE would not support the concept of letting guns "walk" to Mexico. I again advised of the planning and concurrence by ATF Phx, and I advised Mariscal of the potential for the Mexican cooperation. I advised that ATF would only allow the firearms to transit to Mexico if the ATF Border Liaison recd assurance from Mexico of their intent to proceed - that I

HOCR DOJ 006656

would direct an outbound stop if I was advised that the Mexican authorities would "try," or "might" be able to assign resources. GS Mariscal advised that he wanted to support the ATF initiative but that he was being ordered to stand down pending further ICE review.

- on 08/09, at or about 8:30am, I directed an op briefing near the surveillance target location. That brief was attended by numerous ATF and TPD personnel and by two ICE SA. Within a short period of time after, I sent the email to CBP command and later recd a follow-up cell contact w/ the Douglas POE port director who verbally advised of their concurrence.

I subsequently recd numerous telephone contacts from GS Mariscal who advised of the continued non-support of the proposed activity by ICE, and from S/AUSA Kleiner who related that ofc's continued concurrence.

I contacted and spoke to ASAC Gillett, and provided him the (ICE ASAC) Angel Rascon's telephone number.

Pursuant to ASAC Gillett's agreement w/ ASAC Rascon, I directed discontinued cooperation w/ the Mexican authorities. I participated in a conference call w/ Mariscal and Kleiner wherein I related the decision making process, and I directed both SA Garcia and Sgt. Fuller, TPD accordingly.

-----Original Message-----

From: Garcia, Brandon M.  
Sent: Tuesday, August 12, 2008 11:50 AM  
To: Gillett, George T. Jr.  
Cc: Higman, Chuck  
Subject: RE: ICE Timeline

Hello Sir. Below is a summary of events that took place prior to, including, and following the operation on 8.9.08. Attachments include email traffic with ICE in reference to the operation. The email traffic was on Wednesday, 8.6.08. The second and third attachments are in reference to the op plan I sent to ICE and their response.

Prior to the email traffic, on 8.4.08, I contacted Jose Wall ATF and asked if he thought he could get in contact with the Mexican authorities and ask them to assist with a possible surveillance of firearms being trafficked to Agua Prieta, Mexico over the weekend. SA Wall stated he would contact them and ask. SA Wall stated he thought it was a good possibility. I then contacted SA Metzler with ICE and advised him of the op scheduled for the next weekend. I advised SA Metzler of the plan to let the firearms walk to Mexico with the agreement that the Mexican authorities would conduct surveillance of the subjects once they crossed into Mexico in an attempt to locate the "drop house" and possibly the "money guy" in Agua Prieta Mexico. SA Metzler stated he had personal issues toward the latter part of the week and the weekend but would run it by his supervisor and see if they could provide assistance. I advised SA Metzler that if the Mexican authorities would not be able to assist, the plan would be to conduct an outbound stop on the vehicle at the POE. I advised SA Metzler that if they could not provide assistance, I would contact the POE personally and set up the outbound (if needed) in which ICE could tack on the export charges at a later date. SA Metzler stated he understood our plans and said he would get back to me. Several minutes later, SA Wall confirmed that the Mexican authorities were anxious to assist with the operation.

8.6.08- see attachments

I don't recall exactly when, but I believe it was 8.7.08, I received a call from ICE Agent Matt Lowry stating he and another agent would be able to assist with the surveillance. He stated that they received the op plan and also generated their own op plan. He was advised of the briefing time and location.

HOCR DOJ 006657

At 4:30pm on Friday 8.8.08, I received an urgent message from ICE supervisor Juan Mariscal that stated it was imperative that I call him ASAP as he "just realized" we intended on letting the firearms cross the border into Mexico and that I needed POE supervisor approval to let the firearms go through the POE. I immediately returned Mariscal's call and was advised that his SAC just contacted him and said they did not agree with our plan to let the Mexican's assist with the surveillance without Port approval. Juan Mariscal stated he did not look at our op plan but just included it with their op plan when it was submitted for approval. Juan Mariscal stated if we did not get approval immediately then they would not be able to assist ATF with the operation. I stated I understood and advised him I would contact one of the Douglas POE commanders that I knew.

I then contacted [RC-1] with CBP and advised him of the operation that was planned and stated that the ICE supervisor stated I needed Port approval to allow the firearms to cross the border into the Mexican authority's hands. I also asked that if we did not feel comfortable with the Mexican authorities being in place, then it was anticipated that we would take the firearms off in an outbound stop.

[RC-1] advised me he just so happened to be playing golf with Director of CBP Field Ops (who would ultimately make the decision) and he would ask the Director. A few minutes later, [RC-1] contacted me and stated the Director did not have a problem with the operation and just asked that RAC Higman send an email to the Port Commander that would be working at that time with the Op Plan attached. I asked if the email could be sent the following morning in which he stated "yes". RAC Higman sent the email the following morning.

I then contacted ICE supervisor Juan Mariscal and advised him that Director Higginson approved the operation through the port. Juan Mariscal was obviously disappointed that I received approval so quickly and simply stated "I will call you back". I did not hear back from Mariscal but did hear from RAC Higman that he had been in touch with Juan Mariscal and it seemed as though the operation was still going as planned.

On 8.9.08 the briefing went as scheduled with ICE agents present in which the plan was stated just as it was in the op plan. Jose Wall also confirmed that the Mexican authorities were on "stand-by" in Agua Prieta awaiting our phone call and a status update.

Approximately two hours later I was contacted by RAC Higman and advised that the plan was now being changed to conduct an outbound stop on the vehicle. Shortly thereafter, ICE agents on surveillance came across the radio and stated that CBP was going to set up outbound stops at every port in Arizona.

I then contacted SA Wall and advised him that he could call the Mexican authorities off as we were now going to do an outbound stop. SA Wall contacted the Mexican authorities and advised them that we would not need their assistance any further. According to SA Wall, the Mexican authorities were extremely upset and did not appreciate us having them travel to Agua Prieta and then deciding we were not going to proceed as planned. The Mexican authorities, however, stated they would stand by just in case the vehicle made it through the port. The suspects did not arrive at the gun show.

Following the surveillance on 8.9.08, I contacted CBP Commander [RC-1] and advised that the suspects did not show up at the gun show and the operation was concluded for the day but would resume the following day. [RC-1] stated he had heard ICE was not pleased with the plan. I did not elaborate with any details, but I was assured that if we needed CBP's assistance in the future that we were more than welcome to contact them at any time.

This concludes all of my knowledge and involvement associated with this past weekend as I flew out for training on Sunday morning.

Brandon Garcia  
ATF Special Agent  
Tucson II Field Office  
Desk: [RC-1]  
Cell: [RC-1]

HOCR DOJ 006658

Fax: RC-1

-----Original Message-----

From: Gillett, George T. Jr.  
Sent: Tuesday, August 12, 2008 11:04 AM  
To: Higman, Chuck; Garcia, Brandon M.  
Subject: RE: ICE Timeline

Thank you, Gentlemen.

George T. Gillett  
Assistant Special Agent in Charge  
ATF-Phoenix Field Division  
Office: RC-1

-----Original Message-----

From: Higman, Chuck  
Sent: Tuesday, August 12, 2008 9:57 AM  
To: Garcia, Brandon M.  
Cc: Gillett, George T. Jr.  
Subject: FW: ICE Timeline

Brandon; per see the below. I recognize that you are in Houston this week for training, pls take a few minutes pursuant to your receipt of this email. I will be out of the office beginning tomorrow, I ask that you complete and direct your response to the ASAC. I will forward my response later today, and will cc you with my recollection of my actions.

I am particularly interested in your telephone exchange w/ Memmo early last week wherein you provided notification of our intended action, and when we forwarded the Op plan. pls cc me with your response.

regards

-----Original Message-----

From: Gillett, George T. Jr.  
Sent: Tuesday, August 12, 2008 8:31 AM  
To: Higman, Chuck; Wall, Jose T.  
Cc: Newell, William D.  
Subject: ICE Timeline

Gentlemen -

SAC Newell has a meeting scheduled with the new ICE SAC Matt Allen regarding the events of this past weekend.

Please get with SA Garcia and complete a timeline of events showing who was involved with the planning of this operation, who knew what when. Please attach copies of e-mails, etc., and please be specific. I do not want to have the SAC to have to respond to any of ICE's questions, "I don't know". Hopefully, this meeting will prevent any of these types of incidents from happening again.

I will add my piece to the timeline and provide it to the SAC.

Pleasr have this completed and forwarded to me by 5:00 PM on Thursday.

Thank you,

HOCR DOJ 006659

George T. Gillett  
Assistant Special Agent in Charge  
ATF - Phoenix Field Division  
Office: RC-1

\*\*\*\*\*

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HOCR DOJ 006660

Exhibit 235

# Exhibit 235

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**From:** Newell, William D.  
**Sent:** Tuesday, August 12, 2008 12:35 AM  
**To:** Gillett, George T. Jr.  
**Subject:** Fw: Meet

He's claiming they were never informed. I want this clarified before he and I meet. I want the "who, when, what" questions answered.

Bill Newell  
 Special Agent in Charge  
 Phoenix Field Division  
 [REDACTED]

\*\*\*\*\*

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**From:** Newell, William D.  
**To:** 'matthew.c.allen' [REDACTED]  
**Sent:** Tue Aug 12 00:33:44 2008  
**Subject:** Re: Meet

I'm free in the afternoon of Tuesday the 19th. I need to get some clarification from my folks tomorrow because I was told that your folks were aware of the plan to allow the guns to cross, in close cooperation with both our offices in Mexico as well as Mexican Feds. It might be worthwhile to have ASACs meet to clarify before our meeting. I will tell my ASAC to reach out to the one he dealt with in Tucson first thing tomorrow.

Bill Newell  
 Special Agent in Charge  
 Phoenix Field Division  
 [REDACTED]

\*\*\*\*\*

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**From:** Allen, Matthew C  
**To:** Newell, William D.  
**Cc:** Crocker, Richard L  
**Sent:** Tue Aug 12 00:12:45 2008  
**Subject:** Meet

Bill,

I have reported and wanted to check in with you to see if you are available early next week to meet with me and DSAC Rick Crocker from the Tucson office.

One of Rick's groups worked with your guys over the weekend on a surveillance operation at a Tucson gun show. While we had both met in advance with the USAO, our agents left that meeting with the understanding that any weapons that were followed to the border would be seized. On Friday night, however, our agents got an op plan that stated that weapons would be allowed to go into Mexico for further surveillance by LEAs there.

This would be a very sensitive undertaking if this were to be done. Since this hadn't been discussed in advance and we had not had an opportunity to coordinate with our Attache in Mexico, we balked at the plan. The agents in Tucson were able to work it out over the weekend with the understanding that we would sit down to work out a long term way of dealing with these kinds of scenarios beyond this case.

Let me know how your schedule looks anytime on Tuesday the 19th and we can sit down to discuss this.

Regards,

Matt

Matthew Allen  
Office of Investigations  
[REDACTED] - cell

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# Exhibit 236

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**From:** Zicha, Marjorie L.  
**Sent:** Wednesday, March 16, 2011 3:08 PM  
**To:** Gillett, George T. Jr.  
**Subject:** RE: F/F Summary Chart

George



F&F Summary.xlsx

Attached is the updated firearms recovery chart that cites the following.

- Indicted targets that purchased firearms
- Date targets were entered into N-Force (identified)
- Number of firearms purchased prior to date of entry
- Number of firearms purchased after date of entry
- Number of firearms purchased after date of entry and recovered in the U.S.

Please advise if you have any questions or require additional information.

Additionally, IRS Ramos is preparing a similar chart for the Operation Wide Receiver investigation. This chart is expected to be completed today.

Marjorie Zicha - Senior IRS  
 Acting Intel Group Supervisor

- Direct  
 - Mobile  
 - Fax

-----Original Message-----

**From:** Gillett, George T. Jr.  
**Sent:** Wednesday, March 16, 2011 7:07 AM  
**To:** Zicha, Marjorie L.  
**Subject:** Fw: F/F chart

Pls see the SAC's comments.

George T. Gillett  
 ASAC - Phoenix Field Division  
 Cell: [REDACTED]

\*\*\*\*\*

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----- Original Message -----

From: Newell, William D.  
To: Needles, James R.; Gillett, George T. Jr.  
Sent: Wed Mar 16 08:57:11 2011  
Subject: F/F chart

Did Marge finish the F/F chart showing a breakdown of how many of the 1318 guns we seized? Also, the Wide Receiver chart? Need them asap. Thanks

\*\*\*\*\*

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F&F Summary.xlsx

# Exhibit 237

Indicted targets (Purchasers)		Date identified (entered) in investigation	Firearms purchased before target was identified (entered) in investigation	Firearms purchased after target was identified (entered) in investigation	TOTALS	Firearms recovered in U.S. after target was identified (entered) in investigation
Jaime	AVILA	11/25/09	5	47	52	5
Erik	AVILA DAVILA	06/28/10	10	2	12	2
Julio Jose	CARRILLO	03/24/10	35	6	41	3
Alfredo	CELIS	12/10/09	35	99	134	52
Manuel	CELIS-ACOSTA	12/18/09	1	0	1	1
Jacob	CHAMBERS	11/16/09	36	37	73	0
Jonathan	FERNANDEZ	08/10/10	20	29	49	9
Dejan	HERCEGOVAC	11/25/09	26	6	32	1
Jacob	MONTELONGO	01/28/10	8	101	109	2
Josh	MOORE	11/19/09	39	102	141	5
Danny	MORONES	08/04/10	27	0	27	17
Unel	PATINO	11/20/09	59	661	720	99
Jose	POLANCO	11/25/09	3	0	3	0
Francisco	PONCE	07/21/10	41	0	41	0
Sean	STEWART	12/09/09	62	228	290	54
			<b>407</b>	<b>1318</b>	<b>1725</b>	<b>250</b>

A/GS Phoenix FIG

HOGRAF - 001479

# Exhibit 238

[REDACTED]

---

**From:** Newell, William D.  
**Sent:** Wednesday, January 06, 2010 7:00 AM  
**To:** Gillett, George T. Jr.  
**Subject:** LPR use

Have we explored using LPRs in Hope's case? Possibly outside the auto body shop and linked with LPRs southbound on I-19 and westbound on I-10 and I-8?

Bill Newell

Special Agent in Charge

ATF Phoenix Field Division (AZ and NM)

Cell: 602-[REDACTED]

\*\*\*

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# Exhibit 239

---

**From:** Newell, William D.  
**To:** McMahon, William G.  
**Sent:** 1/27/2011 8:22:29 PM  
**Subject:** Fw: Avila purchase ROI  
**Attachments:** SKMBT\_C25311012718130.pdf

This is the ROI which refers to Avila's purchase of the 3 AKs in January of 2010. As you can see it was due to an SA's following up on another straw purchaser's activity that we came across this info, 3 days after the sale. Buying 3 AKs does not rise to the level of initiating a criminal investigation especially when at that time we were not aware of Avila's role. It was after the fact when he started buying more guns and was seen with Patino that we considered him part of this same organization. After the sale.

\*\*\*\*\*

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---

**From:** Voth, David J.  
**To:** Newell, William D.  
**Sent:** Thu Jan 27 20:14:50 2011  
**Subject:** Avila purchase ROI

# Exhibit 240

**From:** Voth, David J.  
**Sent:** Monday, December 14, 2009 10:14 AM  
**To:** Gillett, George T. Jr.  
**Subject:** RE: Latest Trafficking Case

I just spoke with Hope and she stated she sent him the list last week, maybe are talking apples and oranges but according to SA MacAllister she sent Lorren what he requested last week...

Thanks,

Dave Voth

---

**From:** Gillett, George T. Jr.  
**Sent:** Monday, December 14, 2009 6:45 AM  
**To:** Voth, David J.  
**Cc:** Zicha, Marjorie L.; Quinonez, Louis A.; O'Keefe, Kevin C.  
**Subject:** Fw: Latest Trafficking Case  
**Importance:** High

Dave -

Please coordinate with Intel and see if Marj can assist with this request.

Thanks.

George T. Gillett  
 Assistant Special Agent in Charge  
 ATF - Phoenix Field Division  
 [REDACTED]

\*\*\*

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---

**From:** O'Keefe, Kevin C.  
**To:** Gillett, George T. Jr.  
**Sent:** Mon Dec 14 08:03:51 2009  
**Subject:** Latest Trafficking Case

George - I know my folks made contact last week while I was away from the office. DAD McMahon has tasked us with doing a link analysis on Hope's case, in order for him to brief AD Chait, who will in turn brief a DOJ Attorney on new SWB operational plans and use this case as an example. Sorry, if this word did not come down the field ops chain to you all.

My folks are under a time crunch, need to print out link analysis by tomorrow (Tuesday). They still need the Suspect Gun List that NTC provided Hope at the end of last week, in order to complete their chart. Can you please remind her to send it to Lorren Leadmon, Alex Kruthaupt and Kristen Lauffer? Much appreciated.

Call me if you have questions or concerns. [REDACTED] is cell.

Kevin O'Keefe  
 Chief, Criminal Intel Div  
 [REDACTED]

---

**From:** Leadmon, Lorren D.

HOCR ATF - 002275

**Sent:** Sunday, December 13, 2009 11:53 PM

**To:** O'Keefe, Kevin C.

**Subject:**

I HAVE NOT RECEIVED THE SUSPECT GUN LIST FROM PHOENIX WITH THE PURCHASERS NAMES IN ORDER TO COMPLETE YOUR REQUEST.

***LORREN D. LEADMON***

***TEAM LEADER***

Field Intelligence Support Team - Southwest Border  
Bureau of Alcohol, Tobacco, Firearms and Explosives  
Intelligence Operations Specialist



HOCR ATF - 002276

Exhibit 241

# Exhibit 241

---

**From:** Gillett, George T. Jr.  
**Sent:** Friday, December 04, 2009 10:46 AM  
**To:** Knapp, Joshua G.  
**Cc:** Newell, William D.; Voth, David J.  
**Subject:** SA Hope MacAllister

**Categories:** F&F

Hello Josh –

Hope MacAllister is scheduled to attend medic tactical re-cert next week in El Paso, TX.

She is the case agent on a southbound firearms trafficking investigation that is being closely monitored by DAD McMahon (FO) and DAD Martin (OSII). We are anticipating significant investigative movement in the next 5-10 days and need Hope to be in Phoenix to coordinate the investigation.

Could she please be excused from re-cert and rescheduled to the March training to satisfy the re-cert requirement?

Thank you, and please contact me if you have any questions.

Exhibit 242

# Exhibit 242

---

**From:** Gillett, George T. Jr.  
**Sent:** Wednesday, February 10, 2010 10:58 AM  
**To:** Voth, David J.  
**Cc:** Needles, James R.; Newell, William D.  
**Subject:** Fw: Synopsis of investigation

Dave?

\*\*\*

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---

**From:** McMahon, William G.  
**To:** Gillett, George T. Jr.  
**Cc:** Newell, William D.  
**Sent:** Wed Feb 10 10:57:04 2010  
**Subject:** Re: Synopsis of investigation

Guys,

[REDACTED]

Also, anything new to report on this case? I have to brief Billy and the Director today.

Thanks,

Bill

\*\*\*

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---

**From:** Gillett, George T. Jr.  
**To:** McMahon, William G.  
**Cc:** Newell, William D.; Needles, James R.; Voth, David J.  
**Sent:** Tue Feb 09 11:45:35 2010  
**Subject:** Synopsis of investigation  
Bill –

Per SAC Newell, I am forwarding a brief synopsis of an approved OCDETF investigation being conducted by Phoenix VII. The case agent is SA Hope MacAllister; the GS is David Voth.

# Exhibit 243

From: McMahon, William G.  
 Sent: Saturday, February 13, 2010 10:19:22 PM  
 To: Newell, William D.  
 Subject: Re: Fast and Furious update

10-4 thanks.

\*\*\*

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----- Original Message -----

From: Newell, William D.  
 To: McMahon, William G.  
 Sent: Sat Feb 13 22:15:02 2010  
 Subject: Fw: Fast and Furious update

This is the 700+ gun Strike Force case. Acosta RC-5  
 Let's see how long it takes the gun to move, based on previous purchases not long. If the battery dies before it does moves south then we'll have to wait until it's seized to recover the tracker, if we ever do.

Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)  
 RC-1

\*\*\*

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----- Original Message -----

From: Gillett, George T. Jr.  
 To: Newell, William D.  
 Cc: Needles, James R.  
 Sent: Sat Feb 13 20:58:31 2010  
 Subject: Fast and Furious update

RC-3 a tracker was delivered today. The main straw purchaser bought the gun and the tracker indicates that it went directly to Acosta's residence.

RC-3

We'll advise if the gun moves south from this point.

George T. Gillett  
 ASAC - Phoenix Field Division  
 RC-1

\*\*\*

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HOGRA ATF - 002523

Exhibit 244

# Exhibit 244



**U.S. Department of Justice**

Bureau of Alcohol, Tobacco,  
Firearms and Explosives

*Assistant Director*

Washington, DC 20226

701140:DCH  
3264

MAR 11 2010

MEMORANDUM TO: Julie Wuslich  
Chief, Electronic Surveillance Unit

FROM: Assistant Director  
(Field Operations)

SUBJECT: Wire Communications Intercept Authorization

An affidavit prepared by Special Agent Hope MacAllister, of the Bureau of Alcohol, Tobacco, Firearms and Explosives, in support of an application for Authorization to Intercept Wire Communications, is attached for your review. The affidavit supports the authorization to intercept the wire communications of Manuel Fabian Celis-Acosta, [REDACTED], [REDACTED], Uriel Patino, Sean Christopher Steward, and other persons yet unknown over a cellular telephone identified as follows:

T-Mobile USA, Inc., cellular telephone assigned number (623) [REDACTED], bearing international mobile subscriber identifier (IMSI) number [REDACTED]. The phone is subscribed to and used by Manuel Celis, [REDACTED] North 75<sup>th</sup> Lane, Phoenix, Arizona.

The affidavit supports the authorization to monitor incoming and outgoing calls to and from this number.

Special Agent MacAllister's affidavit has been reviewed by our Chief Counsel and contains all the requirements deemed appropriate. We hereby request authorization to proceed with this matter. Should you have any questions, please contact Lisa Kincaid, Chief, Case Management Branch, Field Management Staff, at (202) [REDACTED].

  
w Mark R. Chait

Attachment

Exhibit 245

# Exhibit 245

**From:** Needles, James R.  
**Sent:** Friday, August 06, 2010 5:16 PM  
**To:** Newell, William D.  
**Subject:** RE: Cases ready for indictment

10-4, I'll have a complete list of GRIT cases presented to the USAO for you later today.

**From:** Newell, William D.  
**Sent:** Friday, August 06, 2010 1:52 PM  
**To:** Needles, James R.  
**Subject:** Fw: Cases ready for indictment

Have Lee Ann or Mary set up a VTC with HQ for the 17th brfing with Dennis. If Dave has a PowerPoint presentation then he'll need to send to HQ so the VTC folks can upload for the conference call. Thanks

Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)

RC-1

\*\*\*

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---

**From:** McMahon, William G.  
**To:** Newell, William D.  
**Sent:** Fri Aug 06 16:40:44 2010  
**Subject:** RE: Cases ready for indictment

We can talk next week but I might like to listen in on that brief. Thanks.

---

**From:** Newell, William D.  
**Sent:** Friday, August 06, 2010 4:39 PM  
**To:** McMahon, William G.  
**Subject:** Re: Cases ready for indictment

I'm having GS Dave Voth (Phoenix Grp VII Strike Force) brief the USA ref Fast/Furious at 2pm Pacific on the 17th. You want to VTC in?

Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)

Cell: RC-1

\*\*\*

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---

**From:** McMahon, William G.  
**To:** Newell, William D.  
**Sent:** Fri Aug 06 16:19:32 2010  
**Subject:** RE: Cases ready for indictment

10-4 Bill: That is great news about the cases regarding GRIT in Tucson and Phoenix. We can talk next week at the SAC Conference but what are our plans between now and October on Fast/Furious?

HOCR ATF - 002739

William G. McMahon  
 Deputy Assistant Director (West)  
 Office of Field Operations  
 Office - RC-1

**From:** Newell, William D.  
**Sent:** Friday, August 06, 2010 3:40 PM  
**To:** McMahon, William G.  
**Subject:** Fw: Cases ready for indictment

We are putting together about R cases, these from Tucson plus RC or so from Phoenix, for the proposed GRIT press conference scheduled for the 26th. We would have about RC cases from Phoenix but roughly half of the straw purchaser cases we already have USAO approval to indict are tied directly to the RC-5 case. I'm having all of these put together in one document for you. Also, as per the USAO, Fast/Furious will be ready for indictment in early October. There will be two phases, in phase one the main players - approx RC-5 will be arrested followed in phase two by approx lesser involved RC-5 straw purchasers. More to follow.

Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)  
 Cell: RC-1

\*\*\*

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**From:** Gillett, George T. Jr.  
**To:** Needles, James R.  
**Cc:** Newell, William D.  
**Sent:** Fri Aug 06 13:09:53 2010  
**Subject:** FW: Cases ready for indictment

Jim -

Per our discussion, here are the cases that are pending or able to be forwarded to the USAO for indictment in support of the GRIT press conference.

**George T. Gillett**  
 Assistant Special Agent in Charge  
 ATF - Phoenix Field Division  
 Office: RC-1

**From:** Nallin, Michael T.  
**Sent:** Thursday, August 05, 2010 5:09 PM  
**To:** Gillett, George T. Jr.  
**Subject:** Cases ready for indictment

Tucson I Cases

RC-2

HOCR ATF - 002740

Exhibit 246

# Exhibit 246

**From:** Newell, William D.  
**Sent:** Friday, January 28, 2011 7:01 PM  
**To:** Gillett, George T. Jr.  
**Subject:** Fw: Contact with SA Dodson

George, as discussed please generate a detailed overview of your last conversation with SA Dodson but also include the earlier conversations from today. I authorize you to use your home computer to do this instead of your BlackBerry. Thank you

\*\*\*\*\*

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----- Original Message -----

**From:** Newell, William D.  
**To:** McMahon, William G.  
**Sent:** Fri Jan 28 20:20:59 2011  
**Subject:** Re: Contact with SA Dodson

Gillett just talked to him and asked him 3 times to answer the question "Did you release ANY documentation to anyone regarding this case?". Dodson refused to answer even when given 3 separate direct orders to do so from Gillett.

\*\*\*\*\*

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----- Original Message -----

**From:** McMahon, William G.  
**To:** Newell, William D.  
**Cc:** Chait, Mark R.  
**Sent:** Fri Jan 28 20:13:30 2011  
**Subject:** Re: Contact with SA Dodson

10-4 Bill. We need details of what he has done tonight.

\*\*\*\*\*

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e-mail message and any attached file(s) in any form outside of ATF or the Department of Justice without express authorization is strictly prohibited.

----- Original Message -----

From: Newell, William D.

To: McMahon, William G.

Sent: Fri Jan 28 20:04:38 2011

Subject: Contact with SA Dodson

May have to go pay him a visit tonight because he's not answering any of his contact #s.

\*\*\*\*\*

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Exhibit 247

# Exhibit 247

**From:** Breuer, Lanny A. [REDACTED]  
**Sent:** Sunday, December 06, 2009 10:33 PM  
**To:** Melson, Kenneth E.; Chait, Mark R.  
**Subject:** Re: Weapons seizures in Mexico

Ken, Absolutely. Will do. See you soon. Lanny

---

**From:** Melson, Kenneth E. <[REDACTED]>  
**To:** Breuer, Lanny A.; Chait, Mark R. <[REDACTED]>  
**Sent:** Sun Dec 06 18:04:57 2009  
**Subject:** Re: Weapons seizures in Mexico

Lanny: this is exiting. Have the trial attorney contact Mark Chait who is the AD for Field Operations. I have cc'd him on this email. Look forward to talking with you soon. Ken

\*\*\*

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---

**From:** Breuer, Lanny A.  
**To:** Melson, Kenneth E.  
**Cc:** Siskel, Edward N. (ODAG) (SMO) ; Hoover, William J.; Weinstein, Jason ; Rosen, Paul ; Raman, Mythili ; Fagell, Steven  
**Sent:** Fri Dec 04 10:17:46 2009  
**Subject:** RE: Weapons seizures in Mexico

Ken,

We think this is a terrific idea and a great way to approach the investigations of these seizures. Our Gang Unit will be assigning an attorney to help you coordinate this effort. Please let us know who will be the POC at ATF on this, and we'll have the Gang Unit folks reach out to that person. I would love to see you to discuss this further and other issues or common interest. I hope you are well.

Best,

Lanny

---

**From:** Melson, Kenneth E. [REDACTED]  
**Sent:** Thursday, December 03, 2009 5:46 PM  
**To:** Breuer, Lanny A.  
**Cc:** Siskel, Edward N. (ODAG) (SMO); Hoover, William J.  
**Subject:** Weapons seizures in Mexico

Lanny: We have decided to take a little different approach with regard to seizures of multiple weapons in Mexico. Assuming the guns are traced, instead of working each trace almost independently of the other traces from the seizure, I want to coordinate and monitor the work on all of them collectively as if the seizure was one case. Using the traces as intelligence, and compiling the information from each trace investigation, we can connect the purchases, identify the traffickers and use more serious charges against them. The intelligence analysis and linking of trace data and investigation results will be done at HQ out of our intelligence directorate. I would like to see if you have any interest in assigning a criminal division attorney to work with that group to develop multi-division/district cases and perhaps go to the district with the best venue to indict the case. The level of activity will depend on the number of Mexican seizures, and whether they will trace the guns, or allow us to do it. We do seem to be making progress with our Mexican partners. We are currently working on a case with SSP which might lead us to the first joint arrest in Mexico of a person connect to US arms trafficking. We should meet again just to catch up on where we are in our gun trafficking issues and we could talk about the above idea as well. Let me know what you think. Thanks. Ken.

HOCR ATF - 001985

# Exhibit 248

RC-1 [REDACTED]

---

**From:** Weinstein, Jason  
**Sent:** Sunday, December 06, 2009 11:03 PM  
**To:** Carwile, Kevin; Trusty, James  
**Subject:** ATF idea on weapons seizure investigations

AD Mark Chait will be the POC on the ATF request to have a CRM atty help coordinate weapons seizure investigations. Lanny is very eager to have a GU person hook up with him on this initiative. Thx

Jason M. Weinstein  
Deputy Assistant Attorney General  
Criminal Division  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530  
Office: RC-1 [REDACTED]  
Cell: RC-1 [REDACTED]

Exhibit 249

# Exhibit 249

**From:** MacAllister, Hope A.  
**Sent:** Thursday, December 17, 2009 2:24 PM  
**To:** English, Tonya A.; Medina, Jose L.  
**Subject:** FW:  
**Attachments:** organization.anb

---

**From:** Leadmon, Lorren D.  
**Sent:** Thursday, December 17, 2009 12:05 PM  
**To:** Voth, David J.; MacAllister, Hope A.  
**Cc:** Zicha, Marjorie L.; Kruthaupt, Alex J.; Lauffer, Kristen E  
**Subject:**

David/Hope- Here is the i2 chart that AD Chait requested in reference to your case (he has 2 others from other FD's). He will be given this and the other 2 cases at 3:00 PM by my Division Chief, Kevin O'Keefe and Ray Rowely of Field Ops and I believe that FO DAD and OSII DAD may be participating.

[REDACTED]

**LORREN D. LEADMON**  
**TEAM LEADER**  
Field Intelligence Support Team - Southwest Border  
Bureau of Alcohol, Tobacco, Firearms and Explosives  
Intelligence Operations Specialist

[REDACTED]

HOCR ATF - 001887

Exhibit 250

# Exhibit 250

RPTS MERCHANT

DCMN HOFSTAD

COMMITTEE ON OVERSIGHT AND  
GOVERNMENT REFORM,  
U.S. HOUSE OF REPRESENTATIVES,  
WASHINGTON, D.C.

INTERVIEW OF: STEPHEN MARTIN

Wednesday, July 6, 2011

Washington, D.C.

The interview in the above matter was held in Room 2247, Rayburn House Office Building, commencing at 10:00 a.m.

Appearances:

For the HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM:

STEVE CASTOR, CHIEF COUNSEL, INVESTIGATIONS

ASHOK M. PINTO, DEPUTY CHIEF COUNSEL, INVESTIGATIONS

CARLTON DAVIS, COUNSEL

HENRY J. KERNER, COUNSEL

SCOTT LINDSAY, MINORITY COUNSEL

JUSTIN KIM, MINORITY PROFESSIONAL STAFF

For the SENATE COMMITTEE ON THE JUDICIARY:

JASON A. FOSTER, CHIEF INVESTIGATIVE COUNSEL

BRIAN M. DOWNEY, INVESTIGATOR

MATT VIRKSTIS, MINORITY SENIOR COUNSEL

For the U.S. DEPARTMENT OF JUSTICE:

MOLLY GASTON, ATTORNEY ADVISOR, OFFICE OF LEGISLATIVE AFFAIRS

For MR. MARTIN:

GREG SERRES, DEPUTY CHIEF COUNSEL, ATF

Q So you said you were writing down the number of guns that Mr. Patino bought, Mr. Steward had bought, and Mr. Moore had bought. Do you remember at this point how many guns had been purchased total?

A 685-ish.

Q 685.

A Something like that.

Q Okay. This seems like a fairly high number, is that fair to say?

A That's quite a few. That's fair.

Q Okay. So Mr. Leadmon and everybody left the room?

A Yes.

Q What happened next? What was the discussion that ensued?

A From my notes, I asked Mr. Chait and Mr. McMahon, I said, what's your plan? I said, what's your plan? And I said, hearing none -- and I don't know if they had one -- I said, well, you know, there are some things that we can do. Ray Rowley, who was the southwest border czar at the time, asked, how long are you going to let this go on?

BY MR. CASTOR:

Q This is in January 2010?

A January 5th, that meeting, that's correct. Ray has since retired.

So I said, well, here are some things that, you know, we might think of doing. And we had talked about this before, we'd brainstormed stuff, too, with Lorren. Lorren even talked about it. Kevin talked

about it. Kevin O'Keefe had done a lot of trafficking investigations in south Florida -- about identifying some weak straw purchasers, let's see who the weak links are, maybe the super young ones, the super old ones. Pole cameras, you know, put them up to see who is coming and going, to help you with surveillance. The aerial surveillance, the mobile surveillance, trackers. I said, you know, one of the first things I would do is think about putting trackers, to help me keep track of where they're going.

And I said, as far as going into Mexico, I said, have we thought about putting trackers on them and let them -- follow them into Mexico? Dan Kumor said, the Ambassador would never go for that. I said, okay, fine. I said, I'm not going to pursue that anymore, assuming that.

Had we thought about putting trackers on them and following them down to see where they're going across, to see where they go, who they're in contact with, and where they cross the border, we might find out something new and then, you know, interdict. And I got no response. And I wasn't asking for one. I was just, you know, throwing this stuff out.

Q You said this to who again, Mr. Chait?

A Mr. Chait, Mr. McMahon, Mr. Kumor. My boss was there, Jim McDermond, who agreed with me because we talked probably daily.

Q Did any of those folks step up at that time and say, "Oh, no, no, no. We've got another great plan in place"?

A No. No.

Mr. Davis. They were silent?

Mr. Martin. Yes. And I don't know if they had one. I mean, they could have. I don't know.

BY MR. CASTOR:

Q Do you remember if they were nodding their head, giving you any nonverbal cues that, you know, this sounds like a bright idea that you're suggesting?

A Not that I recall, no.

Q Or was it just like a blank look on their face?

A Just listening.

Mr. Kerner. Did you mention Hoover? Was he there, as well?

Mr. Martin. He was not.

So that continued. The tracker was a big thing because, you know, we had talked about trackers before, maybe a month prior, when I found out -- because, to me, that would be a common thing to do, try to put some trackers on stuff, especially if you have .50-cals going.

And I was trying to work with Kevin O'Keefe, and Kevin O'Keefe was trying to work with the ASACs through a side channel to try to get them to contact the people that we could get the trackers from to put on.

Somewhere during the meeting, Mr. Chait said that he had to go to another meeting, and he left. Mr. McMahon said that he had to go check some emails in a classified system, and he left. And then it was just the rest of us talking.

BY MR. DAVIS:

Q Do you feel that the other meeting, checking the emails on

me, you have five or six cartels. That's too many to go through. And the major one's Sinaloa. And that seems to be the one that we're getting a lot of traffic with, with Phoenix. So let's look at the strategy, how we would do investigations, attack the southwest border with the Sinaloa cartel.

So I tasked Ray Rowley, who is in the field ops chain, and Kevin to sit down and come up with some kind of strategy -- and Lorren also -- to how we could get with DEA, identify the structures of the DTO, Sinaloa cartel, who is the head and who the flow chart is so we could see who's who instead of when a gun pops up or a straw purchaser tells us about something, we don't know anything.

ATF doesn't. DEA may, because they have the information but we don't. So that was one task. The other task was, how can we -- rather than just prosecute one straw purchaser over time, how can we take information, how can we stretch it to use firearms to get into the DTOs to find connections in Mexico? So that was the whole purpose.

Q Okay.

A And that was me as an OSII trying to do that for a field ops. It wasn't our strategy. It was something that I could look and say, let's see if we can do this and see if it will fly. Now it took from -- that started, I think, in November, October, November, December of '09 -- I don't remember exactly -- and didn't get published until I think September of '10.

Q What do you mean, published?

A It didn't get put out. It wasn't a final product. So I do

know, and Ray Rowley would know a lot because he was a southwest border coordinator in the field ops and was very involved in it. And I know that he -- again, very outspoken on firearms down in Mexico. And up until the time he left and he retired, nothing happened with it. I think they were just sitting for a while. So -- and then finally in September, it was finalized. It was published and then emailed to the SACs and everybody else.

# Exhibit 251

Subject: Weapons Seizures in Mexico w/Lanny Breuer  
Location: Main DOJ - Room [REDACTED]

Start: 1/5/2010 10:00 AM  
End: 1/5/2010 10:45 AM  
Show Time As: Busy

Recurrence: (none)

Meeting Status: Accepted

Required Attendees: Breuer, Lanny A. (CRM); Hoover, William J.;  
Chait, Mark R.; Kaplan, P. Sam

Optional Attendees: Beard, Jane (CRM); Zammillo, Theresa A.;  
Graham-Wyatt, Nina

Resources: Main DOJ - Room [REDACTED]

UPDATED TIME CHANGE FROM 11:00 A.M TO 10:00 A.M. THANK YOU.

Exhibit 252

# Exhibit 252

---

**From:** Champion, Robert R.  
**Sent:** Thursday, February 25, 2010 12:25 PM  
**To:** Chait, Mark R.; McMahon, William G.; Newell, William D.  
**Cc:** Golson Sr., Michael A.  
**Subject:** FW: Sandoval Investigation synopsis

FYI

Follow up from last night ref. the El Paso connection.

**Robert R. Champion**  
**Special Agent in Charge**  
**U. S. Department of Justice**  
**Bureau of Alcohol, Tobacco, Firearms and Explosives**  
**Dallas Field Division**  
[REDACTED]

---

**From:** Flores, Oscar B.  
**Sent:** Thursday, February 25, 2010 10:08 AM  
**To:** Champion, Robert R.  
**Subject:** RE: Sandoval Investigation synopsis

Mr. Champion,

[REDACTED]

[REDACTED]

---

**From:** Champion, Robert R.  
**Sent:** Thursday, February 25, 2010 8:46 AM  
**To:** Golson Sr., Michael A.; Flores, Oscar B.; Chisholm, Kenneth L.  
**Subject:** FW: Sandoval Investigation synopsis

Oscar,

See the string of e-mails below and please get me the answer.

Thank you,

**Robert R. Champion**  
**Special Agent in Charge**  
**U. S. Department of Justice**  
**Bureau of Alcohol, Tobacco, Firearms and Explosives**  
**Dallas Field Division**  
 [REDACTED]

---

**From:** Chait, Mark R.  
**Sent:** Wednesday, February 24, 2010 9:21 PM  
**To:** Newell, William D.; Champion, Robert R.  
**Cc:** McMahon, William G.  
**Subject:** Re: Sandoval Investigation synopsis

Were the guys in Texas the couriers ? Thanks  
 Mark R. Chait  
 Acting Assistant Director  
 Field Operations

\*\*\*

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---

**From:** Newell, William D.  
**To:** Chait, Mark R.; Champion, Robert R.  
**Cc:** McMahon, William G.  
**Sent:** Wed Feb 24 22:17:21 2010  
**Subject:** Re: Sandoval Investigation synopsis

These guns were purchased by our primary suspect in our OCDETF Strike Force case. It's the 900+ gun trafficking case. It's the same case we seized the 41 guns this past Saturday, [REDACTED]  
 Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)  
 Cell: [REDACTED]

\*\*\*

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---

**From:** Chait, Mark R.  
**To:** Champion, Robert R.; Newell, William D.  
**Cc:** McMahon, William G.  
**Sent:** Wed Feb 24 21:42:46 2010  
**Subject:** Fw: Sandoval Investigation synopsis

Champ/Bill - do you know the connection to the Phoenix case and any subjects identified in Mexico? Thanks  
 Mark R. Chait  
 Acting Assistant Director  
 Field Operations

\*\*\*

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have received this transmission in error, please notify the sender by return e-mail and destroy this message in its entirety (including all attachments).

---

**From:** Hoover, William J.  
**To:** Chait, Mark R.; Melson, Kenneth E.  
**Sent:** Wed Feb 24 21:36:35 2010  
**Subject:** Re: Sandoval Investigation synopsis

Mark,

Are we going any further with this investigation? Did we l'd the buyer in Mx? Etc.....

Billy  
 William J. Hoover  
 Assistant Director  
 Bureau of ATF

(O [REDACTED])  
 (C [REDACTED])

\*\*\*

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---

**From:** Chait, Mark R.  
**To:** Melson, Kenneth E.; Hoover, William J.  
**Sent:** Wed Feb 24 21:02:44 2010  
**Subject:** Fw: Sandoval Investigation synopsis

Ken - below are some details of the case involving the 40 firearms in Texas.  
 Mark R. Chait  
 Acting Assistant Director  
 Field Operations

\*\*\*

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---

**From:** Champion, Robert R.  
**To:** Chait, Mark R.; McMahon, William G.; Webb, J. Dewey  
**Sent:** Wed Feb 24 20:57:09 2010  
**Subject:** Fw: Sandoval Investigation synopsis

FYI,

Here is the follow-up on the investigation with more detail.  
 Let me know if you need anything else.

Thanks,

Robert R. Champion  
 Special Agent in Charge

Dallas Field Division

[REDACTED]

\*\*\*

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**From:** Flores, Oscar B.  
**To:** Champion, Robert R.  
**Cc:** Golson Sr., Michael A.  
**Sent:** Wed Feb 24 20:24:07 2010  
**Subject:** RE: Sandoval Investigation synopsis

[REDACTED]

The Case agent subsequently learned that the firearms recovered were purchased by In individual identified as part of an on-going investigation being conducted by the Phoenix VII Field Office.

On 01/21/2010 All 40 Firearms were transported to the Department of Public Safety Laboratory in El Paso, Texas to be entered into the NIBIN system.

SANDOVAL was indicted on 02/10/2010 and is currently in custody awaiting trial.

**From:** Champion, Robert R.  
**Sent:** Wednesday, February 24, 2010 5:46 PM  
**To:** Flores, Oscar B.  
**Subject:** Re: Sandoval Investigation

Oscar,

Can you provide me some more detail on the case.

Thank you,

Robert R. Champion  
Special Agent in Charge  
Dallas Field Division  
[REDACTED]

\*\*\*

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---

**From:** Flores, Oscar B.  
**To:** Golson Sr., Michael A.; Champion, Robert R.  
**Sent:** Wed Feb 24 19:36:26 2010  
**Subject:** Sandoval Investigation

Mr. Golson,

The case number for the investigation involving the 40 AK-47 type rifles that are currently being entered into NIBIN by the Department of Public Safety is 781035-10-0016

Let me know what additional information is needed.

S/A Oscar B. Flores  
El Paso Field Office  
OFC [REDACTED]  
FAX [REDACTED]

# Exhibit 253

---

**From:** Champion, Robert R.  
**Sent:** Thursday, February 25, 2010 12:25 PM  
**To:** Chait, Mark R.; McMahon, William G.; Newell, William D.  
**Cc:** Golson Sr., Michael A.  
**Subject:** FW: Sandoval Investigation synopsis

FYI

Follow up from last night ref. the El Paso connection.

**Robert R. Champion**  
**Special Agent in Charge**  
**U. S. Department of Justice**  
**Bureau of Alcohol, Tobacco, Firearms and Explosives**  
**Dallas Field Division**  
[REDACTED]

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**From:** Flores, Oscar B.  
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**Subject:** RE: Sandoval Investigation synopsis

Mr. Champion,

[REDACTED]

[REDACTED]

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**Special Agent in Charge**  
**U. S. Department of Justice**  
**Bureau of Alcohol, Tobacco, Firearms and Explosives**  
**Dallas Field Division**  
 [REDACTED]

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 Field Operations

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**Cc:** McMahon, William G.  
**Sent:** Wed Feb 24 22:17:21 2010  
**Subject:** Re: Sandoval Investigation synopsis

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 Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)  
 Cell: [REDACTED]

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 Field Operations

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**To:** Chait, Mark R.; Melson, Kenneth E.  
**Sent:** Wed Feb 24 21:36:35 2010  
**Subject:** Re: Sandoval Investigation synopsis

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Billy  
 William J. Hoover  
 Assistant Director  
 Bureau of ATF

(O [REDACTED])  
 (C [REDACTED])

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 Field Operations

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**To:** Chait, Mark R.; McMahon, William G.; Webb, J. Dewey  
**Sent:** Wed Feb 24 20:57:09 2010  
**Subject:** Fw: Sandoval Investigation synopsis

FYI,

Here is the follow-up on the investigation with more detail.  
 Let me know if you need anything else.

Thanks,

Robert R. Champion  
 Special Agent in Charge

Dallas Field Division

[Redacted]

\*\*\*

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**To:** Champion, Robert R.  
**Cc:** Golson Sr., Michael A.  
**Sent:** Wed Feb 24 20:24:07 2010  
**Subject:** RE: Sandoval Investigation synopsis

[Redacted]

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SANDOVAL was indicted on 02/10/2010 and is currently in custody awaiting trial.

**From:** Champion, Robert R.  
**Sent:** Wednesday, February 24, 2010 5:46 PM  
**To:** Flores, Oscar B.  
**Subject:** Re: Sandoval Investigation

Oscar,

Can you provide me some more detail on the case.

Thank you,

Robert R. Champion  
Special Agent in Charge  
Dallas Field Division  
[Redacted]

\*\*\*

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---

**From:** Flores, Oscar B.  
**To:** Golson Sr., Michael A.; Champion, Robert R.  
**Sent:** Wed Feb 24 19:36:26 2010  
**Subject:** Sandoval Investigation

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Let me know what additional information is needed.

S/A Oscar B. Flores  
El Paso Field Office  
OFC [REDACTED]  
FAX [REDACTED]

Exhibit 254

# Exhibit 254

**Chait, Mark R.**

---

**From:** Chait, Mark R.  
**Sent:** Saturday, July 10, 2010 7:08 PM  
**To:** Newell, William D.  
**Cc:** Vanderplow, Paul D; McMahon, William G.  
**Subject:** Re: GRIT SA detailee extension request

Ok approved. Paul please cover for PFD. GRIT will still end as planned. Thanks Mark R. Chait Assistant Director Field Operations

\*\*\*

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----- Original Message -----

**From:** Newell, William D.  
**To:** Chait, Mark R.  
**Sent:** Sat Jul 10 19:03:52 2010  
**Subject:** Re: GRIT SA detailee extension request

11 total yes, 6 for the Strike Force where they have been an invaluable help on the Fast/Furious case, which we will be taking down. IOIs going home as scheduled.

Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)

\*\*\*

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----- Original Message -----

**From:** Chait, Mark R.  
**To:** Newell, William D.  
**Sent:** Sat Jul 10 18:40:20 2010  
**Subject:** Re: GRIT SA detailee extension request

So its 11 SAs for 30 days. Will we take down the F and F case during this time? Also will all IOIs be going home on schedule?

Mark R. Chait  
Assistant Director  
Field Operations

\*\*\*

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----- Original Message -----

From: Newell, William D.  
To: Chait, Mark R.  
Sent: Sat Jul 10 18:16:35 2010  
Subject: GRIT SA detailee extension request

I'm sending this to you because I just talked to Vanderplow and he thinks Bill is out early next week. He says he has SWB funds to cover this. The Strike Force SAs would be about \$36k and the others who want to extend would be about \$32k for a total of about \$68-69k. All have received their home office approval and I will clear with SACs. The issue I have is do you want to call this a GRIT extension, which technically ends August 6, or just a SWB detail? I don't care either way I just need these folks through mid-Sept, especially as we wind down the "Fast and Furious" case.

Bill Newell  
Special Agent in Charge  
ATF Phoenix Field Division (AZ and NM)

\*\*\*

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----- Original Message -----

From: Newell, William D.  
To: McMahon, William G.; Vanderplow, Paul D  
Sent: Sat Jul 10 11:02:45 2010  
Subject: GRIT SA detailee extension request

The following GRIT SAs, all currently detailed to the Phoenix Strike Force/Gunrunner group, have requested extensions. We desperately need them especially as we wind down the "Fast and Furious" case. All have cleared this extension with their respective RACs and I will clear with their SACs once I get your concurrence on funding.

Ali Berisha (Miami)

~~Kurt Meuris (Louisville)~~

Steven Campbell (Columbus)

Mike Brooks  
(Columbus)

Eric Hoxter  
(New Orleans)

Lori McLaughlin  
(Dallas)

Also, 5 other SAs, assigned to Phoenix and Tucson have expressed a desire to stay but I would prioritize the Strike Force SAs as my first choice.

Bill Newell  
Special Agent in Charge  
ATF Phoenix Field Division (AZ and NM)

\*\*\*

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# Exhibit 255

**Chait, Mark R.**

---

**From:** Chait, Mark R.  
**Sent:** Wednesday, July 14, 2010 4:17 PM  
**To:** Siskel, Edward N. (ODAG) (SMO)  
**Cc:** Hoover, William J.  
**Subject:** Fw: SIR

Ed - this was one of two seizures last evening by our GRIT in Phoenix. I will also send you the other.

---

Mark R. Chait  
 Assistant Director  
 Field Operations

\*\*\*

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----- Original Message -----  
**From:** Significant Activity Report  
**To:** SAR/SIR Message Delivery  
**Sent:** Wed Jul 14 14:16:48 2010  
**Subject:** FW: SIR

-----  
**From:** Voth, David J.  
**Sent:** Wednesday, July 14, 2010 2:16:45 PM  
**To:** Needles, James R.; Newell, William D.; Voth, David J.;  
 Significant Activity Report  
**Subject:** SIR  
 Auto forwarded by a Rule

---

DEPARTMENT OF JUSTICE - BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND  
 EXPLOSIVES SIGNIFICANT INFORMATION REPORT

---

**DATE:** July 14, 2010

FROM: Phoenix Field Division  
 FIELD OFFICE: Phoenix VII Field Office

---

CASE INFORMATION

CASE NUMBER: 785115-10-  
 CASE TITLE: CHAMBERS, Jacob, et al  
 SPECIAL AGENT: Voth, David  
 TELEPHONE NUMBER:   
 \_\_\_\_\_

---

SYNOPSIS OF INCIDENT/ACTIVITY:

Recovery of 73 firearms and 250 AK-47 drum magazines.

---

NARRATIVE OF INCIDENT/ACTIVITY:

On July 13, 2010 Phoenix Police Department (PPD) [REDACTED] [REDACTED] Auto Service located at [REDACTED] [REDACTED], Phoenix, AZ [REDACTED] numerous firearms in a backroom [REDACTED] being "loaded up." The PPD Detective was aware of this ongoing ATF firearms trafficking investigation (Operation Fast and Furious) and coordinated with Phoenix Group VII agents. This business had previously been identified as being a related business for firearms trafficking activities as part of this investigation. ATF Group VII agents and PPD Detectives went to business to conduct an interview. They obtained consent and subsequently recovered 73 firearms; 20 - AK-47 variant rifles, 1 - Barrett .50 caliber rifle, 1 - AR-15 rifle, approximately 50 - semi-automatic pistols (mainly 9mm caliber), approximately 250 - 75 round drum magazines for 7.62 caliber rounds, as well as other various magazines and assorted ammunition.

The traces of the firearms indicate that many are recently purchased by known straw purchasers in this investigation. Some of the 9mm pistols appear to be used (secondary market) firearms and this recovery happens to coincide with the fact that was just a large Gun Show in Phoenix, AZ the previous weekend (July 9-11, 2010.) Additionally these 250 - 75 round drum magazines retail for over

\$200.00 each, which would be in excess of \$50,000.00 worth of magazines.

This recovery adds to the total of 169 firearms recovered in the previous 25 days by Group VII agents and GRIT agents assigned to Group VII as part of Southwest Border Firearms Trafficking investigations.

---

Exhibit 256

# Exhibit 256

**From:** Newell, William D.  
**Sent:** Tuesday, July 27, 2010 6:00 PM  
**To:** Chait, Mark R.  
**Subject:** RE: GRIT Closeout Media Opportunity

USA Burke said the Senate stripped the SWB supplemental?

Bill Newell  
 Special Agent in Charge  
 Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
 Phoenix Field Division (Arizona and New Mexico)  
 [REDACTED]

---

**From:** Chait, Mark R.  
**Sent:** Tuesday, July 27, 2010 3:00 PM  
**To:** Newell, William D.  
**Subject:** RE: GRIT Closeout Media Opportunity

Let me check with the DD and get back..thx

Mark R. Chait  
 Assistant Director  
 Field Operations  
 [REDACTED]

---

**From:** Newell, William D.  
**Sent:** Tuesday, July 27, 2010 5:37 PM  
**To:** Chait, Mark R.  
**Subject:** Re: GRIT Closeout Media Opportunity

Just met with Arizona USA Dennis Burke. He's free the 26th (Thursday) so why don't you plan on flying into Phoenix Wednesday morning, address the All-Hands Wednesday afternoon and then do the press conference Thursday morning? You could fly back that afternoon. That work?

Bill Newell  
 Special Agent in Charge  
 ATF Phoenix Field Division (AZ and NM)  
 [REDACTED]

\*\*\*

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---

**From:** Chait, Mark R.  
**To:** Newell, William D.  
**Cc:** McMahon, William G.  
**Sent:** Mon Jul 26 21:00:34 2010  
**Subject:** Re: GRIT Closeout Media Opportunity

I like the idea, however the ATF awards ceremony is the 24th. Does the 25-26th work.  
 Mark R. Chait  
 Assistant Director

## Field Operations

\*\*\*

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**From:** Newell, William D.  
**To:** Chait, Mark R.  
**Cc:** McMahon, William G.  
**Sent:** Mon Jul 26 18:51:36 2010  
**Subject:** RE: GRIT Closeout Media Opportunity

We are planning on having our All-Hands the week of August 23-27. This division has not had one in over 7 years so they are due. We are still awaiting DOJ approval for the hotel but Paul thinks it's going to go through since we avoided all the issues that have delayed other approvals. Therefore, how about we do the press conference on Tuesday the 24<sup>th</sup>? That way you could come in on Monday and address the employees Tuesday morning before the press conference which we could hold around 1:00pm. I still need to coordinate with the USA though, he's going to want to participate and should. I'll advise as to his schedule asap.

Bill Newell  
 Special Agent in Charge  
 Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)  
 Phoenix Field Division (Arizona and New Mexico)  
 [REDACTED]

**From:** Chait, Mark R.  
**Sent:** Monday, July 26, 2010 3:33 PM  
**To:** Newell, William D.  
**Cc:** McMahon, William G.  
**Subject:** GRIT Closeout Media Opportunity

Bill – we would like to take advantage of the good work during the GRIT and plan a media event which would include DD Melson...I would like to get some ideas regarding the best way to showcase the good work. Consider the best date in August and any case that would highlight the initiative like Fast and Furious or others..Thanks

Mark R. Chait  
 Assistant Director  
 Field Operations  
 [REDACTED]

HOGRAF - 001991

Exhibit 257

# Exhibit 257

ME

~~X~~

[REDACTED]

[REDACTED]

==

FD

~~X~~

FAST & FURIOUS

- 105 FIA PURCHASES SINCE 3/15/10. (3 BARRETT'S)
- STILL CASH \$9K EACH
- TRACKERS ON CARS x 2
- BOUGHT FN 5.7'S
- APPROXIMATELY \$1m in CASH PURCHASES.   
 ↳ MONTENEGRO & PATINO

Review

STRATEGY ?  
====

# Exhibit 258

**From:** Hoover, William J.  
**Sent:** Wednesday, August 04, 2010 2:34 PM  
**To:** Melson, Kenneth E.; Siskel, Edward N. (ODAG) (SMO) (JMD)  
**CC:** Chait, Mark R.; Michalic, Vivian B.; McMahon, William G.; Michalic, Mark (ODAG) (SMO) (JMD)  
**Subject:** Significant Incident Report  
**Attachments:** 50handleupedited.jpg

Ken and Ed,

Please see the following report from Phoenix re the seizure of a TNW, 50. Caliber, Semi-automatic rifle. I have attached a photo of which represents the rifle seized.

On August 3, 2010 as part of an ongoing Southwest Border Firearms Trafficking OCDEF<sup>RC-3</sup> investigation being conducted by Phoenix Group VII agents seized a TNW, U.S. Government Model HB M2, 50 caliber semi-auto rifle. This firearm sells at retail for over \$12,000.00. This is the second TNW 50 caliber firearm recovered by ATF agents during and in relation to this investigation. This firearm constitutes a substantial increase on behalf of the organization both financially and with respect to firepower; this firearm must be fired mounted on a tripod or vehicle, fires belt-fed ammunition, weighs over 100 pounds and is over 5 feet long.

Billy

William J. Hoover  
Executive Assistant Director  
RC-1

HOCR ATF - 002688

# Exhibit 259

RC-1

**From:** Breuer, Lanny A.  
**Sent:** Friday, December 04, 2009 10:18 AM  
**To:** Melson, Kenneth E. (ATF)  
**Cc:** 'Siskel, Edward N. (ODAG) (SMO)'; 'Hoover, William J.'; Weinstein, Jason; Rosen, Paul; Raman, Mythili; Fagell, Steven  
**Subject:** RE: Weapons seizures in Mexico

Ken,

We think this is a terrific idea and a great way to approach the investigations of these seizures. Our Gang Unit will be assigning an attorney to help you coordinate this effort. Please let us know who will be the POC at ATF on this, and we'll have the Gang Unit folks reach out to that person. I would love to see you to discuss this further and other issues or common interest. I hope you are well.

Best,

Lanny

---

**From:** Melson, Kenneth E. [mailto:RC-1]  
**Sent:** Thursday, December 03, 2009 5:46 PM  
**To:** Breuer, Lanny A.  
**Cc:** Siskel, Edward N. (ODAG) (SMO); Hoover, William J.  
**Subject:** Weapons seizures in Mexico

Lanny: We have decided to take a little different approach with regard to seizures of multiple weapons in Mexico. Assuming the guns are traced, instead of working each trace almost independently of the other traces from the seizure, I want to coordinate and monitor the work on all of them collectively as if the seizure was one case. Using the traces as intelligence, and compiling the information from each trace investigation, we can connect the purchases, identify the traffickers and use more serious charges against them. The intelligence analysis and linking of trace data and investigation results will be done at HQ out of our intelligence directorate. I would like to see if you have any interest in assigning a criminal division attorney to work with that group to develop multi-division/district cases and perhaps go to the district with the best venue to indict the case. The level of activity will depend on the number of Mexican seizures, and whether they will trace the guns, or allow us to do it. We do seem to be making progress with our Mexican partners. We are currently working on a case with SSP which might lead us to the first joint arrest in Mexico of a person connect to US arms trafficking. We should meet again just to catch up on where we are in our gun trafficking issues and we could talk about the above idea as well. Let me know what you think. Thanks. Ken.

Exhibit 260

# Exhibit 260

~~LAW ENFORCEMENT SENSITIVE~~

~~SENSITIVE GRAND JURY MATERIAL:  
Restricted by Rule 6(e),  
FEDERAL RULES OF CRIMINAL PROCEDURE~~

U.S. Department of Justice

Criminal Division

*Assistant Attorney General*

*Washington, D.C. 20530*

**MEMORANDUM TO THE ATTORNEY GENERAL AND DEPUTY ATTORNEY GENERAL**

**FROM:** Lanny A. Breuer  
Assistant Attorney General

**SUBJECT:** Weekly Report for the Week of  
January 4, 2010 – January 10, 2010

**Upcoming Court Deadlines or Expected Events in Significant Cases**

*Indictments and Investigations*



~~LAW ENFORCEMENT SENSITIVE~~

~~SENSITIVE GRAND JURY MATERIAL:  
Restricted by Rule 6(e),  
FEDERAL RULES OF CRIMINAL PROCEDURE~~  
HOCR DOJ 003249

~~LAW ENFORCEMENT SENSITIVE~~

~~SENSITIVE GRAND JURY MATERIAL:  
Restricted by Rule 6(e),  
FEDERAL RULES OF CRIMINAL PROCEDURE~~

RC-2  
[Redacted]

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- 

- *Firearms Trafficking Project:* On January 5, AAG Breuer will meet with ATF Acting Director Melson to kick off a new CRM/ATF Firearms Trafficking Project targeting weapons tied to Mexican Drug Trafficking Organizations

**Significant Accomplishments of the Past Week**

**Litigation**

Indictments and Arrests

RC-2  
[Redacted]

- 
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Deferred Prosecution Agreements

RC-2  
[Redacted]

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~~LAW ENFORCEMENT SENSITIVE~~

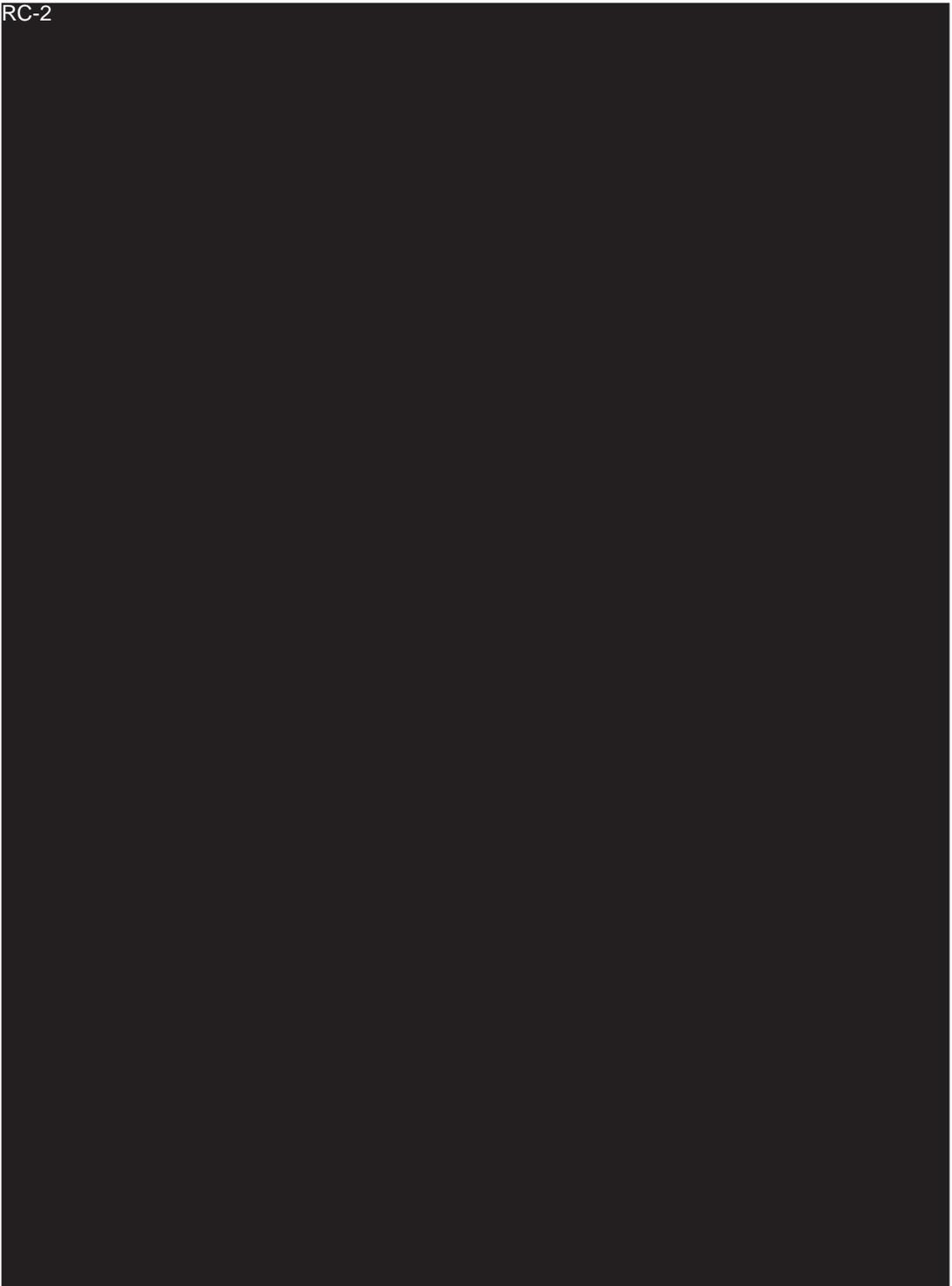
~~SENSITIVE GRAND JURY MATERIAL:  
Restricted by Rule 6(e),  
FEDERAL RULES OF CRIMINAL PROCEDURE~~  
HOCR DOJ 003250

Exhibit 261

# Exhibit 261

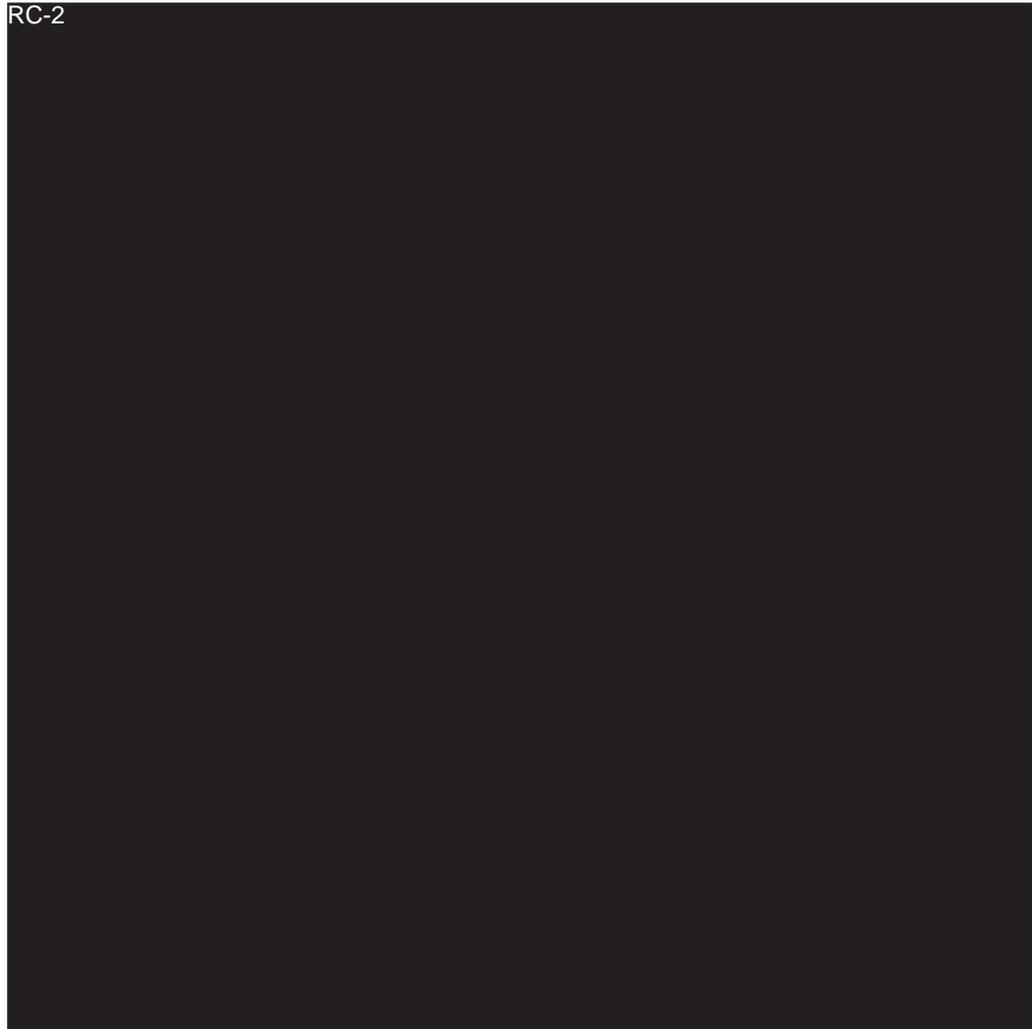
**OCGS WEEKLY REPORT**  
**Week of January 14 - Jan 20, 2010**

**I. Significant Accomplishments of the Past Week**

- RC-2 
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- 

HOCR DOJ 003358

RC-2



- *Arizona Gun Trafficking Cases (AZ):* TA Laura Gwinn is handling a detention hearing this week for one of the Tucson defendants charged with various gun trafficking offenses. RC-6 have begun for some of the eight defendants charged in the Phoenix gun trafficking case, and the Phoenix-based Operation Fast and Furious has an indictment date of **Jan. 19<sup>th</sup>** and takedown on the **Jan. 25<sup>th</sup>**. (L. Gwinn)

- Request from ATF for assistance in Mexican gun cases
  - Ken Melson asked me to assign an attorney to help them initiate multi-district cases relating to seizures of weapons in Mexico
  - specifically, rather than working each trace of a seized firearm independently, the ATF is going to use the traces as intelligence and connect the purchases, identify the traffickers, and use more serious charges based on that evidence
  - the Crim Div has agreed to assign Gang Unit attorney to develop multi-district cases based on this intelligence



RC-2

RC-2



- **Mexico Issues**
  - At the request of the SWB USAs, I met with them today about how we in the Criminal Division can help us all take a more coordinated approach to combating the flow of guns and money to Mexico
  - Also, at Ambassador's invitation, I'm traveling to Mexico the first week of October to discuss same topic there
    - ▶ also invited are Ken Melson, John Morton, and Alan Bersin

HOCR DOJ 003361

RC-2

RC-2



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• **Mexico Issues**

- At the request fo the SWB USAs, I'm going to be meeting with them next week to talk about how we in the Criminal Division can help us all take a more coordinated approach to combating the flow of guns and money to Mexico
- Also, at Ambassador's invitation, I'm traveling to Mexico the first week of October to discuss same topic there
  - ▶ also invited are Ken Melson, John Morton, and Alan Bersin

• RC-2



# Exhibit 262

[REDACTED]

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From: Carwile, Kevin  
 Sent: Tuesday, March 16, 2010 9:12 PM  
 To: Weinstein, Jason  
 Subject: Re: Reminder...

I agree that we should not make a big deal out of x caliber. I think they knew he was on the fast and furious case because I got him to alter his holiday plans to get briefed. My assumption is they got impatient because he was tied up on his latin kings trial in texas.

----- Original Message -----

From: Weinstein, Jason  
 To: Carwile, Kevin  
 Sent: Tue Mar 16 20:49:03 2010  
 Subject: RE: Reminder...

Fast and Furious seems a little different from X-Caliber, because we actually assigned someone to the case -- I assume that AIF HQ knew from you or Joe that Joe would be on the case, or is it possible they thought he would be playing more of a coordinating rather than a litigating role?

-----Original Message-----

From: Carwile, Kevin  
 Sent: Tuesday, March 16, 2010 9:00 AM  
 To: Weinstein, Jason  
 Subject: RE: Reminder...

There are two investigations: the first is Operation Fast and Furious (a number of the straw purchasers are in a car club). It is being worked out of the USAO in Phoenix, AZ. This was one of the two cases we were briefed on at the end of December immediately after the meetings with Ken Melson. I assigned Joe Cooley to the investigation, he got briefed and then started his Latin Kings trial. He just turned his attention back to the case and went to SOD for a briefing on the matter. That is when he learned the USAO now had the case **RC-3** [REDACTED] **RC-3** [REDACTED]. We offered to help but they said they had it under control. The second matter was the X-Caliber case. **RC-2** [REDACTED] **RC-2** [REDACTED]

P. Kevin Carwile  
 Chief, Gang Unit  
 Criminal Division  
 U.S. Department of Justice

-----Original Message-----

From: Weinstein, Jason  
 Sent: Monday, March 15, 2010 9:59 PM  
 To: Carwile, Kevin

Subject: Reminder...

...to send me the names of the cases ATF HQ asked us to get involved in but which had in fact been shopped to the field.

RC-2



Jason M. Weinstein  
Deputy Assistant Attorney General  
Criminal Division  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530  
Office: RC-1  
Cell: RC-1

# Exhibit 263

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH THE DEPUTY ATTORNEY GENERAL

FROM: Kenneth E. Melson  
Deputy Director, Bureau of Alcohol, Tobacco, Firearms  
and Explosives

SUBJECT: Weekly Report for March 1-5, 2010

**EXPECTED LEGISLATIVE OR POLICY DEVELOPMENTS:**

- RC-2
  - 
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- 

HOCR DOJ 003270

RC-2

- RC-2

- ***Bureau of Alcohol, Tobacco, Firearms and Explosives Seizes 41 Firearms En Route to Mexico – Phoenix, Arizona:***

On February 22, 2010, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) reported on the investigation of a firearm trafficking organization operating in Phoenix. ATF agents obtained a court order authorizing the installation of a GPS tracking device inside the polymer stock of an AK-47 type firearm. The firearm was provided by ATF agents to a cooperating Federal firearms licensee (FFL), who sold it to a target of this investigation. ATF agents tracked the firearm from Phoenix to a location in Tucson and then south across the Tohono O’odham Reservation. Agents contacted the U.S. Border Patrol as there is not an established port of entry, wall, or fence on the reservation since it straddles the U.S.-Mexican border. Border Patrol agents made a vehicle stop and recovered 41 firearms. Both women in the vehicle stated they intended to take the firearms into Mexico.

- RC-2
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Exhibit 264

# Exhibit 264

MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH THE DEPUTY ATTORNEY GENERAL

FROM: Kenneth E. Melson  
Deputy Director, Bureau of Alcohol, Tobacco, Firearms  
and Explosives

SUBJECT: Weekly Report for July 19-23, 2010

**EXPECTED LEGISLATIVE OR POLICY DEVELOPMENTS:**

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HOCR ATF - 002081



- ***Bureau of Alcohol, Tobacco, Firearms and Explosives Recovers 73 Firearms in “Operation Fast and Furious” — Phoenix, Arizona:***  
On July 14, 2010, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) reported on the recovery of 73 firearms and 250 AK-47 drum magazines from a business in Phoenix. ATF conducted an interview at the business after receiving a tip from the Phoenix Police Department regarding an ATF gun-trafficking investigation. ATF recovered 73 firearms, including 20 AK-47 type rifles, a Barrett .50 caliber rifle, an AR-15 rifle, 50 handguns, approximately 250 75-round drum magazines, and other magazines and assorted ammunition. Firearms traces indicate that many of the items were recently purchased by known straw purchasers. This recovery adds to the total of 169 firearms recovered in the previous 25 days as part of the Southwest Border firearms trafficking investigation.



# Exhibit 265

RC-1

**From:** Burke, Dennis (USAAZ)  
**Sent:** Friday, November 19, 2010 12:56 AM  
**To:** Hurley, Emory (USAAZ)  
**Cc:** Morrissey, Mike (USAAZ); Cunningham, Patrick (USAAZ)  
**Subject:** Fw: Minutes from 111710 Subcommittee Meeting  
**Attachments:** 111710SubcommitteeMeetingMinutes.wpd; 111710 Attendance.wpd

Check out the notes from this meeting. ATF Director refers to Fast and Furious as a "fantastic" case.

No pressure, Emory....

**From:** Tsethlikai, Serra (USAEO)  
**Sent:** Thursday, November 18, 2010 02:38 PM  
**To:** Duffy, Laura (USACAS); Burke, Dennis (USAAZ)  
**Subject:** Minutes from 111710 Subcommittee Meeting

Hello Laura and Dennis,

Here are the minutes from the Subcommittee Meeting yesterday to the extent I was able to attend and take notes. Laura can you review and if you agree with them, I will send them off to the rest of the Subcommittee members.

I will be off on annual leave next week - flying to Arizona on Monday morning and will return on the next Monday morning to DC. I will be back in the office on Tuesday, November 30<sup>th</sup>.

<<111710SubcommitteeMeetingMinutes.wpd>> <<111710 Attendance.wpd>>

Thanks,

*Serra M. Tsethlikai*

Southwest Border and Immigration Liaison

Executive Office for United States Attorneys

RC-1 (O)

(BB)

RC-1

Exhibit 266

# Exhibit 266

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**From:** Chait, Mark R.  
**To:** Melson, Kenneth E.; Hoover, William J.  
**Sent:** 1/27/2011 6:37:41 PM  
**Subject:** Re: AZ

Will do.  
Mark R. Chait  
Assistant Director  
Field Operations

\*\*\*\*\*

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----- Original Message -----

From: Melson, Kenneth E.  
To: Hoover, William J.; Chait, Mark R.  
Sent: Thu Jan 27 18:03:42 2011  
Subject: AZ

I would like to see tomorrow afternoon all the material (documents) including all reports tantamount to the case record on the defendant who sold the weapons involved in the shooting with the CBP. Also, I think we need to call over to the higher levels of the FBI and find out the results of the forensic testing on the guns that came from our guy. Ken

\*\*\*\*\*

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